



Council Agenda Report

From: Dick McKinley, Public Works Director
Subject: Airport Lease Amendment – 4301 Second Wind Way (Graves)
Date: December 19, 2017

Facts

1. On May 5, 1995, the City and Harry E. Blythe and Helen S. Blythe, Trustees of the Harry E. and Helen S. Blythe 1994 Revocable Trust (hereinafter, “Blythe”), entered into a Municipal Airport Property Lease, on Parcel 1 of Parcel Map PRAL 95-001, and commonly referred to as 4301 Second Wind Way, in the Airport Industrial Park.
2. On April 15, 2003, the City approved an Assignment of Lease between Blythe, as assignor, and John R. and Koene R. Graves, Trustees of the John R. and Koene R. Graves Living Trust, as assignee. All terms and conditions of the lease remained unchanged.
3. The Lessee has continued to operate and maintain the leased Premises in accordance with all terms and conditions of the Lease.
4. In order to better facilitate further development of the leased premises and increase its viability, Lessee has requested an amendment to the Lease to extend the term by five (5) years.
5. The five-year extension will facilitate the owners being able to transfer the lease to another party who will put the property to good economic use (staying within the 55-year limit).

Options

1. Take no action.
2. Approve the First 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 lessees have continuously demonstrated their viability as responsible and beneficial airport tenants.

Fiscal Impact

Five more years of continued rental revenues to the Airport with annual escalations in accordance with established policy. Possible additional positive fiscal impact due to increased ability to further develop the lease property.

Recommendation

Approve Resolution No. 17-XXX Approving the First Amendment to Municipal Airport Lease with the John R. and Koene R. Graves Living Trust.

Attachments:

1. Resolution No. 17-XXX Approving The First Amendment to Municipal Airport Lease with John R. and Koene R. Graves Living Trust.

RESOLUTION NO. 17-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING THE FIRST AMENDMENT TO MUNICIPAL AIRPORT LEASE WITH JOHN R. and KOENE R. GRAVES LIVING TRUST FOR 4301 SECOND WIND WAY AND AUTHORIZING EXECUTION THEREOF

WHEREAS, the City entered into a Municipal Airport Property Lease (“Original Lease”) with Harry E. and Helen S. Blythe, Trustees of the Harry E. and Helen S. Blythe 1994 Revocable Trust (“Blythe”), for the premises located at 4301 Second Wind Way; and

WHEREAS, on April 15, 2003, the City approved an Assignment of Lease between Blythe and John R. and Koene R. Graves, Trustees of the John R. and Koene R. Graves Living Trust; and

WHEREAS, the lease continues to be operated in full compliance with the conditions thereof; and

WHEREAS, the Lessee requests a lease amendment to increase the lease term by five years,

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 First 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 First Amendment, subject to any minor technical, non-substantive or clarifying changes approved by the City Attorney.

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

AYES:

NOES:

ABSENT:

ABSTENTION:

Steven W. Martin, Mayor

Attest:

Kristen L. Buxkemper, Deputy City Clerk

EXHIBIT A

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
JOHN R. and KOENE R. GRAVES LIVING TRUST
[Parcel 1 of PRAL 95-001 – 4301, 4305, 4309, 4317, 4325 Second Wind Way]**

This First Amendment to Municipal Airport Property Lease ("First Amendment") is made and entered into this 1st day of December, 2017, by and between the **City of El Paso de Robles**, a municipal corporation, (hereinafter called "City" or "Lessor") and **Koene R. Graves, Trustee of the Living Trust of John R. Graves and Koene R. Graves dated January 15, 1992 – Exemption Trust and Koene R. Graves, Trustee of the Living Trust of John R. Graves and Koene R. Graves dated January 15, 1992 – Survivor's Trust as successors to John R. and Koene R. Graves, Trustees of the Living Trust of John R. and Koene R. Graves**, (hereinafter called "Lessee") with reference to the following recitals:

RECITALS

- A. City and Harry E. Blythe and Helen S. Blythe, Trustees of the Harry E. and Helen S. Blythe 1994 Revocable Trust (hereinafter, "Blythe"), u/d/t dated February 18, 1994, entered into that certain Municipal Airport Property Lease, dated May 5, 1995, ("Original Lease"), wherein Blythe leased from City real property known as Parcel 1 of Parcel Map PRAL 95-001, and commonly referred to as 4301 Second Wind Way, Paso Robles, California ("Premises").
- B. City approved an Assignment of Lease between Blythe, as assignor, and John R. and Koene R. Graves, Trustees of the Living Trust of John R. and Koene R. Graves, as assignee, on April 15, 2003. All terms and conditions of the lease remain unchanged.
- C. John R. Graves died on November 8, 2010 and Koene R. Graves became the sole Trustee of the Living Trust of John R. Graves and Koene R. Graves and the Trust was split into two Sub-Trusts so that Koene R. Graves as Trustee of the Exemption Trust and of the Survivor's Trust is now the Lessee.
- D. Lessee has continued to operate and maintain the leased Premises in accordance with all terms and conditions of the Lease.
- E. In order to better facilitate further development of the leased premises, Lessee has requested an amendment to the term of the Lease to extend the term of the Lease by five (5) years.

Therefore, City and Lessee agree as follows:

AGREEMENTS

1. Term. Section I (TERM) of the Lease is hereby revised to read as follows:

“The term of this Lease shall consist of fifty-five (55) years commencing on June 1, 1995 and expiring on May 31, 2050. Lessee understands and acknowledges that the Term may not be extended pursuant Government Code section 37380(a).”

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

**LIVING TRUST OF
JOHN R. GRAVES and KOENE R. GRAVES
dated January 15, 1992 – Exemption Trust**

By: _____
Thomas Frutchey, City Manager

By: _____
Koene R. Graves, Trustee

ATTEST:

**LIVING TRUST OF
JOHN R. GRAVES and KOENE R. GRAVES
dated January 15, 1992 – Survivor’s Trust**

By: _____
Kristen L. Buxkemper, Deputy City Clerk

By: _____
Koene R. Graves, Trustee

APPROVED AS TO FORM:

By: _____
Iris P. Yang, City Attorney