

**MINUTES
AIRPORT ADVISORY BOARD
APRIL 18, 2018 5:30 PM
SHAWNEE REGIONAL AIRPORT TERMINAL
2202 NORTH AIRPORT DR.
SHAWNEE, OK**

I. CALL TO ORDER

PRESENT Mr. Smallwood, Vice Chairman Serving as Chairman,
 Mr. Smith, Mr. Fogerty, Mr. Freeman, and Mr. Klaser

ABSENT Mr. Huddleston, Chairman, Mr. Humphreys

OTHERS PRESENT:

Ms. Bonnie Wilson, Manager, Shawnee Regional Airport
Mr. Fred Treiber, Supervisor, Shawnee Regional Airport
Mr. Bill Beck, Heartland Aviation Experience
Mr. Scott Lee, Red Cloud Aviation

II. DECLARATION OF A QUORUM

Five members of the Advisory Board were present meeting the requirements for a quorum.
The Chairman Declared a Quorum.

III. ITEM ONE - CONSIDERATION AND APPROVAL OF THE CONSENT AGENDA.

A. Approval of Minutes from the March 21, 2018 Meeting

Mr. Smith made a Motion to Approve the Minutes as presented.

Mr. Fogerty provided a Second to the Motion.

The Chairman called the Question, Members of the Advisory Board present unanimously approved the Motion.

A copy of the Executed Minutes of the March 18, 2018 Minutes are provided as Attachment 1 to these Minutes.

IV. ITEM TWO - CITIZEN COMMENTS

A. No Citizens requested the opportunity to make comments.

V. **ITEM THREE - PROPOSED AVIATION MEMORABILIA DISPLAY**

A. **Draft Display Policy and Standards**

Staff presented a memorandum supporting a proposed policy for the display of aviation related information and materials at the Shawnee Regional Airport. A complete copy of the Memorandum and draft policy statement are provided as Attachment 2 to these Minutes.

Following a general discussion of the proposed policy statement, Mr. Freeman made a Motion to Approve and adopt the Policy as written.

Mr. Fogerty provided a Second to the Motion.

B. **Authority to Enter into Third Party Agreement**

Mr. Bill Beck of Heartland Aviation made a presentation to the Airport Advisory Board regarding Heartland Aviation Experience, its mission, and proposed displays.

Staff presented a memorandum summarizing the request from Heartland Aviation Experience to install a display in the Shawnee Regional Airport Terminal per the terms and conditions of the Policy adopted in prior action by the Airport Advisory Board.

A draft Third Party Agreement for display was also provided as an attachment to the Memorandum. A complete copy of the Memorandum and associated attachments is provided as Attachment 2 to these Minutes.

Mr. Beck of Heartland requested reconsideration of the standard insurance requirements included in the agreement. The request was discussed and a recommendation was made to enquire with legal counsel to determine if alternative "hold harmless" language would suffice.

Mr. Freeman made a Motion to authorize staff to seek alternative language from legal counsel and present a modified agreement to the Shawnee Airport Authority for authorization to execute.

Mr. Fogerty provided a Second to the Motion.

The Chairman called the Question and the Members of the Advisory Board present unanimously approved the Motion.

*A revised agreement, authorized by the Shawnee Airport Authority is provided as part of Attachment 2 to these Minutes.

VI. ITEM FOUR – LEASE RATES / PROPOSED RATE SETTING POLICY STATEMENT

- A. Proposed Lease Rate Adjustments
- B. Proposed Rate Setting Policy Statement

Staff presented a memorandum reviewing: i) current rates for leased properties and facilities at Shawnee Regional Airport; ii) terms governing rate increases; iii) a proposed index for increasing rental rates, iv) a request for authorization to renew existing leases, and v) a proposed draft policy for setting rates in the future.

Following a discussion of the presented materials, staff was asked to revisit the matter and provide additional details and alternatives for consideration and to defer action on these matters until the next meeting of the Airport Advisory Board.

VII. ITEM FIVE - DISCUSSION AND CONSIDERATION OF FLYOKAIR LEASE AMENDMENT

- A. Staff provided a memorandum describing a request from FlyOkAir to amend the current leases terms releasing FlyOkAir from the obligation to pay for water service available via a public use spigot on the FlyOkAir Lease hold. Staff recommended the amendment and requested authorization to present a recommendation to the Shawnee Airport Authority to amend the Lease Agreement between the City of Shawnee and FlyOkAir; and assume the cost of providing water at this location. A copy of the complete Memorandum is provided as Attachment 3 to these minutes.

Mr. Freeman made a Motion to authorize staff to present the request for an amendment to the Shawnee Airport Authority.

Mr. Klaser provided a Second to the Motion.

The Chairman called the Question and the Members of the Advisory Board present unanimously approved the Motion.

VIII. ITEM SIX - DISCUSSION AND CONSIDERATION OF PROPOSED LEASE AGREEMENT – RED CLOUD AVIATION

- A. Staff provided a memorandum describing a request from Red Cloud Aviation to lease the Mezzanine Office space in the terminal building at the Shawnee Regional Airport to support a planned expansion of their current business profile. Staff recommended the acceptance of the proposal and offered that the rental rate for the space should be set at a rate comparable to other aeronautical use space. A copy of the Memorandum is provided as Attachment 4 to these minutes.

Mr. Fogerty made a Motion to authorize staff to present the request for authorization to execute the lease agreement to the Shawnee Airport Authority.

Mr. Freeman provided a Second to the Motion.

The Chairman called the Question and the Members of the Advisory Board present unanimously approved the Motion.

IX. ITEM SEVEN – DISCUSSION AND CONSIDERATION OF LETTER OF INTENT – OKLAHOMA AERONAUTICS COMMISSION CAPITAL IMPROVEMENT PROGRAM FUNDING

- A. Staff presented a memorandum regarding an offer from the Oklahoma Aeronautics Commission to provide five percent (5%) of the funding required for repairs and sealing of Runway 17/35 at the Shawnee Regional Airport. A copy of the complete Memorandum is provided as Attachment 5 to these Minutes.

Staff recommended the Airport Advisory Board accept the Oklahoma Aeronautics Commission's offer, and authorize staff to present a recommendation to the Shawnee Airport Authority to authorize the City of Shawnee City Manager execute a Letter of Interest to secure the funding.

Mr. Fogerty made a Motion to authorize staff to present a Letter of Intent to the Shawnee Airport Authority and request authorization for the City Manager to execute.

Mr. Klaser provided a Second to the Motion.

The Chairman called the Question and the Members of the Advisory Board present unanimously approved the Motion.

X. ITEM EIGHT DISCUSSION AND CONSIDERATION OF NOTICE TO TENANTS REGARDING LEASE COMPLIANCE

- A. Staff presented a memorandum summarizing the activities associated with collecting documentation from tenants required by current lease agreement language. Noting that the initial request had not resulted in full compliance, staff requested the opportunity to send a second letter of notice via certified mail including language indicating that future lease opportunities may be negatively impacted by lack of response. A copy of the complete memorandum and draft letter of request is provided as Attachment 6 to these Minutes.

Following a discussion of the matter, staff was directed to amend the letter to include a citation from the Federal Aviation Administration regarding use of aeronautical facilities. A final decision on the matter was deferred to the next meeting of the Airport Advisory Board.

XI. ITEM NINE – STAFF REPORT

The following topics were presented as part of the monthly Staff Report:

1. Current Fuel Price Comparisons
2. Shawnee Regional Airport Fuel Sales
3. Revenues versus Expenditures – Fiscal Year to Date
4. Aged Receivables Report
5. Financial Statement as of April 16, 2018
6. Capital Outlay Budget Report
7. Capital Project Summary Report
8. Planned Activities
9. Upcoming Events

No actions requiring a vote of the Airport Advisory Board were taken.

XII. ITEM TEN – NEW BUSINESS

A. Proposed Lease Agreement – AT&T

Staff presented a request from AT&T regarding the opportunity to enter into a long term lease agreement for the purpose of constructing and operating a cellular phone service tower on airport property, generally at the intersection of Airport Drive and Saratoga Road.

Staff recommended seeking authority to engage the services of a professional real estate assessor to determine the fair market value for the land, and to develop a rental rate to include an escalation clause to ensure that the rental rate remains reflective of fair market value. In addition, staff recommended the consideration of a possible royalty fee for any subleases executed by AT&T. Following a discussion of the matter staff was directed to provide sample agreements of this nature for consideration.

Mr. Klaser made a Motion to direct staff to seek authorization from the Shawnee Airport Authority to engage the services of a real estate assessor to provide a fair market value for the land.

Mr. Freeman provided a Second to the Motion.

XIII. ITEM XI - ADJOURNMENT

The meeting was Adjourned.


WILL SMALLWOOD
VICE CHAIRMAN

05/16/2018
DATE

ATTEST:

BONNIE A. WILSON, SECRETARY

5/16/2018
DATE

**MINUTES
AIRPORT ADVISORY BOARD
MARCH 21, 2018 5:30 PM
SHAWNEE REGIONAL AIRPORT TERMINAL
2202 NORTH AIRPORT DR.
SHAWNEE, OK**

I. CALL TO ORDER

PRESENT Mr. Huddleston, Chairman, Mr. Smallwood, Vice Chairman, Mr. Smith,
 Mr. Fogerty, Mr. Freeman, and Mr. Klater

ABSENT Mr. Humphreys

OTHERS PRESENT:

Ms. Cynthia Arnold, Finance Director City of Shawnee Oklahoma
Ms. Bonnie Wilson, Manager, Shawnee Regional Airport
Mr. Fred Treiber, Supervisor, Shawnee Regional Airport
Mr. Kurt Evans, H.W. Lochner, Inc.
Mr. Patrick Barnas, H.W. Lochner, Inc.
Mr. Darrin Loftin, Pacific Airways Holdings

II. DECLARATION OF A QUORUM

Six members of the Advisory Board were present meeting the requirements for a quorum. The Chairman Declared a Quorum.

III. ITEM ONE - CONSIDERATION AND APPROVAL OF THE CONSENT AGENDA.

A. Approval of Minutes from the February 21, 2018 Meeting

Mr. Smith made a motion to approve consent agenda.

Mr. Fogerty provided a Seconded to the motion.

The Chairman called the Question, Mr. Freeman Abstained due to his absence at the meeting in question, the remaining Members of the Advisory Board present unanimously approved the motion.

IV. ITEM TWO - CITIZEN COMMENTS

A. No Citizens requested the opportunity to make comments.

V. ITEM THREE - DISCUSSION AND CONSIDERATION OF NORTH AIRPORT PROPERTY LEASE

- A. Staff presented a memorandum summarizing the status of the current lease agreement; made a recommendation to deny the current tenant the opportunity to renew the lease for an additional term based on failure to make timely payment under the current agreement; and requested permission to develop a request for proposals governing a new lease agreement. The complete memorandum is provided as Attachment 1 to these Minutes.
- B. Discussion among the member of the Advisory Board included the potential to sell the land in question versus providing an opportunity to lease the land.

Mr. Klaser made a motion to authorize staff to present a recommendation to the Shawnee Airport Authority, to terminate the lease between the City of Shawnee and Mr. Frank Welch; and to direct staff to explore the opportunity to sell the land, and/or prepare a Request for Proposals for a lease option for the review and consideration by the Shawnee Airport Advisory Board.

Mr. Freeman provided a Seconded to the motion.

The Chairman called the Question and the Members of the Advisory Board present unanimously approved the motion.

VI. ITEM FIVE – STAFF REPORT

- A. Staff provided a report on the business of the Shawnee Regional Airport since the last meeting of the Airport Advisory Board. Written reports are included as Attachment 2 to these minutes. The major sections of the report were as follows:
 - 1. Current Fuel Price Comparisons
 - 2. Fuel Sales
 - 3. Revenues versus Expenditures – Fiscal Year 2018 70% Complete
 - 4. Aged Receivables Report
 - 5. Project Summary
 - a. Fuel System Repair, Procedures Development and Staff Training
 - b. Apron / Taxiway Repairs
 - c. Concrete installation to replace damaged asphalt is complete.
 - d. Planned Activities, and
 - e. Upcoming Events
- B. Representatives of the H.W. Lochner, Inc. participated in the discussion regarding the planned taxi lane and T-Hangar foundation construction project providing details on the project plan and schedule of events.

1. Following the discussion staff requested authorization to present memoranda to the Shawnee Airport Authority seeking authority to publish a Request for Bids/Invitation to Bid, and authorization to accept any grant funds offered by the Federal Aviation Administration in support of this project.

Vice Chairman Smallwood made a motion to authorize staff to present a recommendation to the Shawnee Airport Authority, to publish a Request for Bids/Invitation to Bid, and authorization acceptance any grant funds offered by the Federal Aviation Administration in support of this project.

Mr. Klaser provided a Seconded to the motion.

The Chairman called the Question and the Members of the Advisory Board present unanimously approved the motion.

- C. Regarding Upcoming Events, staff reported that Ms. Aimee Harden, Aviation Maintenance Instructor with the Gordon Cooper Technology Center Aviation Maintenance Technology Campus is seeking an opportunity to work in partnership with the Shawnee Regional Airport to host a fund raising event. The idea presented for discussion is a "Fun Run" utilizing the runway at SNL to allow for participation by persons with mobility disabilities and to encourage participation by others with an interest in aviation and or the unique opportunity to have access to a runway for the event. Mr. Freeman requested the staff explore opportunities to include aviation related events and activities in the overall plan. The remaining Members of the Advisory Board present were generally supportive of exploring the possibility. Staff will provide additional information for consideration at a later date as plans for the proposed event become more solidified.
- D. Mr. Darrin Loftin made general remarks related to the progress of the construction of a hangar, and reminded the Board that he had offered to participate in a plan to develop a parking shelter for rental cars on the northernmost portion of the existing aircraft ramp to allow for these vehicles to be repositioned.

VII. ITEM SIX - BOARD COMMENTS

- A. The Chairman asked the Members of the Airport Advisory Board if they had any additional comments. No comments were offered.

VIII. ITEM EIGHT - ADJOURNMENT

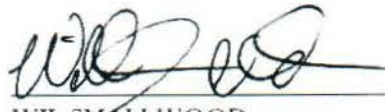
There being no further business presented on the Agenda, the Chairman called for a Motion to Adjourn.

Mr. Klaser made a motion to Adjourn.

Vice Chairman Smallwood provided a Second to the motion.

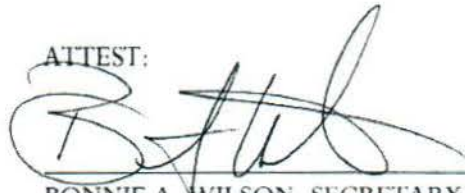
The Chairman called the Question and the Members of the Advisory Board present unanimously approved the motion.

The meeting was Adjourned.



WIL SMALLWOOD
VICE CHAIRMAN

04/18/2018
DATE

ATTEST:


BONNIE A. WILSON, SECRETARY

04/18/18
DATE



To: Shawnee Regional Airport Advisory Board
Kevin Huddleston, Chairman
Will Smallwood, Vice Chairman
Barry Fogerty
Donald "Andy" Freeman
Bert Humphreys
John Klaser
James Smith

From: Bonnie A. Wilson, CM
Airport Manager

Date: April 6, 2018

Subject: Aviation Memorabilia Display: Draft Display Policy and Standards; Authority to Enter into Third Party Agreement

Summary

The Shawnee Regional Airport serves as a gateway to the City of Shawnee. As a public entity it is appropriate to partner with non-profit organizations to support aviation related educational materials and information. Heartland Aeronautical Experience is requesting the opportunity to install display cases and aviation memorabilia in the main lobby of the Shawnee Regional Airport.

Recommendation

At this time there are no policies, or standards governing this type of display, nor is there a standard form of agreement between the City of Shawnee and third parties seeking to display information and artifacts. Staff is recommending the approval of the proposed draft document addressing terms and conditions for such displays provided as Attachment 1.

Action Requested

Authorize staff to provide a draft form of agreement for review and comment by the attorney for the City of Shawnee (Attachment 2) and provide a final form of the agreement to the Shawnee Airport Authority for authorization to execute.



Public Displays at the Shawnee Regional Airport

The Shawnee Regional Airport is a public aviation facility, and as such is pleased to participate in supporting the display of aviation related informational and educational materials.

The following requirements for public display have been developed to ensure that proposed display systems and materials are appropriate for the patrons of the airport, the Shawnee community and the Airport.

1. Display opportunities will be made available for a specific duration, not to exceed one calendar year.
2. Display opportunities will only be made available to non-profit and not-for-profit entities with the stated mission of supporting aviation education, the aviation industry, public service agencies, the United States Military and their affiliated supporting agencies such as the National Guard and Civil Air Patrol.
3. Displays may not be used to solicit funds, advertise products or services.
4. Each proposed display system must:
 - a. No larger than thirty-six (36) square feet total;
 - b. Be wholly self-contained and not in any way alter or damage the existing furnishings or structure of the Airport terminal;
 - c. Constructed of materials of a quality and type compatible with the existing interior furnishings of the Airport lobby;
 - d. Maintained by the entity providing the system to include:
 - i. Lighting, and or any other electrical or mechanical requirements, to include the cost of supplying utilities to the location;
 - ii. Cleaning and necessary repairs of protective glass, display surfaces, and items on display.
5. Each entity seeking to install a display in the airport terminal must submit for review and approval by the Airport Advisory Board:
 - a. A narrative statement describing the organizations mission in support of aviation;
 - b. A legal description of the organization and its non/not-for profit status, public service status, and or their affiliation with the United States Military;
 - c. A schematic drawing of the proposed display system;
 - d. A detailed inventory of items to be displayed, including information related to the provenance of the materials in the case of historical or archeological items.
6. If approved, the sponsoring entity must execute a Display Agreement with the City of Shawnee Oklahoma in the form of Exhibit A attached.

DRAFT

**SHAWNEE REGIONAL AIRPORT
AVIATION INFORMATION DISPLAY AGREEMENT**

WHEREAS, ENTITY, a NON/NOT-FOR PROFIT/MILITARY ENTITY, desires to install a display of aviation related informational and educational materials in the lobby of the Shawnee Regional Airport ("SNL"); and

WHEREAS, the City of Shawnee, Oklahoma ("the City") and the SNL wish to provide the opportunity to enhance the community's knowledge and understanding of the role of aviation in the community;

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

1. DISPLAY AGREEMENT

- 1.1. The Shawnee Regional Airport agrees to provide a thirty-six square foot space, in the terminal lobby of SNL for the purpose of displaying certain items of interest, designed to educate the public on the importance of aviation, as further described in Exhibit A to this agreement.

2. TERM

- 2.1. SNL agrees to make this space available to ENTITY for a term of one calendar year, commencing on MONTH DAY YEAR, and terminating on MONTH DAY YEAR unless sooner terminated in accordance with the provisions of this Agreement. After the initial term, this Agreement may be extended on a month to month basis at the discretion of the City.

3. DISPLAY ITEMS

- 3.1. Said allocation of space is for the display of materials previously approved by the Airport Advisory Board, within a self- contained display system. Storage of any other materials or items are not allowed.
- 3.2. All materials proposed for display must be approved prior to display by the Airport Advisory Board.
- 3.3. Information regarding the solicitation of funds, and or the advertisement of products or services is strictly prohibited.

4. LIMITATION OF LIABILITIES

- 4.1. ~~The ENTITY hereby agrees to provide at its sole expense a policy of liability insurance insuring both the ENTITY, the Shawnee Regional Airport and the City from liability resulting from injury or death~~

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~~to persons or damage to property, the terms, limits and conditions of which shall be acceptable to the City.~~

~~4.2.4.1.~~ The ENTITY 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 ENTITY's display system.

~~4.3. 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.~~

~~4.4. The policy shall be endorsed that the City and SNL are additional insured parties on said policy. Said policy shall also provide that in the event of cancellation, the insurance company shall give SNL at least 10 days written notice of intent to cancel.~~

~~4.5.4.2.~~ The ENTITY hereby indemnifies the City and SNL from any and all claims, demands, losses, actions, causes of action of any kind, arising out of the ENTITY's use, or occupancy of said space. This indemnification covers all losses and expenses to the City, and SNL, including attorney fees and expenses to defend litigation.

5. COVENANTS OF ENTIIY

5.1. ENTITY expressly covenants that:

- 5.1.1. ENTITY shall be liable for all damages which ENTITY causes to the terminal or terminal furnishings, normal wear and use being excepted.
- 5.1.2. ENTITY shall not make any alterations, installations, attachments, or make any improvements to the terminal area or furnishings, except as authorized by the Airport Manager.
- 5.1.3. ENTITY 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.
- 5.1.4. ENTITY shall not assign or sublet this Agreement, or any of the ENTITY's rights concerning the display space or any part thereof, or any interest therein.
- 5.1.5. ENTITY shall not keep firearms, fuel, explosives, or any noxious, dangerous substances within the display space.

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- 5.1.6. ENTITY shall be responsible for the security of the display system at all times to include any costs associated with installation and use approved electrical or mechanical devices.

- ~~5.1.6.~~ 5.1.7. ENTITY shall not operate display or allow access to display outside of the normal operating hours of the SNL Terminal.

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6. SURRENDER OF POSSESSION

- 6.1. Upon the termination of this Agreement, for any reason, ENTITY shall immediately surrender possession of the premises to SNL. In the event that ENTITY fails and refuses to immediately surrender possession, SNL 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.

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

[Signature page immediately follows]

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

_____ day of _____, 2018.

THE CITY OF SHAWNEE, OKLAHOMA,

A Municipal Corporation

by: _____

JUSTIN ERICKSON
CITY MANAGER

By: _____

JOSEPH VORNDRAN
CITY ATTORNEY

ATTEST:

PHYLLIS LOFTIS, CITY CLERK

_____ day of _____, 2018.

ENTITY FULL LEGAL NAME

Printed Name: _____

Signature: _____

DRAFT



To: **Shawnee Regional Airport Advisory Board**
 Kevin Huddleston, Chairman
 Will Smallwood, Vice Chairman
 Barry Fogerty
 Donald "Andy" Freeman
 Bert Humphreys
 John Klaser
 James Smith

From: **Bonnie A. Wilson, CM**
 Airport Manager

Date: **April 6, 2018**

Subject: **FlyOkAir Lease Amendment**

Summary

FlyOkAir leases both an office and hangar from the Shawnee Regional Airport. Under the terms of the lease agreement, FlyOkAir is responsible for providing and paying for 100% of the supporting utilities including water services. At this time there is a water spigot on the northeast corner of the leased hangar that has traditionally been used by T-Hangar tenants for the purpose of washing aircraft. This public use of the water line has created an unintended financial burden on FlyOkAir. FlyOkAir is requesting an amendment to the lease agreement releasing them from the obligation to pay for water services.

Recommendation

The average monthly meter reading from this source is reported as 1,500 gallons. The average monthly cost for water is reported at \$43.44. As this spigot is readily available, and provides a customer service, staff is recommending the Shawnee Regional Airport assume the cost of providing water at this location.

Action Requested

Authorize staff to present a recommendation to the Shawnee Airport Authority to amend the Lease Agreement between the City of Shawnee and FlyOkAir; and assume the cost of providing water at this location.

**AMENDMENT TO
SHAWNEE REGIONAL AIRPORT
FIXED BASED OPERATOR LEASE AGREEMENT**

This Amendment ("Amendment") to that certain Fixed Based Operator Lease Agreement dated January 1, 2015, as Assigned and Assumed by that certain Assignment and Assumption Agreement for Commercial /Hangar Lease dated October 19, 2017, (as amended, the "Lease") is entered into as of this ____ day of May, 2018 by and between the Shawnee Airport Authority ("Lessor"), and FlyOkAir, LLC, an Oklahoma limited liability company ("Lessee").

WHEREAS, Lessor and Lessee are parties to the Lease; and

WHEREAS, Lessor and Lessee desire to amend Paragraph III., of the Lease to strike the requirement for the Lessee to pay for charges associated with water and sewer services; and

WHEREAS, Lessor and Lessee desire to amend the Lease to reflect such agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Lease is hereby amended, effective as of the date hereof, as follows:

1. Section III of the Lease is hereby amended and restated as follows:

"Lessee agrees that it will be responsible for paying 100% of the electric, telephone, and natural gas utilities utilized on the leased property, and to pay for 100% of any utilities for any buildings or structures subsequently built thereon or any additional premises leased during the term of the Lease including, but not limited to, payment for water, natural gas and electric service."

2. All other terms and conditions of the Lease shall remain in full force and effect except as amended herein.

[Signature page immediately follows]

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

LESSOR:
THE CITY OF SHAWNEE
OKLAHOMA
A Municipal Corporation

By: _____
JUSTIN ERICKSON
CITY MANAGER

By: _____
JOSEPH VORNDRAN
CITY ATTORNEY

ATTEST:

PHYLLIS LOFTIS, CITY CLERK

LESSEE:
FLYOKAIR, LLC
A Limited Liability Company

By: _____
WES ELLIOTT
MANAGER/PRESIDENT

ATTEST:



To: Shawnee Regional Airport Advisory Board
Kevin Huddleston, Chairman
Will Smallwood, Vice Chairman
Barry Fogerty
Donald "Andy" Freeman
Bert Humphreys
John Klaser
James Smith

From: Bonnie A. Wilson, CM
Airport Manager

Date: April 7, 2018

Subject: Proposed Lease Agreement – Red Cloud Aviation

Summary

Allied Asset Management has requested a release from their short term lease governing the Mezzanine Office at the Shawnee Regional Airport (SNL) terminal effective April 30, 2018. Mr. Scott Lee, Managing Member Red Cloud Aviation LLC, (Red Cloud), an Oklahoma limited liability company, has proposed to lease this space to support several elements of his existing and expanded business profile.

Red Cloud currently offers flight instruction services and is seeking a location to offer classroom/ground training during both day and evening hours. Access to this office will allow him to conduct the essential pre-flight training during evening hours in particular.

Red Cloud is also in the process of expanding their business profile by seeking certification from the Federal Aviation Administration (FAA) to provide services as a certified 49 CFR Part 145 Repair Station. Services authorized under this program will include repairs and maintenance on airframes, power plants, pitot static systems, transponders and avionics.

Red Cloud has facilities in Seminole as well as Shawnee, though has expressed a preference to conduct the proposed training in Shawnee. The addition of a 49 CFR Part 145 Repair station to the SNL service profile is also significant. There are only three certified stations offering the scope of services proposed by Red Cloud in Oklahoma. Two are based in Oklahoma City, one in Tulsa. Air Flite, Inc. based at SNL has a limited certificate offering services for rotorcraft airframes and power plants. These additional service offerings will increase the utilization of SNL by aircraft owners and operators.

Recommendation

FAA ORDER 5190.6B; FAA Airport Compliance Manual considers this type of business to be an Aeronautical Use of property, requires the rates charged under these type of lease agreements to be "reasonable" and allows for fees to be set at a fair market rate. Therefore, the recommended rental fee should be comparable with

AERONAUTICAL SERVICES FACILITY
LEASE AGREEMENT

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

WITNESSETH 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 June 1, 2018 and terminating on May 31, 2019.
- 1.2. Lease may be renewed for four (4) consecutive periods of one (1) year commencing upon the expiration of the original term or any renewal term hereof at the option of the Lessee. Lessee must provide Lessor with written notice of intent to renew at lease ninety (90) 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, Mezzanine Suite.

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 office space in support of 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 \$750.00 per annum.
- 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 suitability 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

By: _____
JOSEPH VORNDRAN
CITY ATTORNEY

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

similar existing and proposed leases. The current lease holder, Allied Asset Management (AAM) is not considered an aeronautical user. The rental fee currently charged to AAM is not applicable to Red Cloud. A comparable lease for an aeronautical user is the lease with FlyOkAir for similar office space at SNL. The rate per annum on that space is currently set at \$720.00, with a possible increase to \$742.32 based on the Consumer Price Index inflation rate for 2017. The rate for the Mezzanine Office should be comparable to this rate, at a slight increase in consideration of utilities and furnishings provided by SNL.

Therefore, based on the business value of providing a location for the services provided by Red Cloud, staff is recommending the Airport Advisory Board accept the proposal to lease the Mezzanine office to Red Cloud for the purposes stated at a rate of \$750.00, per year.

Action Requested

Authorize staff to present a recommendation to the Shawnee Airport Authority to enter into a Lease Agreement between the City of Shawnee and Red Cloud Aviation, LLC.



To: Shawnee Regional Airport Advisory Board
Kevin Huddleston, Chairman
Will Smallwood, Vice Chairman
Barry Fogerty
Donald "Andy" Freeman
Bert Humphreys
John Klaser
James Smith

From: Bonnie A. Wilson, CM
Airport Manager

Date: April 13, 2018

Subject: Letter of Intent – Oklahoma Aeronautics Commission Capital Improvement Program Funding

Summary

The Shawnee Regional Airport Capital Improvement Plan (CIP) includes a preventative maintenance project intended to extend the life of the runway surface pavement. The estimated cost of the project is \$807,018.

An identified funding source for the project is a Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant. FAA AIP grants require a local contribution of ten percent (10%) of the allowable costs. The Oklahoma Aeronautics Commission (the Commission) is willing to provide five percent (5%) of the required local share to the City of Shawnee on behalf of the Shawnee Regional Airport.

Recommendation

Staff is recommending the Airport Advisory Board accept the Oklahoma Aeronautics Commission's offer to participate in funding the project and secure their participation by filing the Letter of Interest provided in draft as Attachment 1 to this memorandum.

Actions Requested

Authorize staff to present a recommendation to the Shawnee Airport Authority to accept the Oklahoma Aeronautics Commission's offer, and authorize the City of Shawnee City Manager execute the Letter of Interest in final form.

ATTACHMENT 1



Office of the City Manager

April XX, 2018

Oklahoma Aeronautics Commission
110 N. Robinson, Suite 200
Oklahoma City, OK 73102

Dear Commission:

The City of Shawnee (City) on behalf of the Shawnee Regional Airport submits this Letter of Interest to the Oklahoma Aeronautics Commission and requests the project listed below be considered for inclusion in the Commission's fiscal year (FY) 2019-2021 Capital Improvement Program for FY 2020.

1. Rehabilitate Runway and Taxiway Pavement (crack seal and seal coat) – federal/state/local (*total estimated cost \$807,018*)

The City understands its funding share of the total eligible project cost will be ten percent (10%) for federal funding and five percent (5%) for supplemental state funding unless otherwise agreed to by the Commission. The City requests that the Commission provide half (five percent - 5%) of the sponsor's required federal matching share on this project. The City has the capacity and is committed to make available its funding share. Should you have any questions, please contact Bonnie Wilson, Airport Manager, at 405-878-1532.

Sincerely,

Justin Erickson
City Manager
City of Shawnee