

TO: Thomas Frutchey, City Manager

FROM: Dick McKinley, Public Works Director

SUBJECT: Airport Lease Amendment – 3150 Propeller LLC

DATE: June 7, 2016

Needs: For the City Council to approve a First Amendment to Municipal Airport Property Lease with 3150 Propeller Drive LLC, which provides for an Option to Extend to be added to the Lease.

- Facts:
1. On November 1, 1994, the City entered into a long-term land lease for property in the airport industrial park (3150 Propeller Drive) with Avlite Aviation, Inc.
 2. On June 3, 2014, the City Council approved an Assignment and Assumption of Municipal Airport Property Lease, which assigned the entire lease interest from Avlite Aviation, Inc. to 3150 Propeller Drive, LLC.
 3. On March 23, 2016, the City received a request from Tina Leatherwood, managing member of 3150 Propeller Drive LLC, that the lease be amended to provide an option to extend the term by five years to facilitate the eventual sale and assignment of the lease to another, more viable and beneficial aviation business concern, which would further support and enhance the aviation service industry at the airport. Ms. Leatherwood indicated having a remaining lease term of 30 years would facilitate the sale and assignment of the lease.
 4. The current lease expires on October 31, 2044. The addition of an Option to Extend the term by five years would accomplish the desired result.
 5. Any future sale and assignment of the Lease by 3150 Propeller Drive LLC will be subject to the City's review and written consent.

Analysis &

Conclusion: The stated objectives of the City include the promotion and development of economically beneficial activity at the airport. The subject facility has the potential to become a premier aviation service center under the right circumstances. It would be in the best interests of the airport and the City to support the effort to attract new and diverse business entities that would enhance the level of aviation service provided at the airport.

Policy

Reference: Airport Lease Policy, Airport Business Improvement Plan

Fiscal

Impact: None. No change to the current lease pricing structure.

- Options:
- A. Approve Resolution 16-XXX Approving a First Amendment to Municipal Airport Property Lease with 3150 Propeller Drive, LLC to add an option to Extend Lease Term; or
 - B. Amend, modify, or reject the above option.

Attachments:

- 1. First Amendment to Municipal Airport Property Lease – 3150 Propeller Drive, LLC.

RESOLUTION NO. 16-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING A
FIRST AMENDMENT TO MUNICIPAL AIRPORT PROPERTY LEASE WITH 3150 PROPELLER
DRIVE, LLC, TO ADD AN OPTION TO EXTEND LEASE TERM

WHEREAS, the City and Avlite Aviation, Inc. (“Avlite”) entered into that certain Municipal Airport Property Lease, dated November 1, 1944 (“Lease”), wherein Avlite leased from City real property known as Parcel 15 of Parcel Map PRAL 88-207, and commonly referred to as 3150 Propeller Drive, Paso Robles, California (“Premises”); and

WHEREAS, Avlite and 3150 Propeller Drive, LLC (“Lessee”), with the consent of City, entered into an Assignment and Assumption of Municipal Airport Property Lease dated July 1, 2014 (“Assignment”); and

WHEREAS, Lessee has indicated its desire to sell its leasehold interest under the Lease to another, more viable and beneficial aviation business concern, which would further support and enhance the aviation service industry at the Airport; and

WHEREAS, in order to facilitate such a sale, Lessee has requested that the Lease be amended to add a 5-year option to extend the existing term of the Lease (currently set to expire on October 31, 2044); and

WHEREAS, a lease with a remaining term of 30 years will likely attract businesses desiring to invest in improvements and business activity at the Airport; and

WHEREAS, the stated objectives of the City include the promotion and development of economically beneficial activity at the Airport, and the subject facility has the potential to become a premier aviation service center under the right circumstances; and

WHEREAS, it would be in the best interests of the Airport and the City to support the effort to attract new and diverse business entities that would enhance the level of aviation service provided at the Airport;

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of El Paso de Robles hereby approves and authorizes the execution of a First Amendment to Municipal Airport Property Lease with 3150 Propeller Drive, LLC, to provide an option to Lessee to extend the term of the Lease by an additional 5 years, in substantially the form attached hereto as Attachment A and incorporated herein by reference, subject to any minor, clarifying and conforming changes as may be approved by the City Attorney.

APPROVED this 7th day of June, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ATTEST:

Steven W. Martin, Mayor

Kristen L. Buxkemper, 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

**FIRST AMENDMENT TO MUNICIPAL AIRPORT PROPERTY LEASE
3150 PROPELLER DRIVE, LLC
[3150 Propeller Drive]**

This First Amendment to Municipal Airport Property Lease ("First Amendment") is made and entered into this 1st day of June, 2016, by and between the City of El Paso de Robles, a municipal corporation, (hereinafter called "City" or "Lessor") and 3150 PROPELLER DRIVE, LLC., a California limited liability company (hereinafter called "Lessee") with reference to the following recitals:

RECITALS

- A. City and Avlite Aviation, Inc. ("Avlite") entered into that certain Municipal Airport Property Lease, dated November 1, 1994 ("Original Lease"), wherein Avlite leased from City real property known as Parcel 15 of Parcel Map PRAL 88-207, and commonly referred to as 3150 Propeller Drive, Paso Robles, California ("Premises"). The San Luis Obispo County Clerk/Recorder recorded the Original Lease as Document Number 1995-005342 on February 7, 1995.
- B. Avlite and Lessee, with the consent of City, entered into an Assignment and Assumption of Municipal Airport Property Lease dated July 1, 2014 and recorded on February 26, 2016, as Document Number 2016008336 ("Assignment"), which assigned the Original Lease from Avlite to Lessee (the Original Lease and Assignment are collectively referred to as the "Lease").
- C. Lessee has continued to operate and maintain the leased Premises in accordance with all terms and conditions of the Lease.
- D. In order to render the Premises and the Lease more viable to a new and beneficial airport tenant, Lessee has requested an amendment to the term of the Lease to add a five-year option to extend the existing term of the Lease.

Therefore, City and Lessee agree as follows:

AGREEMENTS

- 1. Option to Extend. Section I of the Lease is hereby amended to add a new paragraph to read as follows:

"So long as Lessee is not then in default hereunder, Lessee shall have an option to extend the term of this Lease for one (1) additional term of five (5) years ("Option Term"), exercisable by delivery of written notice to City of Lessee's intent to extend, at least one hundred twenty (120) days and no more than one hundred eighty (180) days prior to the then expiration date (October 31, 2044) of this Lease. If Lessee exercises its option under this paragraph, the terms and conditions set forth in this Lease shall continue in full force and effect until October 31, 2049."

2. Except as specifically amended by this First Amendment, all of the terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be duly executed on the date first entered above.

CITY OF EL PASO DE ROBLES

3150 Propeller Drive, LLC.

By: _____
Thomas Frutchey, City Manager

By: _____
Tina Leatherwood, Manager

ATTEST:

By: _____
Kristen L. Buxkemper, Deputy City Clerk

APPROVED AS TO FORM:

By: _____
Iris P. Yang, City Attorney