AGENDA
SHAWNEE AIRPORT AUTHORITY
August 6, 2018 AT 6:00 P.M.
COMMISSION CHAMBERS AT CITY HALL
SHAWNEE, OKLAHOMA

CALL TO ORDER

DECLARATION OF A QUORUM

1. Consider approval of Consent Agenda:

   a. Minutes from the July 16, 2018 regular meeting.

   b. Authorize execution of Lease Agreement with Red Cloud Aviation.

   c. Authorize execution of Lease Agreements for T-Hangars and Bulk Hangar Spaces for Fiscal Year 2018-2019.

2. New Business

   (Any matter not known about or which could not have been reasonably foreseen prior to the posting of the agenda)

3. Adjournment

Respectfully submitted

Phyllis Loftis, CMC, City Clerk

Shawnee Airport Authority **1.a.**

Meeting Date: 08/06/2018

SAA Minutes

Submitted By: Kacie Eck, City Clerk

Department: City Clerk

Information

Title of Item for Agenda

Minutes from the July 16, 2018 regular meeting.

Fiscal Impact

Attachments

SAA Minutes

THE TRUSTEES OF THE SHAWNEE AIRPORT AUTHORITY OF THE CITY OF SHAWNEE, COUNTY OF POTTAWATOMIE, STATE OF OKLAHOMA, MET IN REGULAR SCHEDULED SESSION IN THE COMMISSION CHAMBERS AT CITY HALL, 9TH AND BROADWAY, SHAWNEE, OKLAHOMA, MONDAY, JULY 16, 2018, DURING THE BOARD OF CITY COMMISSIONERS MEETING AT 6:00 P.M., PURSUANT TO NOTICE DULY POSTED AS PRESCRIBED BY LAW. UPON ROLL CALL, A QUORUM WAS DECLARED WITH THE FOLLOWING MEMBERS IN ATTENDANCE:

PRESENT: Bushong, Gillham, Harrod, Finley, Rutherford, Shaw, Salter
ABSENT: None

Call to Order

Declaration of a Quorum

AGENDA ITEM NO. 1: Consider approval of minutes from the June 18, 2018 regular meeting.

A motion was made by Trustee Gillham, seconded by Trustee Bushong, to approve the minutes from the June 18, 2018 regular meeting. Motion carried 7-0.

AYE: Gillham, Bushong, Harrod, Finley, Rutherford, Shaw, Salter
NAY: None

RECESS SHAWNEE AIRPORT AUTHORITY BY THE POWER OF THE CHAIR TO CONVENE SHAWNEE MUNICIPAL AUTHORITY (6:03 P.M.)

RECONVENE SHAWNEE AIRPORT AUTHORITY BY THE POWER OF THE CHAIR (7:01 P.M.)

AGENDA ITEM NO. 2: New Business (Any matter not known about or which could not have been reasonably foreseen prior to the posting of the agenda)

There was no New Business.

AGENDA ITEM NO. 3: Adjournment

There being no further business to be considered, the meeting was adjourned by power of the Chair. (7:01 p.m.)

RICHARD FINLEY
CHAIRMAN

ATTEST:

LISA LASYONE, SECRETARY

Shawnee Airport Authority **1.b.**

Meeting Date: 08/06/2018

Red Cloud Aviation

Submitted By: Kacie Eck, City Clerk

Department: City Clerk

Information

Title of Item for Agenda

Authorize execution of Lease Agreement with Red Cloud Aviation.

Fiscal Impact

Attachments

Red Cloud Aviation

Date: July 26, 2018

To: Shawnee Airport Authority

The Honorable Richard Finley, Mayor
James Harrod, Vice Mayor
Ed Bolt, Commissioner
Ron Gillham, Commissioner
Darren Rutherford, Commissioner
Ben Salter, Commissioner
Jeff Sehorn, Commissioner

From: Bonnie A. Wilson, CM Airport Manager

Subject: Proposed Lease Agreement – Red Cloud Aviation Flight Simulator

Nature of Request:
Red Cloud Aviation (RCA) currently rents a commercial aviation services hangar, and the mezzanine level office space within the main terminal at the Shawnee Regional Airport. RCA would like to expand their service profile by offering simulator based flight training. RCA is requesting the opportunity to lease space, easily accessible to the public but with sufficient privacy to conduct training.

Staff Analysis and Considerations:
RCA is a tenant in good standing. The space identified for housing the equipment is a portion of the current pilot lounge that is underutilized and provides no revenue to SNL. The simulator in question may be used for initial flight training and recurrent proficiency for a variety of aircraft types. The fee for simulator based training is currently estimated at $120.00 - $145.00 per hour for the simulator, dependent on the type of aircraft, and $45.00 - $50.00 per hour for instructor services. It is likely that this service will attract aircraft operators to SNL thereby increasing operations counts and fuel sales.

Recommendation:
The Airport Advisory Board and airport staff are recommending executing a lease agreement with RCA for one-hundred-sixteen (116) square feet of space in the SNL terminal, at the current rate for commercial terminal space of $0.25 per square foot per year, subject to annual increase based on the rate of inflation as measured by the Consumer Price Index from the prior calendar year. A copy of the proposed lease is provided as Attachment 1 to this memorandum.

Budget Consideration:
Execution of the lease will increase direct annual rental revenue by $29.00 per month, identifiable indirect revenue from increased aircraft activity and associated fuel sales will be noted and reported at the end of the lease term.

AERONAUTICAL SERVICES FACILITY
LEASE AGREEMENT

This Agreement of Lease made and entered into this 1st day of August 2018 by and between the City of Shawnee, Oklahoma, hereinafter referred to as "Lessor", and Red Cloud Aviation, hereinafter referred to as "Lessee".

WITTNESSETH THAT:

WHEREAS, the City is the owner of the premises known as Shawnee Regional Airport (the "Airport"); and

WHEREAS, the City and Lessee are mutually desirous of entering into a Lease for the use and occupancy of certain areas at the Airport;

NOW, THEREFORE, in consideration of the premises and of the rents, covenants and conditions herein contained, the City does hereby grant to the Lessee the right to use and occupy the area of the Airport described in Article 2 hereof, during the term hereof, (hereinafter referred to as the "Leased Premises"), for the term and pursuant to the conditions hereinafter set forth.

1. ARTICLE 1 - TERM

1.1. The initial term of this lease shall be for one calendar year commencing on August 1, 2018 and terminating on July 31, 2019.

1.2. Lease may be renewed annually for periods of one (1) year commencing upon the expiration of the original term or any renewal term hereof at the option of the Lessor and Lessee. Lessee must provide Lessor with written notice of intent to renew at lease thirty (30) days prior to the expiration of lease.

2. ARTICLE 2 - LEASE PREMISES

2.1. Property located on the Shawnee Regional Airport known as 2202 Airport Drive, Shawnee Regional Airport Terminal, Flight Simulator Room measuring one hundred sixteen (116) square feet of space.

3. ARTICLE 3 - USE OF LEASED PREMISES

3.1. As a part of the consideration for this lease, and in accordance with the Minimum Standards of Commercial Aviation Activities, Lessee agrees to use the Leased Premises for commercial aviation services offered to the general public.

4. ARTICLE 4 – RENTAL

4.1. Lessee agrees to pay to the City as rental for use of the premises and the privileges herein granted the sum of $.25 per square foot per month.

4.2. Lessee shall pay one-twelfth (1/12) of the annual rent in advance on or before the first day of each month during the term or any renewal of this lease.

4.3. The monthly rent shall be payable at the City of Shawnee.

5. ARTICLE 5 - ACCEPTANCE, CARE MAINTENANCE, IMPROVEMENTS AND REPAIR

5.1. Lessee warrants that it has inspected the Leased Premises and accepts possession of the Leased Premises and the improvements thereon "as is" in its present condition, and subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration and by ordinances of the City, and admits its suitableness and sufficiency for the uses permitted hereunder. Except as may otherwise be provided for herein, the City shall not be required to maintain nor to make any improvements, repairs or restorations upon or to the Leased Premises or to any of the improvements presently located thereon. City shall never have any obligation to repair, maintain or restore, during the term of this lease, any improvements placed upon the Leased Premises by Lessee, its successors and assigns.

5.2. Lessee shall throughout the term of this Agreement assume the entire responsibility, cost and expense, for all repairs and maintenance as result of normal use or neglect by the Lessee on the Leased Premises and all improvements thereon in a good workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Additionally, Lessee, without limiting the generality hereof, shall:

5.2.1. Keep at all times, in a clean and orderly condition and appearance, the Leased Premises, all improvements thereon and all of the Lessee's fixtures, equipment and personal property which are located on any part of the Leased Premises.

5.2.2. Repair any damage caused by Lessee to the Leased Premises.

5.2.3. In the event Lessee fails: (a) to commence to maintain, clean, repair, replace, rebuild or repaint within a period of thirty (30) days after written notice from the City to do any maintenance or repair work required to be done under the provisions of this Agreement, other than preventive maintenance, (b) or within a period of ninety (90) days if the said notice specifies that the work to be accomplished by the Lessee involves preventative maintenance only; (c) or to diligently continue to completion any repairs, replacement, rebuilding, painting or repainting as required under the Agreement; then, the City may, at its option, and in addition to any other remedies which may be available to it, enter the premises involved, without such entering causing or constituting a cancellation of this Agreement or any interference with the possession of the

Leased Premises, and repair, replace, rebuild or paint all or any part of the Leased Premises or the improvements thereon, and do all things reasonably necessary to accomplish the work required, and the cost and expense thereof shall be payable to the City by Lessee on demand. Provided, however, if in the opinion of the City, the Lessee's failure to perform any such maintenance endangers the safety of the public, the employees or property of the City or other tenants at the Airport, and the City so states same in its notice to Lessee, the City may, at its sole option, in addition to all other remedies which may be available to it, elect to perform such maintenance at any time after the giving of such notice, and Lessee agrees to pay to the City the cost and expense of such performance on demand. Furthermore, should the City, its officers, employees or agents undertake any work hereunder, Lessee hereby waives any claim for damages, consequential or otherwise, as a result there from except for claims for damages arising from the City's sole negligence. The foregoing shall in no way affect or alter the primary obligations of the Lessee as set forth in this Agreement, and shall not impose or be construed to impose upon the City any obligations to maintain the Leased Premises, unless specifically stated otherwise herein.

5.3. Plans and specifications for all major repairs, constructions, alterations, modifications, additions or replacements (hereinafter referred to as "improvements"), undertaken by the Lessee shall be submitted to and receive the written approval of the City, and no such work shall be commenced until such written approvals are obtained from the City, which approval shall not be unreasonably withheld or delayed. City shall advise Lessee within thirty (30) days after receipt of the written request, together with copies of the plans and specifications for the proposed improvements in sufficient detail to make a proper review thereof, or its approval or disapproval of the proposed work, and in the event it disapproves, stating its reasons therefore.

5.4. If Lessee makes any improvements without City approval, then, upon notice to do so, Lessee shall remove the same or at the option of City, cause the same to be changes to the satisfaction of City. If Lessee fails to comply with such notice within thirty (30) days or to commence to comply and pursue diligently to completion, City may effect the removal or change and Lessee shall pay the cost thereof to the City.

5.5. Lessee expressly agrees in the making of all improvements that, except with the written consent of City, it will neither give nor grant, nor purport to give or grant any lien upon the Leased Premises or upon any improvements thereupon or which is in the process of construction or repair, nor allow any condition to exist or situation to develop whereby any party would be entitled, as a matter of law, to a lien against said Leased Premises and improvements thereon, and Lessee will discharge any such lien within thirty (30) days after notice of filing thereof. Notice is hereby given by City to all persons that no lien attaches to any such improvements.

5.6. Upon the completion of construction or installation, the complete and unencumbered title to all improvements located on the Leased Premises shall immediately vest in City free and clear of all claims on the part of the Lessee on account of any repair or improvement work done or to be done under the terms hereof by Lessee. This vesting of title in the City at the time specified is a part of the consideration for this lease. The City shall not be liable to Lessee or Lessee's contractors or

sub lessees for the value of any improvements constructed or located on the Leased Premises.

6. ARTICLE 6 - ADDITIONAL OBLIGATIONS OF LESSEE

6.1. Further, Lessee shall take all reasonable measures:

6.1.1. Lessee shall control the conduct and demeanor of its officers, agents, employees, invitees and, upon objection from City concerning the conduct, demeanor of any such person, Lessee shall immediately take all lawful steps necessary to remove the cause of the objection.

6.1.2. Lessee shall comply with all health and safety laws and requirements and any other federal, state or municipal laws, ordinances, rules, regulations and requirements, applicable to the Leased Premises and the improvements thereon and its operations at the Airport hereunder.

6.1.3. Lessee shall comply with all written instructions of the City in disposing of its trash and refuse and shall use a system of refuse disposal approved by the City. The manner of handling and disposing of trash, garbage and other refuse and the frequency of removal thereof from the Airport premises shall at all times be subject to the rules, regulations and approval of City.

6.1.4. Lessee shall not commit, nor permit to be done, anything which may result in the commission of a nuisance, waste or injury on the Leased Premises.

6.1.5. Lessee shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.

6.1.6. Lessee shall take measures to insure safety and security in compliance with federal regulations which are now in effect or which may hereafter be promulgated.

6.1.7. Lessee shall not do, nor permit to be done, any act or thing upon the Leased Premises which may constitute a hazardous condition so as to increase the risks attendant upon the operations permitted by the Agreement.

7. ARTICLE 7 - INGRESS AND EGRESS

7.1. The Lessee shall have the right of ingress and egress to and from the Leased Premises by means of roadways, to be used in common with others having rights of passage thereon, except when the Airport is closed to the public.

7.2. The use of any such roadway shall be subject to the Rules and Regulations of the Airport which are now in effect or which may hereafter be promulgated. City may, at any time, temporarily or permanently, close or consent to or request the closing of, any such roadway and any other way

at, in or near the Leased Premises presently or hereafter used as such, so long as a reasonable means of ingress and egress as provided above remains available to the Lessee.

7.3. The Lessee hereby releases and discharges the City, its officers, employees and agents; and all municipalities and other governmental authorities and their respective successors and assigns, of and from any and all claims, demands, or causes of action which the Lessee may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway or other area, provided that a reasonable means of access to the Leased Premises remains available to the Lessee whether within the Leased Premises or outside the Leased Premises at the Airport unless otherwise mandated by safety considerations or lawful exercise of the police power.

7.4. The Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Leased Premises or in any streets or roadways near the Leased Premises.

8. ARTICLE 8 - LIABILITIES AND INDEMNITIES

8.1. City shall not in any way be liable for any cost, liability, damage or injury, including cost of suit and reasonable expenses of legal services, claimed or recovered by any person whomsoever, or occurring on the Leased Premises, or the Airport, or as a result of any operations works, acts or omissions performed on the Leased Premises, or the Airport, by Lessee, its sub lessees or tenants, or their guest or invitees.

8.2. Lessee agrees to indemnify, save and hold harmless, the City, (its officers, agents, servants and employees) of and from any and all costs, liability, damage and expense (including costs of suit and reasonable expenses of legal services) claimed or recovered, justly or unjustly, false, fraudulent or frivolous, by any person, firm or corporation by reason of injury to, or death of, any person or persons, and damage to, destruction or loss of use of any and all property, including City personnel and City property, directly or indirectly arising from, or resulting from, any operations, works, acts or omissions of Lessee, its agents, servants, employees, contractors, sub lessees or tenants. Provided, however, that upon the filing with the City by anyone of a claim for damages arising out of incidents for which Lessee herein agrees to indemnify and hold the City harmless, the City shall notify Lessee of such claim and in the event that Lessee does not settle or compromise such claim, then Lessee shall undertake the legal defense of such claim both on behalf of Lessee and behalf of the City. It is specifically agreed, however, that the City at its own cost and expense, may participate in the legal defense of any such claim. Any final judgment rendered against the City for any cause for which Lessee is liable hereunder shall be conclusive against Lessee as to liability and amount upon the expiration of the time for appeal.

8.3. In addition to Lessee's undertaking, as stated in this Article, and as a means of further protecting the City, its officers, agents, servants and employees, Lessee shall at all times during the term of this Agreement obtain and maintain in effect General Liability Insurance coverage as set forth in Schedule A attached hereto and made a part hereof. In this connection, Lessee agrees to require its contractors doing work on the Airport, and Lessee's tenants and sub lessees, to carry adequate insurance coverage, and if Lessee so desires, it may accomplish same by an endorsement to Lessee's policies to include such persons or parties as additional named insured.

8.3.1. The City reserves the right to increase the minimum liability insurance set forth in Schedule A when in the City's opinion the risks attendant to Lessee's operations hereunder have increased.

8.4. The Lessee represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or in anywise connected with this Agreement. The Lessee agrees to save and hold the City, its officers, employees, agents and representatives free and harmless of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of the Lessee under or in anywise connected with this Agreement.

8.5. The Lessee represents and warrants that no broker has been concerned on its behalf in the negotiation of this Agreement and that there is no such broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the City of and from any claim for commission or brokerage made by any such broker when such claim is based in whole or in part upon any act or omission of the Lessee.

9. ARTICLE 9 - RULES AND REGULATIONS

9.1. From time to time City may adopt and enforce rules and regulations with respect to the occupancy and use of the Airport. Lessee agrees to observe and obey any and all rules and regulations and all other Federal, State and municipal rules, regulations and laws and to require its officers, agents, employees, contractors, and suppliers, to observe and obey the same. City reserves the right to deny access to the Airport and its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules, regulations or laws.

10. ARTICLE 10 - ASSIGNMENT AND SUBLEASE

10.1. Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby, without the prior written consent of the City.

10.2. Any assignment or transfer of this Agreement, or any rights of Lessee hereunder, without the consent of the City, shall entitle the City at its option to forthwith cancel this Agreement.

10.3. If the Lessee assigns, sells, conveys, transfers, mortgages, or pledges this agreement or sublets any portion of the Leased Premises in violation of the foregoing provisions of this Article, or if the Leased Premises are occupied by anyone other than the Lessee, City may collect from any assignee, sub lessee or anyone who claims a right to this Agreement or who occupies the Leased Premises any charges or fees payable by it and may apply the net amount collected to the rents herein reserved; and no such collection shall be deemed a waiver by City of the agreements contained in this Article nor of acceptance by City of any assignee, claimant or occupant, nor as a release of the Lessee by City from the further performance by the Lessee of the agreements contained herein

11. ARTICLE 11 - RIGHTS OF ENTRY RESERVED

11.1. The City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Leased Premises for any and all purposes, provided, such action by the City, its officers, employees, agents, representatives and contractors does not unreasonably interfere with the Lessee's use, occupancy, or security requirements of the Leased Premises.

11.2. In the event that any personal property of Lessee shall obstruct the access of the City, its officers, employees, agents or contractors, or the utility company furnishing utility service to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system, Lessee shall move such property, as directed by the City or said utility company, in order that access may be had to the system or part thereof for inspection, maintenance or repair. If Lessee shall fail to so move such property after direction from City or said utility company to do so, the City or the utility company may move it, and the Lessee hereby agrees to pay the cost of such moving upon demand, and further Lessee hereby waives any claim for damages as a result there from, except for claims for damages arising from the City's sole negligence.

11.3. At any reasonable time, and from time to time during the ordinary business hours, the City, by its officers, agents and employees, whether or not accompanied by a prospective lessee, occupier or user of the Leased Premises, shall have the right to enter thereon for the purpose of exhibiting and viewing all parts of the same, subject to Lessee's reasonable security requirements.

11.4. Exercise of any or all of the foregoing rights, by the City, or others under right of the City, shall not be, nor be construed to be, an eviction of Lessee, nor be made the grounds for any abatement of rental nor any claim or demand for damages, consequential or otherwise.

12. ARTICLE 12 - ADDITIONAL RENTS AND CHARGES

12.1. Except as provided in Section 5.3, in the event Lessee fails within thirty (30) days after receipt of written notice from City to perform or commence to perform any obligation required herein to be performed by Lessee, City may enter the Leased Premises (without such entering causing or constituting a cancellation of this Agreement or an interference with the possession of such Leased Premises by Lessee) and do all things reasonably necessary to perform such obligation, charging to Lessee the cost and expense thereof, and Lessee agrees to pay to the City upon demand such charge in addition to other amounts payable by Lessee hereunder. Provided, however, that if Lessee's failure to perform any such obligation endangers the safety of the public or employees or property of the City or other tenants of the Airport, and City so states in its notice to Lessee, the City may perform such obligation of Lessee at any time after the giving of such notice, and charge to the Lessee the reasonable cost and expense thereof which Lessee shall pay upon demand.

13. ARTICLE 13 – DEFAULT

13.1. In the event Lessee breaches any term or provision of this Lease, including the obligation to pay rent as and when due, the City shall have the right to terminate this lease upon giving Lessee ten (10) days' notice to cure such default. If Lessee shall not have cured its default within said ten (10)

day period to the satisfaction of the City, then the City may declare this Lease and Lessee's right of occupancy to be terminated, and Lessee shall at once quit the Premises, taking only such personality or fixtures as the City may authorize to be removed. The foregoing rights and remedies given to City are and shall be deemed to be cumulative and shall be deemed to be given to City in addition to any other and further rights granted to City herein or by law. The failure by the City at any time to exercise any right or remedy hereby given to it shall not be deemed to operate as a waiver by it of its right to exercise such rights or remedies at any other or future time.

14. ARTICLE 14 - TERMINATION BY LESSEE

14.1. In addition to any other right of cancellation herein given to Lessee, or any other rights to which it may be entitled by law, equity or otherwise, as long as Lessee is not in default in payment to City of any amounts due City under this Agreement, Lessee may cancel this Agreement and thereby terminate all of its rights and unaccrued obligations hereunder, by giving City thirty (30) days' advance written notice upon or after the happening of the following events:

14.1.1. Issuance by a court of competent jurisdiction of an injunction which in any way substantially prevents or restrains the use of the Leased Premises, or any part thereof necessary to Lessee's business operations on the Airport, and which injunction remains in force for a period of at least thirty (30) days after the party against whom the injunction has been issued has exhausted or abandoned all appeals or one hundred twenty (120) days whichever is shorter, if such injunction is not necessitated by or issued as a result of an act or omission of Lessee; or

14.1.2. The assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport and its facilities, or any substantial part thereof, in such a manner as substantially to restrict Lessee from operating its authorized Airport business for a continuous period of at least ninety (90) days.

15. ARTICLE 15 - SURRENDER AND RIGHT OF RE-ENTRY

15.1. Upon the cancellation or termination of this Agreement pursuant to any terms hereof, Lessee agrees peaceably to surrender up the Leased Premises to the City in the same condition as they are at the time of the commencement of the term hereof, and as they may hereafter be repaired and improved by Lessee; save and except, (a) such normal wear and tear thereof as could not have been prevented by ordinary and usual repairs and maintenance, (b) obsolescence in spite of repair, and (c) damage to or destruction of the leasehold improvements for which insurance proceeds are received by the City. Upon such cancellation or termination, the City may re-enter and repossess the Leased Premises together with all improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at City's election. Furthermore, upon such cancellation or termination, and for a reasonable time thereafter (not exceeding thirty (30) days after such cancellation or termination, and for which period Lessee will pay to the City current lease rentals), or during the term of this Agreement, if Lessee is not in default in rentals or any other charges or obligations due the City, Lessee shall have the right to remove its personal property, fixtures and trade equipment which it may have on the Leased

Premises, provided the removal thereof does not impair, limit or destroy the utility of said Leased Premises or building for the purpose for which they were constructed or improved, and provided, further, that Lessee repairs all damages that might be occasioned by such removal, and restores the building and site to the condition above required.

16. ARTICLE 16 - SERVICES TO LESSEE

16.1. City agrees to provide and maintain its water, electric, solid waste and sanitary sewer services in support of the Leased Premises.

16.2. Lessee shall pay for all phone and/or internet services furnished to the Leased Premises.

17. ARTICLE 17 - SURVIVAL OF THE OBLIGATIONS OF THE LESSEE

17.1. In the event that the Agreement shall have been terminated in accordance with a notice of termination as provided in Article 16 hereof, all the obligations of the Lessee under this Agreement shall survive such termination, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to City to the same extent, at the same time or times, and in the same manner as if no termination, re-entry, regaining or resumption of possession had taken place. City may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term of the Agreement.

17.2. The amount of damages for the period of time subsequent to termination (or re-entry, regaining or resumption of possession) on account of the Lessee's rental obligations shall be the sum of the following:

17.2.1. The amount of the total of all installments thereof payable prior to the effective date of termination except that the credit to be allowed for the installment payable on the first (1st) day of the month in which the termination is effective shall be prorated for the part of the month the Agreement remains in effect on the basis of the total days in the month;

17.2.1 An amount equal to all expenses incurred by City in connection with regaining possession, restoring the Leased Premises, acquiring a new lease for the Leased Premises, legal expenses (including but not limited to attorney's fees), putting the Leased Premises in order, maintenance and brokerage fees.

18 ARTICLE 18 - USE SUBSEQUENT TO CANCELLATION OR TERMINATION

18.1 The City, upon termination or cancellation pursuant to Article 16 hereof, may occupy the Leased Premises or may enter into an agreement with another lessee and shall have the right to permit any person, firm or corporation to enter upon the Leased Premises and use the same. Such use may be of part only of the Leased Premises or of the entire Leased Premises, together with other premises, and for a period of time the same as or different from the balance of the term hereunder remaining, and on terms and conditions the same as or different from those set forth in this Agreement.

18.2 City shall also, upon said termination or cancellation, or upon re-entry, regaining or resumption of possession, have the right to repair and to make structural or other changes in the Leased Premises, including changes which alter its character and the suitability thereof for the purposes of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder, provided, that any structural changes shall not be at Lessee's expense.

18.3 In the event either of use by others or of any actual use and occupancy by City, there shall be credited to the account of the Lessee against its survived obligations hereunder any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said Leased Premises or portion thereof during the balance of the term of use and occupancy as the same if originally stated in this Agreement, or from the market value of the occupancy of such portion of the Leased Premises as City may itself during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by City in connection therewith. No such use and occupancy shall be or be construed to be an acceptance of a surrender of the Leased Premises, nor shall such use and occupancy constitute a waiver of any rights of City hereunder. City will use its best efforts to minimize damages to Lessee under this Article.

19 ARTICLE 19 - LIMITATION OF RIGHTS AND PRIVILEGES GRANTED

19.1 Except the exclusive right of Lessee to possession of the Leased Premises, no exclusive rights at the Airport are granted by this Agreement and no greater rights or privileges with respect to the use of the Leased Premises or any part thereof are granted or intended to be granted to the Lessee by this Agreement, or by any provision thereof, than the rights and privileges expressly and specifically granted hereby.

20 ARTICLE 20 - HOLDING OVER

20.1 No holding over by Lessee after the termination of this lease shall operate to extend or renew this lease for any further term whatsoever; but Lessee will by such holding over become the tenant at will of City and after written notice by City to vacate such premises, continued occupancy thereof by Lessee shall constitute Lessee a trespasser.

20.2 Any holding over by Lessee beyond the thirty (30) day period permitted for removal of fixtures without the written consent of the City shall make the Lessee liable to the City for damages equal to double the rentals provided for herein and which were in effect at the termination of the lease.

20.3 All insurance coverage that Lessee is required under the provisions hereof to maintain in effect shall continue in effect for so long as Lessee, or any of Lessee's sub lessees or tenants occupy the Leased Premises or any part thereof.

21 ARTICLE 21 - MISCELLANEOUS PROVISIONS

21.1 Remedies to be Nonexclusive. All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of, or exclusive of, each other, or of any other remedy available to the City, or Lessee, at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

21.2 Non-Waiver of Rights. The failure by either party to exercise any right, or rights accruing to it by virtue of the breach of any covenant, condition or agreement herein by the other party shall not operate as a waiver of the exercise of such right or rights in the event of any subsequent breach by such other party, nor shall other party be relieved thereby from its obligations under the terms hereof. Force Majeure. Neither party shall be deemed in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of labor disputes, acts of God, acts of the public enemy, acts of superior governmental authority or other circumstances for which it is not responsible or which is not in its control provided, however, that this section shall not excuse Lessee from paying the rentals herein specified.

21.3 Non-Liability of Individuals. No director, officer, agent or employee of either party hereto shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of an supplement, modification or amendment to this Agreement because of any breach thereof, or because of his or their execution or attempted execution of the same.

21.4 Quiet Enjoyment. The City covenants that as long as Lessee is not in default of any provision of this Agreement, Lessee shall and may peaceably and quietly have, hold and enjoy the Leased Premises exclusively to it during the term hereof unless sooner canceled as provided in this Agreement.

22 ARTICLE 22 GENERAL PROVISIONS

22.1 Lessee shall not use, or permit the use of, the Leased Premises, or any part thereof, for any purpose or use other than those authorized by this Agreement.

22.2 This Agreement shall be performable and enforceable in Shawnee, Oklahoma and shall be construed in accordance with the laws of the State of Oklahoma.

22.3 This Agreement is made for the sole and exclusive benefit of the City and Lessee, their successors and assigns, and is not made for the benefit of any third party.

22.4 In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any party hereto on the basis that such party did or did not author the same.

22.5 All covenants, stipulations and agreements in this Agreement shall extend to and bind each party hereto, its legal representatives, successors and assigns.

22.6 The titles of the several articles of this Agreement are inserted herein for convenience only, and are not intended and shall not be construed to affect in any manner the terms and provisions hereof, or the interpretation or construction thereof.

22.7 Nothing herein contained shall create or be construed to creating a co-partnership between the City and the Lessee or to constitute the Lessee an agent of the City. The City and the Lessee each expressly disclaim the existence of such a relationship between them.

[Signature page immediately follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

LESSOR:
THE CITY OF SHAWNEE OKLAHOMA
A Municipal Corporation

_____

By:
JUSTIN ERICKSON,
CITY MANAGER

ATTEST:

_____
PHYLLIS LOFTIS, CMC, CITY CLERK

LESSEE:
RED CLOUD AVIATION, LLC
An Oklahoma Limited Liability Company

By:_____
SCOTT D. LEE
MANAGING MEMBER

SCHEDULE "A"

INSURANCE COVERAGE

The Lessee, at Lessee's expense, shall obtain and maintain in continuous effect during the term of this Lease Agreement, insurance policies issued by an insurance carrier licensed to do business in the State of Oklahoma, providing for:

The Lessee's insurance carrier shall provide the City with a Certificate of Insurance indicating proof of the foregoing coverage. The Certificate shall name the City of Shawnee as additionally insured. Such certificate shall provide that the carrier issuing the certificate shall notify the City within ten (10) days in advance of any cancellation or significant change in the terms of coverage of such insurance policies.

The failure of the Lessee to obtain and maintain such insurance coverage shall not relieve the Lessee from any liability arising from this Lease Agreement nor shall any such liability be limited to the liability insurance coverage provided herein.

1. Comprehensive General Liability and Property Damage
   Combined Single Limit Bodily Injury & Property Damage
   $ 1,000,000 each occurrence

Shawnee Airport Authority **1.c.**

Meeting Date: 08/06/2018

Annual Lease Agreements

Submitted By: Kacie Eck, City Clerk

Department: City Clerk

Information

Title of Item for Agenda

Authorize execution of Lease Agreements for T-Hangars and Bulk Hangar Spaces for Fiscal Year 2018-2019.

Fiscal Impact

Attachments

Annual Lease Agreements

Date: July 26, 2018

To: Shawnee Airport Authority

The Honorable Richard Finley, Mayor
James Harrod, Vice Mayor
Ed Bolt, Commissioner
Ron Gillham, Commissioner
Darren Rutherford, Commissioner
Ben Salter, Commissioner
Jeff Sehorn, Commissioner

From: Bonnie A. Wilson, CM Airport Manager

Subject: Proposed Lease Agreements – T-Hangars and Bulk Hangar Space

Nature of Request:

The majority of the existing Hangar leases at SNL expired at the end of Fiscal Year 2018 (June 30, 2018). All tenants in good standing were offered the opportunity to renew. For various reasons seven of the current T-Hangar tenants declined, or were not offered the opportunity, to renew their leases. A detailed chart depicting the notifications received and given is appended to this memo as Attachment 1. A total of seven new leases for Standard T-Hangars and three new leases for Standard Bulk Hangar space are proposed. Each new lease agreement will be offered at the Fiscal Year 2019 rental rates of $155.00 per month for Standard T-Hangars, and $134.00 per month for Standard Bulk Hangar spaces.

Staff Analysis and Considerations:

Following the provisions of the Airport Facilities Lease and Development Policy Statement (May 2018), current tenants in good standing were given the first opportunity to request an up-grade from Standard Bulk Hangar space to Standard T-Hangars. Tenants and sub-tenants in good standing, on the Tenant Only Waiting List were given the next opportunities to request T-Hangar leases. The remaining T-Hangar and Standard Bulk Hangar spaces were then offered to persons on the Public Waiting List in order of their requests by date. This method of notice of availability and recognition of the partnership with tenants in good standing has resulted in a positive response for upgrade, and requests for tenancy from outside parties.

Recommendation:

The Airport Advisory Board and airport staff are recommending the Shawnee Airport Authority authorize the execution of lease agreements as detailed on Attachment 1, the execution of future lease agreements with tenants in good standing to allow for upgrades, and/or persons on the current waiting list confirm desire for leased space through the end of Fiscal Year 2019. A standard form of Hangar Lease Agreement is provided for reference as Attachment 2 to this memorandum.

Budget Consideration:

Authorization to execute lease agreements will support 100% occupancy of the available hangar space at SNL supporting the estimated revenue from Hangar Rental for Fiscal Year 2019.

ATTACHMENT 1

EXISTING AGREEMENTS					PROPOSED NEW AGREEMENTS					
LAST NAME	**FIRST NAME**	**HANGAR**	**RATE / MONTH**	**REASON FOR CHANGE**	**LAST NAME**	**FIRST NAME**	**HANGAR**	**RATE / MONTH**	**REASON FOR CHANGE**	**ELIGIBILITY**
Birch	Michael	13	$130	Upgrade to T-Hangar	Civil Air Patrol	(Rowden)	13	$0	Request of Airport Management	Existing Tenant
McMillian	Gene	13	$130	Sold Aircraft	TBD – notice of availability provided, confirmation pending.					
Stafford	Bruce	13	$130	Upgrade to T-Hangar	Wilson	Gerald	13	$134	New Lease	Waiting List
Civil Air Patrol	(Rowden)	104	$0	Relocated to Bulk Hangar	Stafford	Bruce	104	$155	Upgrade from T-Hangar	Existing Tenant on Waiting List
McPherson	Curtis	206	$150	Non-Compliance	Garrity	Kris	206	$155	New Lease	Waiting List (Confirmation Pending)
Whitehead	Sheldon	208	$150	Sold Aircraft	Elliott /Jennings	Wes/James	208	$155	New Lease	Existing Tenant on Waiting List
Gohr	Eric	210	$150	Relocated out of state	Birch	Michael	210	$155	Upgrade from T-Hangar	Existing Tenant on Waiting List
Bryan	Robert	211	$150	Changed Employment	Shaver	Paul	211	$155	New Lease	Existing Sub-Tenant on Waiting List
Smith	Larry	215	$150	Non-Compliance	Case	Bob	215	$155	New Lease	Existing Sub-Tenant on Waiting List
Bott	David	216	$150	Relocated Business	Red Cloud	(Corporate)	216	$155	New Lease	Existing Tenant on Waiting List

CITY OF SHAWNEE, OKLAHOMA
STANDARD T-HANGAR/BULK HANGAR SPACE LEASE AGREEMENT

This Lease Agreement entered into by and between the City of Shawnee, Oklahoma, a Municipal Corporation, hereinafter called Lessor, and _____, hereinafter called Lessee,

WITNESSETH:

WHEREAS, the Lessor is the owner of certain real property commonly known as the Shawnee Regional Airport, located within the City of Shawnee, Pottawatomie County, Oklahoma; and

WHEREAS, the Lessee desires to lease from the Lessor a certain hangar space for the storage of an airworthy aircraft of which Lessee is registered with the FAA as owner, co-owner, managing partner; and which said hangar is owned by the Lessor and is constructed on said municipal airport property;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. LEASE: The Lessor hereby leases, lets and demises to the Lessee, a space, in that certain hangar constructed upon Shawnee Regional Airport property within the City of Shawnee, Oklahoma, which is designated as STANDARD T-HANGAR/STANDARD BULK HANGAR SPACE.

2. TERM: The Lessor leases to the Lessee said hangar space for a term commencing on _____, 2018 and terminating on the 30th day of June, 2019, unless sooner terminated in accordance with the provisions of this lease. After the initial term, if the Lessee remains in good standing, may lease the premises on a month to month basis until another lease is agreed upon by the Lessor and Lessee.

3. RENTAL: The Lessee hereby agrees to pay to the Lessor as rental for said hangar space the sum of $155.00/$134.00 per month for a STANDARD T-HANGAR/STANDARD BULK HANGAR SPACE with the first month's rent due and payable in advance on _____ 1, 2018; rent thereafter shall be due and payable on the first day of each month and shall be deemed late if not received by the tenth (10th) day of each month. Lessee also agrees to pay last month's rent in advance at the time of the initial lease agreement.

   3.1. It is specifically understood and agreed by and between the Lessor and the Lessee that the monthly rental for said hangar space shall be adjusted from time to time. The monthly rental shall be determined by the Lessor based upon the recommendations of the Airport Advisory Board.

   3.2. The Lessee hereby agrees to pay such adjusted monthly rental commencing on the first day of the month immediately following notice from the Lessor to the Lessee of the adjusted monthly rental.

4. AIRCRAFT: Said hangar space is being leased to the Lessee for the storage of not more than one aircraft at a time, (said aircraft must be airworthy) and its ancillary equipment only; storage of any other items are not allowed. However, if the Lessee owns more than one aircraft, the Lessee may store any aircraft which he owns in said space. Any maintenance performed on the Lessee's aircraft must not hinder the airworthiness of the aircraft for more than sixty (60) calendar days. Additional time will not be unreasonably withheld, upon proof of scope and timing of repairs. If repairs are expected to exceed one-hundred-eighty (180) calendar days, Airport Advisory Board concurrence will be required.

5. LIMITATION OF LIABILITIES: The Lessee hereby agrees to provide at his or its sole expense a policy of liability insurance insuring both the Lessor and the Lessee from liability resulting from injury or death to persons or damage to property, the terms, limits and conditions of which shall be acceptable to the Lessor. The Lessee shall indemnify and hold harmless the City for any injury or death to persons or damage to property as a result from third parties involved in the care, maintenance, or use of the Lessee's aircraft and/or Leased Premises.

5.1. Said Policy of Liability Insurance shall be issued by a company authorized to do business in the State of Oklahoma and minimum coverage shall be $100,000 - $1,000,000 - $1,000,000. The policy shall be endorsed that the Lessor is an additional insured on said policy. Said policy shall also provide that in the event of cancellation, the insurance company shall give the Lessor at least 10 days written notice of intent to cancel.

5.2. The Lessee hereby indemnifies the Lessor from any and all claims, demands, losses, actions, causes of action of any kind, arising out of the Lessee's use, occupancy or rental of said hangar space. This indemnification covers all losses and expenses to the Lessor, including attorney fees and expenses to defend litigation.

6. COVENANTS OF LESSEE: Lessee expressly covenants that:

6.1. Lessee shall be liable for all damages which Lessee causes to the hangar, normal wear and use being excepted. Lessee shall not make any alterations, installations, attachments, or make any improvements to the hangar, except as authorized by the Lessor.

6.2. Lessee shall comply with city, county, state and federal laws and regulations, and the Shawnee Regional Airport Rules and Regulations and Minimum Standards, which are incorporated by reference into the Agreement.

6.3. Lessee shall not assign or sublet this Lease, or any Lessee's rights concerning this hangar space or any part thereof, or any interest therein.

6.4. Lessee shall not keep firearms, fuel, explosives, or any noxious, dangerous substances within the hangar space.

7. CHANGE OF OWNERSHIP OF AIRCRAFT: In the event the Lessee disposes of or transfers title to the aircraft being stored in said Hangar, this Lease shall be terminated, and Lessee has a duty to notify the Lessor immediately upon such transfer of title or the disposing of such aircraft. However, if the Lessee intends to acquire another aircraft within a reasonable length of time the Lessor and Lessee may negotiate arrangements for the Lessee to retain said hangar space during the interval between disposing of such aircraft and the acquiring of another aircraft.

8. INSPECTION: The Lessor shall perform inspection of said hangar space at irregular intervals.

9. TERMINATION: It is understood and agreed by and between the Lessor and the Lessee that the payment of monthly rental, provision of liability insurance and all other conditions imposed upon the Lessee, including but not limited to those mentioned in numerical paragraph 6 above, are conditions, the violation of any one of which shall be grounds for terminating this Lease in the discretion of the Lessor. In the event of such violation, the Lessor shall give the Lessee thirty days' notice in writing of the Lessor's intent to terminate this Lease provided, however, if such violation, in the opinion of the Lessor, constitutes a hazard to life or property the Lessor may immediately terminate this Lease Agreement and enter said Hangar and take whatever means are reasonable and necessary in the opinion of the Lessor to eliminate such hazard.

9.1. The Lessee shall have no absolute right to terminate this Lease Agreement prior to the expiration of the term of the Lease as provided for in numerical paragraph 2 above. However, in the event unforeseen special circumstances arise, the Lessee may make written application to the Lessor not less than thirty days prior to a requested termination of this Lease Agreement. The Lessor in its sole, unrestricted discretion may approve or disapprove the request for early termination.

9.2. Lessee agrees to maintain a current status on rental of said hangar space. Should Lessee fail to do so, and the account becomes sixty (60) days delinquent, then the hangar Airport Manager shall give the Lessee written notice, by certified mail, that the account must be brought current within ten (10) days or said Lease will be terminated. Should a second offense of sixty (60) days delinquency occur within the term of this Lease, immediate termination of this Agreement shall result, and all rights for renewal shall be forfeited.

10. SURRENDER OF POSSESSION: Upon the termination of this Lease Agreement, for any reason, Lessee shall immediately surrender possession of the premises to the Lessor. In the event that Lessee fails and refuses to immediately surrender possession, the Lessor shall have the right to commence a court action for the recovery of possession of the premises, for the recovery of all damages due, reasonable attorney's fees, and all court costs.

10.1. The Lessee hereby grants to the Lessor a lien on the Lessee's property in said hangar. Said lien is for the purpose of securing payment for all rental damages, and other costs due the Lessor from the Lessee pursuant to the terms of this Lease Agreement.

11. GUARANTY: Any guaranty by third parties of the obligation of Lessee under this Lease represents a material part of the consideration of the Lessor for the execution of this Lease: It being agreed that the Lessor would not have entered into this Lease except for said guaranty.

12. This Agreement shall be binding upon the executors, administrators, and successors of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures as follows:

Lessor: _____ day of _____, 2018.

LESSOR:

THE CITY OF SHAWNEE, OKLAHOMA,
A Municipal Corporation

By:_____
JUSTIN ERICKSON, CITY MANAGER

ATTEST:

_____
PHYLLIS LOFTIS, CITY CLERK

Lessee: _____day of _____, 2018.

LESSEE:

Printed Name: _____

Signature: _____

E-mail: _____

Address: _____

Telephone: _____

Aircraft: _____

Registration No.: _____