



## Council Agenda Report

**From:** Dick McKinley, Public Works Director  
**Subject:** Airport Lease Amendment – 5072 Wing Way (Radford)  
**Date:** September 19, 2017

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### Facts

1. On August 1, 1996, the City entered into a Non-Subordinated Airport Ground Lease on Lot 7 of Parcel 16 (commonly known as 5072 Wing Way) with Darrell F. and Milene F. Radford (collectively, Lessee) for the land upon which a previously-constructed aircraft hangar was located. The lease site has been developed and maintained as required. The original termination date of the agreement was July 30, 2016.
2. At the termination of the original lease, the Lessee requested to continue occupancy of the premises under the same terms and conditions as the original agreement.
3. The City approved two short-term (six-month) lease agreements to extend the current occupancy pending adoption of a new Airport Leasing Policy. The second 6-month extension expired on July 31, 2017.
4. The City Council approved the Airport Leasing Policy on June 6, 2017. The proposed Third Amendment to Municipal Airport Lease incorporates certain provisions of the new Airport Leasing Policy.
5. The proposed Third Amendment to Municipal Airport Lease extends the Lease term by 10 years, with termination on July 31, 2027, under the same terms and conditions of the original Lease. The Third Amendment also describes the available alternatives for future ownership and disposition of the hangar on the Premises.

### Options

1. Take no action.
2. Approve the Third Amendment to Municipal Airport Lease agreement as presented;
3. Approve the proposed lease amendment with modifications;

### Analysis and Conclusions

The City retains an obligation to function as landlord of those public properties under its charge, and protect the public's interests in this regard. The lessee has continuously demonstrated his viability as a responsible and beneficial airport tenant.

### Fiscal Impact

Continued rental revenues to the Airport with annual escalations in accordance with established policy.

### Recommendation

Approve Resolution No. 17-XXX Approving the Third Amendment to Municipal Airport Lease with Darrell F. Radford and Milene F. Radford.

**Attachments:**

1. Resolution No. 17-XXX Approving The Third Amendment to Municipal Airport Lease with Darrell F. Radford and Milene F. Radford
2. Third Amendment to Municipal Airport Lease

RESOLUTION NO. 17-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING THE THIRD AMENDMENT TO MUNICIPAL AIRPORT LEASE WITH DARRELL F. RADFORD AND MILENE F. RADFORD FOR 5072 WING WAY AND AUTHORIZING EXECUTION THEREOF

WHEREAS, the City entered into a Non-Subordinated Airport Ground Lease (“Original Lease”) with Darrell F. Radford and Milene F. Radford, as joint tenants, on August 1, 1996, for the premises located at 5072 Wing Way; and

WHEREAS, the Original Lease term was to expire of July 31, 2016; and

WHEREAS, the parties entered into two six-month extensions of the Original Lease term pending the approval of the City Council of a new Airport Leasing Policy; and

WHEREAS, the City Council approved the Airport Leasing Policy on June 6, 2017; and

WHEREAS, the proposed Third Amendment to Municipal Airport Lease incorporates provisions that are consistent with the Airport Leasing Policy;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES, as follows:

Section 1. The City Council hereby approves the Third Amendment to Municipal Airport Lease in substantially the form attached hereto as Exhibit A, and incorporated herein by reference, and authorizes the City Manager to execute the Third Amendment, subject to any minor technical, non-substantive or clarifying changes approved by the City Attorney.

PASSED AND APPROVED this 19th day of September, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTION:

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Steven W. Martin, Mayor

Attest:

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Kristen L. Buxkemper, Deputy City Clerk

EXHIBIT A

Third Amendment to Municipal Airport Lease

[to be inserted]

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL  
TO:**

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

Exempt from Recording Fees pursuant to  
Government Code Sec. 27383

Space Above This Line For Recorder's Use

**THIRD AMENDMENT TO MUNICIPAL AIRPORT LEASE  
WITH DARRELL F. and MILENE F. RADFORD  
[5072 Wing Way]**

This Third Amendment to Municipal Airport Lease ("Third Amendment") is made and entered into this 1<sup>st</sup> day of August 2017, by and between the City of El Paso de Robles, a municipal corporation, (hereinafter called "City" or "Lessor") and DARRELL F. RADFORD and MILENE F. RADFORD, as joint tenants ("Tenant"), with reference to the following recitals:

**RECITALS**

- A. City and Tenant entered into that certain Non-Subordinated Airport Ground Lease dated August 1, 1996, (the "Original Lease") on Lot 7 of Parcel 16, Parcel Map PR 96-025, commonly known as 5072 Wing Way, of the Airport Industrial Park.
- B. The City and Tenant executed a First Amendment to Airport Property Lease on July 19, 2016, (the "First Amendment") extending the term of the Lease on a month-to-month basis, not to exceed six (6) months. The City and Tenant executed a Second Amendment to Airport Property Lease which expired on July 31, 2017. The Original Lease and First and Second Amendments are collectively referred to herein as the "Lease."
- C. Tenant has continued to operate and maintain the leased Premises in accordance with all terms and conditions of the Lease. Tenant had an aircraft hangar installed on the Premises (the "Improvements")
- D. On June 6, 2017, the City approved an Airport Leasing Policy to define lease procedures and provisions affecting all airport leases, particularly those nearing the expiration of their lease terms.
- E. The City and Tenant now desire to enter into this Third Amendment to conform the Lease with certain provisions of the Airport Leasing Policy.

Therefore, City and Lessee agree as follows:

## AGREEMENTS

1. Term. Section 2.1 is hereby amended to read as follows:

Section 2.1 Term – Pursuant to the City’s Airport Leasing Policy, Tenant desires to extend, and City hereby approves, a ten (1)-year extension of the Lease Term, commencing on August 1, 2017, and expiring on July 31, 2027 (the “Expiration Date”).

2. Section 17 – Ownership of Improvements is hereby revised to read in its entirety as follows:

17.1. When, for any reason, this Lease is terminated, Landlord will obtain the ownership to all land improvements. During the term of the Lease, Lessee will retain the ownership to all building Improvements, and will remove said building Improvements upon the expiration of the Lease unless those Improvements are allowed to stand through the consent of Landlord.

17.2. At least one (1) year prior to the expiration of the Lease term, the City shall notify the Lessee of the upcoming expiration, and shall inspect the Improvements to determine their condition and suitability for their occupancy and use after Lease expiration.

17.2.1. If the City determines that the Improvements are not in a condition suitable for future occupancy and use, the City shall have the right to require Lessee, at its sole cost and expense, to remove the Improvements, and return the Leased Premises, upon the expiration of the Lease, to a bare and clean condition. Public infrastructure improvements, such as curb, gutter, utilities, may remain.

17.2.2. If the City determines that the Improvements on the Leased Premises are generally suitable (but without warranty) for future occupancy and use, Lessee may seek to assign, sell, or otherwise transfer Lessee’s remaining leasehold interest and the Improvements on the Leased Premises to a new entity. Lessee shall notify City in writing of any such proposed transferee at least six (6) months prior to the expiration of the Lease. Any proposed transferee must meet City’s requirements as a tenant of the Airport, and the terms and conditions of a lease with the proposed transferee shall be in accordance with the City’s airport leasing policies. Upon execution of an assignment and assumption agreement of this Lease, or execution of a new lease for the Leased Premises, this Lease shall be deemed terminated.

17.2.3. Prior to the expiration of the Lease, Lessee shall have the right, at its sole cost and expense, to remove the Improvements installed by it on the Leased Premises for the purpose of relocating them to another site. Lessee shall notify City, in writing, at least six (6) months prior to the

expiration of the Lease of its intention to relocate the Improvements in order to allow the parties to implement an orderly removal process and restoration of the Leased Premises.

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

IN WITNESS WHEREOF, the parties have caused this Third Amendment to be duly executed on this \_\_\_\_ day of \_\_\_\_\_, 2017.

LANDLORD	TENANT
<p><b>City of El Paso de Robles, , a municipal corporation</b></p>	<p><b>Darrel F. Radford and/or Milene F. Radford, as Joint Tenants</b></p>
<p>By: _____ Thomas Frutchey, City Manager</p>	<p>By: _____ Darrell F; Radford</p> <p>By: _____ Milene F. Radford</p>

APPROVED AS TO FORM:

\_\_\_\_\_  
Iris P. Yang, City Attorney

**ACKNOWLEDGMENT**

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

**State of California**  
**County of \_\_\_\_\_ )**

On \_\_\_\_\_ before me, **Public** \_\_\_\_\_, **Notary**  
**(insert name and title of the**

**officer)**  
**personally**  
**appeared** \_\_\_\_\_  
**who proved to me on the basis of satisfactory evidence to be the person(s) whose**  
**name(s) is/are subscribed to the within instrument and acknowledged to me that**  
**he/she/they executed the same in his/her/their authorized capacity(ies), and that by**  
**his/her/their signature(s) on the instrument the person(s), or the entity upon behalf**  
**of which the person(s) acted, executed the instrument.**

**I certify under PENALTY OF PERJURY under the laws of the State of California that**  
**the foregoing paragraph is true and correct.**

**WITNESS my hand and official seal.**

**Signature** \_\_\_\_\_ **(Seal)**



**ACKNOWLEDGMENT**

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**EXHIBIT A**  
Legal Description of Premises



