

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Airport Assignment & Assumption Agreement(s) – Applied Technologies Associates
DATE: May 21, 2013

NEEDS: For the City Council to adopt Resolution No. 13-XX approving three Assignment and Assumption Agreements for leased parcels at the municipal Airport.

- FACTS:
1. Applied Technologies Associates, LLC. (ATA), and their affiliated companies have long been a central part of Airport Industrial Park activity and the economic base of the City, as they provide over 250 jobs to the community.
 2. Occasional operational changes dictate the need to reassign various entities and assets within the parent corporation and these changes may affect the structure of lease agreements on airport properties currently under long-term lease.
 3. As this lessee currently holds a number of airport parcels under long-term lease, the requested assignment would move three (3) of the sites from a previous partnership, back into control by the parent corporation (ATA). The specific lots are: 3003 Rollie Gates Drive, 5025 Wing Way, and 5070 Wing Way.
 4. Each of the affected leases is currently in full force and compliance.

ANALYSIS & CONCLUSION: The Lessee is a valuable tenant and asset to our community, having provided solid contributions to the local economic and employment base. It is expected that the requested assignment(s) will allow the lessee to continue to expand and be even more of a benefit to the airport and the city.

POLICY REFERENCE: Adopted Lease Agreement and Airport Lease Policy

FISCAL IMPACT: No change in rental revenues derived from the subject properties.

- OPTIONS:
- A. Adopt Resolution No. 13-XX, approving the requested lease assignments.
 - B. Amend, modify, or reject the above option.

- Attachments:
1. Resolution 13-XX
 2. Assignment and Assumption Agreements for the three (3) parcels.

RESOLUTION NO. 13-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING ASSIGNMENT AND ASSUMPTION AGREEMENTS FOR AIRPORT
PARCELS LEASED BY APPLIED TECHNOLOGIES ASSOCIATES, LLC.
[3003 Rollie Gates, 5025 Wing Way, 5070 Wing Way]

WHEREAS, the City of El Paso de Robles entered into a long-term lease agreement for Parcel 14 of the Airport Industrial Park with National Aero Services on July 1, 1980; and

WHEREAS, the agreement has been satisfactorily maintained through amendments and assignments necessary to accommodate changing demands on the premises, and

WHEREAS, The current Lessee of Record, The Lubrizol Corporation, has requested an amendment which provides for the addition of approximately 7,762 square feet of available land, adjacent to the subject lease site, and

WHEREAS, the City finds the use of and continued operation on the leased premises to be of benefit to the community.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. That the City Council of the City of Paso Robles does hereby approve the Fifth Amendment to Airport Lease for Parcel 14 of PRAL 88-207, adding 7,762.5 square feet of land to the leased premises.

Section 2. That the City Council of the City of Paso Robles does hereby authorize the execution of the subject documents as required.

PASSED AND ADOPTED by the City Council of the City of Paso Robles, this 21st day of May, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk

Recording Requested by and
When Recorded Return to:

City of Paso Robles
Department of Public Works
1000 Spring Street
Paso Robles, CA 93446

For Recorders Use Only

**ASSIGNMENT AND ASSUMPTION OF MUNICIPAL AIRPORT LEASE
(Parcel 14-B, PRAL 80-53)
[3003 Rollie Gates Drive]**

This Assignment and Assumption of Master Lease ("Assignment") is made as of January 1, 2013, by and between KMBG, LLC, a Colorado limited liability company ("Assignor"), and Applied Technologies Associates, Inc., a California corporation ("Assignee"), and is consented and agreed to by City of El Paso de Robles, a municipal corporation and political subdivision and the State of California ("City", or "Lessor").

RECITALS

- A. The City, as Lessor, entered into that certain Municipal Airport Lease dated April 1, 1988, (the "Original Lease") of Parcel 14-B of Parcel Map PRAL 80-53 (3003 Rollie Gates Drive) at the Paso Robles Municipal Airport, with Pacific Management and Development Corporation, as Lessee.
- B. City approved the Assignment and Amendment of Lease dated October 16, 2003, assigning the Original Lease to KMBG, Ltd., a Texas limited partnership (the "First Assignment").
- C. City approved the Assignment and Amendment of Lease dated July 9, 2004, assigning the Original Lease to KMBG, LLC, a Colorado Limited Liability Company (the "Second Assignment").
- D. City approved the Amendment of Lease dated October 1, 2006, extending the lease termination to March 31, 2043 (the "First Amendment"). The amendment was recorded with the San Luis Obispo County Clerk/Recorder on November 9, 2006 as Document #2006080289. (The Original Lease, First Assignment, Second Assignment and First Amendment are referred to collectively herein as the "Lease").
- E. Assignor desires to assign the Lease to Assignee and be released from the obligations of the Lease, and Assignee desires to accept the assignment of the Lease from Assignor and assume all responsibilities and obligations of and be substituted as Lessee under the terms and conditions of the Lease.

AGREEMENT

- 1. Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, and interest in the Lease and Assignee hereby accepts from Assignor all of Assignor's right, title, and interest in the Lease, subject to the terms and conditions set forth in this Assignment.
- 2. Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Lessee under the Lease, including without limitation the making of all rent and other payments due to or payable on behalf of Lessor under the Lease as they become due and payable.

3. Any notice to be given or other document to be delivered by either party to the other party shall be addressed as follows:

Lessor: City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

Lessee: Applied Technologies Associates, Inc.
3025 Buena Vista Drive
Paso Robles, CA 93446

4. The Lease, as assigned herein, shall remain in full force and effect pursuant to its terms.

IN WITNESS WHEREOF, the parties have caused this Assignment to be duly executed as of the first date stated above.

Assignor: KMBG, LLC

Assignee: Applied Technologies Associates, Inc.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Name: _____

Landlord Consent: City of Paso Robles

By: _____
James L. App, City Manager

ATTEST:

By: _____
Dennis Fansler, City Clerk

APPROVED AS TO FORM:

By: _____
Iris P. Yang, City Attorney

Recording Requested by and
When Recorded Return to:

City of Paso Robles
Department of Public Works
1000 Spring Street
Paso Robles, CA 93446

For Recordors Use Only

**ASSIGNMENT AND ASSUMPTION OF MUNICIPAL AIRPORT LEASE
(Parcel 7, PRAL 88-207)
[5025 Wing Way]**

This Assignment and Assumption of Municipal Airport Lease ("Assignment") is made as of January 1, 2013, by and between KMBG, LLC, a Colorado limited liability company ("Assignor"), and Applied Technologies Associates, Inc., a California corporation ("Assignee"), and is consented and agreed to by City of El Paso de Robles, a municipal corporation and political subdivision and the State of California ("City", or "Lessor").

RECITALS

- A. City entered into a long-term lease dated November 15, 1976, (the "Original Lease") of Parcel 15 of Parcel Map PR-770469 at the Paso Robles Municipal Airport, with Edward E. Worthan as Lessee. The Original Lease is recorded in Book 2032 Page 305 of Official Records, County of San Luis Obispo.
- B. City approved the Assumption Agreement dated March 25, 1983, assigning the Original Lease to Roy E. Coats Family Trust (the "Assumption Agreement").
- C. In 1988, the City recorded Parcel Map 88-207, splitting said Parcel 15 into two (2) parcels, identified as Parcel 7 (1.48 acres) and Parcel 8 (4.20 acres).
- D. City approved the Lease Amendment dated April 17, 1996, (the "First Amendment") amending the Original Lease such that Parcel 7 and Parcel 8 were each subject to a separate lease agreement, and approved the Lease Assignment of Parcel 7 from Laura Coats Revocable Trust, successor to the Roy E. Coats Family Trust, to Scientific Drilling International, on October 17, 1996 (the "Assignment Agreement"). The First Amendment was recorded by the San Luis Obispo County Clerk/Recorder as Document #1996-025422 on May 22, 1996. The Assignment Agreement was recorded on February 26, 1998, as Document #1998-010114.
- E. City approved the Assignment and Amendment of Lease (for Parcel 7) from Scientific Drilling International to KMBG, LLC, a Colorado limited liability company, on December 31, 2004 (the "Second Amendment").
- F. City approved a further Amendment to Airport Lease (for Parcel 7) dated October 1, 2006, extending the Lease to terminate on November 14, 2031 (the "Third Amendment"). This Third Amendment was recorded by the San Luis Obispo County Clerk/Recorder on November 9, 2006, as Document #2006080291. (The Original Lease, Assumption Agreement, First Amendment and Assignment Agreement, Second Amendment, and Third Amendment are collectively referred to herein as the "Lease").
- G. Assignor desires to assign the Lease to Assignee and be released from the obligations of the Lease, and Assignee desires to accept the assignment of the Lease from Assignor and assume all

responsibilities and obligations of and be substituted as Lessee under the terms and conditions of the Lease.

AGREEMENT

1. Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, and interest in the Lease and Assignee hereby accepts from Assignor all of Assignor's right, title, and interest in the Lease, subject to the terms and conditions set forth in this Assignment.
2. Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Lessee under the Lease, including without limitation the making of all rent and other payments due to or payable on behalf of Lessor under the Lease as they become due and payable.
3. Any notice to be given or other document to be delivered by either party to the other party shall be addressed as follows:

Lessor: City of Paso Robles
 1000 Spring Street
 Paso Robles, CA 93446

Lessee: Applied Technologies Associates, Inc.
 3025 Buena Vista Drive
 Paso Robles, CA 93446

4. The Lease, as assigned herein, shall remain in full force and effect pursuant to its terms.

IN WITNESS WHEREOF, the parties have caused this Assignment to be duly executed as of the first date stated above.

Assignor: KMBG, LLC

Assignee: Applied Technologies Associates, Inc.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Landlord Consent: City of Paso Robles

By: _____
 James L. App, City Manager

ATTEST:

APPROVED AS TO FORM:

By: _____
 Dennis Fansler, City Clerk

By: _____
 Iris P. Yang, City Attorney

Recording Requested by and
When Recorded Return to:

City of Paso Robles
Department of Public Works
1000 Spring Street
Paso Robles, CA 93446

For Recorders Use Only

**ASSIGNMENT AND ASSUMPTION OF MUNICIPAL AIRPORT LEASE
(Lot 3, Parcel 16, PRAL 96-025)
5070 Wing Way, Paso Robles, California**

This Assignment and Assumption of Municipal Airport Lease ("Assignment") is made as of January 1, 2013, by and between KMBG, LLC, a Colorado limited liability company ("Assignor"), and Applied Technologies Associates, Inc., a California corporation ("Assignee"), and is consented and agreed to by City of El Paso de Robles, a municipal corporation and political subdivision and the State of California ("City", or "Lessor").

RECITALS

- A. The City, as Lessor, and John Reed and Harry Reed, as Lessee, entered into that certain unrecorded Municipal Airport Lease, dated January 31, 1997 ("Lease"), wherein Lessee leased from the Landlord real property commonly known as Lot 3 of Parcel 16 of Parcel Map PRAL 96-025, commonly referred to as 5070 Wing Way, Paso Robles, California, and more particularly described as follows:
PARCEL 3 OF PARCEL MAP NO. PRAL 96-025, IN THE CITY OF PASO ROBLES, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO MAP RECORDED SEPTEMBER 11, 1996, IN BOOK 52, PAGE 16 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.
A Memorandum of Lease was recorded by the San Luis Obispo County Clerk/Recorder as Document #2001084919 on November 1, 2001.
- B. The Lease, and all Lessee's rights thereunder, were assigned to Allen R. Yarborough, pursuant to that unrecorded Assignment and Amendment of Lease agreement, dated June 1, 2001. (the "First Assignment").
- C. City approved the Assignment and Assumption of Lease dated December 1, 2007, assigning the Lease to KMBG, LLC, a Colorado Limited Liability Company (the "Second Assignment"). The Second Assignment was recorded by the San Luis Obispo County Clerk/Recorder on December 24, 2007 as Document #2007082103. (As used hereinafter, the term "Lease" shall mean and refer to the Lease, as assigned and amended by the First Assignment and Second Assignment.)
- D. Assignor desires to assign the Lease to Assignee and be released from the obligations of the Lease, and Assignee desires to accept the assignment of the Lease from Assignor and assume all responsibilities and obligations of and be substituted as Lessee under the terms and conditions of the Lease.

AGREEMENT

1. Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, and interest in the Lease and Assignee hereby accepts from Assignor all of Assignor's right, title, and interest in the Lease, subject to the terms and conditions set forth in this Assignment.
2. Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Lessee under the Lease, including without limitation the making of all rent and other payments due to or payable on behalf of Lessor under the Lease as they become due and payable.
3. Any notice to be given or other document to be delivered by either party to the other party shall be addressed as follows:

Lessor: City of Paso Robles
 1000 Spring Street
 Paso Robles, CA 93446

Lessee: Applied Technologies Associates, Inc.
 3025 Buena Vista Drive
 Paso Robles, CA 93446

4. The Lease, as amended and assigned as set forth herein, shall remain in full force and effect pursuant to its terms.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be fully executed as of the date first stated above.

Assignor: **KMBG, LLC**

Assignee: **Applied Technologies Associates, Inc.**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Landlord Consent: **City of Paso Robles**

By: _____
 James L. App, City Manager

ATTEST:

APPROVED AS TO FORM:

By: _____
 Dennis Fansler, City Clerk

By: _____
 Iris P. Yang, City Attorney