City of Las Cruces®
PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 9 Ordinance/Resolution# 14-034

For Meeting of _____ (Ordinance First Reading Date)

For Meeting of August 19, 2013 (Adoption Date)

Please check box that applies to this item:

☐ QUASI JUDICIAL ☐ LEGISLATIVE ☒ ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING A LAND LEASE OF THE CITY-OWNED PARCEL 44A AT THE LAS CRUCES INTERNATIONAL AIRPORT TO RACI MANAGEMENT CO., INC., FOR A TERM OF THIRTY YEARS AT AN INITIAL RENT OF $2,640.00 PER YEAR.

PURPOSE(S) OF ACTION:

To approve a land lease.

COUNCIL DISTRICT: 4		
Drafter/Staff Contact: Cheryl Rodriguez	**Department/Section:** Transportation/Airport	**Phone:** 541-2471
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

RACI Management Co., Inc., ("Lessee") would like to enter into a long-term land lease agreement with the City of Las Cruces for a 13,200 square foot parcel of land known as Parcel 44A at the Las Cruces International Airport. The term of the lease will be for thirty years with two, five-year extensions and the rent will be $0.20 per square foot. For the first five years, the annual lease payment is estimated to be $2,640.00 per year. The rent shall be adjusted for the cumulative change in the Consumer Price Index (CPI) every five years. Any additional fees are stated in the lease document.

The proposed lease site is located on the east end of the airport on the southeast corner of White Lightning and Gasoline Alley. The proposed lease is in conformance with the Airport Layout Plan and Airport Master Plan.

The Lessee plans to construct one, 80 x 85-foot hangar (6,800 square feet) along with an aircraft parking apron on the parcel in accordance with the airport design standards for improvements (attached to the lease as Exhibit "B"). The Lessee must comply with 14 CFR Part 77 regulations with the Federal Aviation Administration (FAA) to ensure that the location and height of the hangar do not negatively impact navigable air space. Upon approval by the FAA for

(Continue on additional sheets as required)

hangar height and location, all building permitting will be facilitated through the Community Development Department.

The Lessee is proposing to lease out the hangar to corporate and/or government entities. The Airport Advisory Board (AAB) unanimously recommended approval of the lease application at their May 16, 2013 meeting. The AAB did encourage the Lessee to perform all of the necessary due diligence with respect to the applicable building and fire codes regarding the construction of a hangar.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Land Lease.
3. Exhibit "B", Design Standards for Improvements.
4. Attachment "A", Lease Application.
5. Attachment "B", Minutes from May 16, 2013 Airport Advisory Board Meeting.

SOURCE OF FUNDING:

Is this action already budgeted?			
N/A	Yes	☐	See fund summary below
	No	☐	If No, then check one below:
	Budget Adjustment Attached	☐	Expense reallocated from: _____
		☐	Proposed funding is from a new revenue source (i.e. grant; see details below)
		☐	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?			
	Yes	☒	Funds will be deposited into this fund: 1010 10120020 542525 in the amount of $2,640.00 for FY14.
	No	☐	There is no new revenue generated by this action.

BUDGET NARRATIVE

The proposed revenue will go into the overall general operating budget for Fund 1010 (Airport Operations).

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

(Continue on additional sheets as required)

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will allow the City of Las Cruces to enter into a thirty-year land lease for Parcel 44A at the Las Cruces International Airport with RACI Management Co., Inc., for the development of a hangar.
2. Vote "No"; this will not allow RACI Management Co., Inc., to lease Parcel 44A for the development of a hangar.
3. Vote to "Amend" the Resolution as deemed appropriate.
4. Vote to "Table" and direct staff accordingly.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. N/A

(Continue on additional sheets as required)

RESOLUTION NO. 14-034

A RESOLUTION APPROVING A LAND LEASE OF THE CITY-OWNED PARCEL 44A AT THE LAS CRUCES INTERNATIONAL AIRPORT TO RACI MANAGEMENT CO., INC., FOR A TERM OF THIRTY YEARS AT AN INITIAL RENT OF $2,640.00 PER YEAR.

The City Council is informed that:

WHEREAS, the City of Las Cruces, New Mexico, a municipal corporation, is the owner of certain real property known as the Las Cruces International Airport; and

WHEREAS, the City, with the approval of the Federal Aviation Administration, has identified specific areas of the airport for development through the lease of land parcels; and

WHEREAS, RACI Management Co., Inc., has requested to execute a lease agreement with the City of Las Cruces for land known as Parcel 44A for the construction of one aircraft hangar; and

WHEREAS, RACI Management Co., Inc., has agreed to the City's terms and conditions, and a lease has been prepared with those terms and conditions in accordance with the Las Cruces Municipal Code Chapter 7.5, as amended; and

WHEREAS, under Section 3-54-1, NMSA, 1978, as amended, the property may be leased without referendum.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the City of Las Cruces hereby approves the lease of Parcel 44A at the Las Cruces International Airport for the terms and conditions contained in the Las Cruces International Airport Land Lease, Parcel 44A, RACI Management Co., Inc., Lessee,

attached hereto as Exhibit "A" and Airport Design Standards attached hereto as Exhibit "B" and made part of this Resolution.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 20_____.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

(SEAL)

VOTE:
Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Smith: _____
Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Thomas: _____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:

_____
City Attorney

Land Lease – Exhibit "A"
City of Las Cruces, New Mexico, International Airport.
RACI Management Co., Inc., LESSEE

WHEREAS, the City of Las Cruces ("City"), a Municipal Corporation of the State of New Mexico, is the owner of certain real properties known collectively as the Las Cruces International Airport ("Airport") in Dona Ana County, New Mexico; and,

WHEREAS, the City maintains designated areas on the Airport specifically to lease said areas to aviation-related businesses and individuals to develop the Airport, its infrastructure, and aviation business for the benefit of the citizens of the City; and

WHEREAS, RACI Management Co., Inc., ("Lessee") desires to lease a particular parcel of that real property on the Airport for the purpose of furthering the Lessee's aviation interests; and

WHEREAS, the City is willing to Lease the Parcel desired to the Lessee, and the parties desire to execute a written Lease containing the terms and conditions of their Lease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the following is agreed:

1. **The Leased Area Described.** The City hereby Leases to the Lessee, a 13,200 square foot parcel of real Property located in Section 27, T23S., R.1W., N.M.P.M. of the U.S.G.L.O. Surveys, within the City Limits of Las Cruces in the County of Dona Ana, State of New Mexico, described as Parcel 44A on the Plat Showing Lease Property and more particularly described in Exhibit "A-1" attached hereto and incorporated herein by this reference, together with an easement for ingress and egress to the property (hereinafter "Parcel") by the Lessee.

2. **Terms.**

a. **Initial Lease Term.** The term of this Lease shall be thirty (30) years (hereinafter "Lease Term") commencing on the "Commencement Date," as hereinafter defined, and terminating on the thirtieth (30th) anniversary of the Commencement Date. The Commencement Date shall be the 19th day of August, 2013, and the thirtieth anniversary date shall be the 19th day of August, 2043. Possession of the Parcel by the lessee shall begin on the Commencement Date.

b. **Subsequent Lease.** At the conclusion of the Lease Term, the Lessee shall have the option to enter into two additional five-year terms at the land lease rate in effect at the beginning of each of the five year terms. Should the Lessee elect to not enter into a new agreement, the provisions of paragraph 7.f.(2) shall apply.

3. **Fees and Charges.** Lessee shall pay the following fees and charges:

a. **Earnest Money.** Lessee has made an earnest money deposit with the City of Las Cruces in the sum of Two Hundred Fifty Dollars and no cents ($250.00), which shall be part of the annual rent for the first year of the Lease. However, this fee shall revert to the City should the Lessee fail to execute this Lease within sixty (60) days of its approval by the City Council.

b. **Closing and Processing Fee.** Lessee shall pay a one-time closing and processing fee of Five Hundred Dollars and no cents ($500.00), which is due with the first annual rent payment on the Commencement Date.

c. **Rent.** Beginning on the Commencement Date, the Lessee shall pay the City a fixed annual rental payment ("Rent"). The amount of the Rent shall be twenty cents ($0.20) per square foot per year for 13,200 square feet, which equals two thousand six hundred forty and zero cents ($2,640.00) for the Parcel per year for the first five years of the Initial Lease Term. The rent shall be adjusted on the fifth, tenth, fifteenth, twentieth, and twenty-fifth anniversary of the Commencement Date based on the increase or decrease in the cumulative Average Annual U.S. Consumer Price Index, or its successor report issued by the Federal Government, over the preceding five (5) calendar years of reporting. The adjusted Rent payment shall be due on the next payment date. Should the lessee remain in possession of the Parcel as a hold-over Lessee, the rent shall be adjusted to the then current Fair Market Value of the land and building then in effect after the initial lease term and the two five-year renewals.

(Lessee's Initials)

4. Payments Due.

a. **Due In Advance.** In addition to those payment dates specified above, all rent payments shall be due and payable in advance, beginning on the Commencement Date and continuing regularly and annually without notice from City thereafter during the Lease Term. However, the City may elect to invoice payment notices.

b. **Due Annually.** The first annual payment shall be due and payable on the Commencement Date. All subsequent payments shall be due on the Commencement Date Anniversary each year thereafter.

c. **Late Fee Due.** On any annual rental payment made 10 days after the payment due date, Lessee shall in addition pay a late charge of ten percent (10%) of the annual rent for each month or part thereof that the payment is late.

5. No Refunds. Lessees may relinquish this Lease to the City; however the Lessee shall not be entitled to a refund of any fees of any kind paid.

6. Insurance Requirements.

a. **General Liability.** Lessee shall maintain general liability insurance insuring such claims. This insurance shall name the City of Las Cruces (City) as an additional insured. The insurance shall have a minimum per occurrence limit of $ 1,000,000 or as required to meet the mandatory requirements of the New Mexico Tort Claims Act or its successors in law, whichever is greater.

b. **Property Insurance.** Lessee shall maintain property insurance covering the improvements to the Parcel and the contents thereof. Such insurance shall be a property insurance policy with the broadest cause of loss endorsement including vandalism and malicious mischief. The insurance shall be on a replacement cost basis and shall name the City of Las Cruces as an additional insured, as its interests may appear.

c. **Proof of Insurance.** Such insurance shall be with a licensed and authorized company to do business in the State of New Mexico. The lessee shall furnish annually to the City on the rent payment due date of this Lease, a certificate or other evidence and proof of maintenance of the above required insurances. The certificate of insurance shall provide the City of Las Cruces with a minimum 60 days notice of cancellation or renewal of the insurance policy. Lessee shall provide the City with notice of any changes thereof and furnish to the City evidence of acquirement of a substitute therefore and payment of premium thereof. If the Lessee shall fail to maintain such insurance coverage, then the City may obtain same and add the cost of such insurance to the next due lease payment. If the City does so, it may charge interest thereon at the rate of 15% per annum from the time of payment, which shall be added to the rental becoming due and shall be collected as an additional fee.

d. **Self Insurance**. Lessee may self-insure by filing with the City a letter of credit in the amounts listed above or other promissory or escrowed monetary instrument.

7. Quiet Enjoyment. The Lessee, upon payment of the required fees and rents, and the faithful performance of such covenants, agreements and conditions required by law, or this agreement, shall and may, peaceably and quietly have, enjoy those portions of the Airport authorized for their use. Such use shall be free from molestation, eviction or disturbance by the City or any person claiming by, through, or under it, subject to the terms and conditions of the law or agreement entered into. Such quiet enjoyment is conditional upon Lessee adhering to the following conditions:

a. **Permitted Uses.** Lessee shall have use of the Parcel only for construction of a hangar of at least 6,800 square feet and the housing and maintaining of aircraft, as well as for the construction, maintenance and operation of said hangar in connection with these uses, in so far as it does not disturb the peaceful enjoyment of other tenants and conforms to airport permitted use under the current or any revised Standards, Regulations, Codes and Policies.

b. **Additional Uses Require Permission.** The Lessee shall not use or permit the use of the Parcel, or improvements thereto, for any purpose or use other than those expressly and specifically authorized by this Lease. Additional uses may be hereafter authorized in writing by the City, but only upon such terms and conditions as may be set out in such authorization.

(Lessee's Initials)

c. **Commercial Use of Parcel and Future Improvements.** Lessee agrees to obtain permission from the City prior to commencing or permitting any commercial use of the Parcel not specifically listed, or additional improvements thereto, in accordance with the current Airport policies, code and/or standards. In the event that this Parcel, or improvements thereto is used for business purposes, the Lessee shall at all times maintain and pay any required permits, licenses, insurances, and taxes as required by law.

d. **Construction and Ownership of Improvements.**

(1) **Title to Improvements.** During the Lease Term, title to all improvements existing or constructed upon the Parcel by Lessee are and shall be vested in Lessee.

(2) **Proposed Improvements.** The Lessee is required to construct improvements on the Parcel in accordance with Exhibit "B", Design Standards for Improvements attached hereto and incorporated herein by this reference. Lessee shall begin such process with no less than submission of a building permit application to the City, not later that six (6) months following the Commencement Date of this Lease.

(3) **City Codes Apply.** Lessee must meet City standards as specified in the Las Cruces Municipal Code for all design, planning, and construction activities, including development or extension of infrastructure. In addition, Lessee shall pave all access from the Parcel, or improvements thereto, to taxiways and roads, and such construction shall match the existing grade.

(4) **Septic Systems.** Lessee shall be allowed to use and maintain an easement on common City Property adjacent to the building to construct an individual on-site septic system, if necessary and as required to meet New Mexico Environment Department Regulations. The location and dimensions of this easement and constructed improvement shall be shown on the site plan submittal. In the event that the City provides a waste water disposal service to the Airport at such time in the future, Lessee shall be required to cease use of the individual on-site septic system and hook up to the City waste water system for sewage disposal, in accordance with the Las Cruces Municipal Code.

(5) **Time Restrictions.** Construction of a minimum 6,800 square foot Hangar in accordance with Exhibit "B", Design Standards for Improvements, must be completed on or before the second anniversary date of the Commencement Date of the Lease.

(6) **Additional Improvements Constructed During the Initial Lease Term or Extended Term.** Lessee may construct additional improvements or modifications at a later date, adhering to the requirements of those codes and regulations then in effect on the Airport. However, in all cases, construction must be completed within eighteen (18) months of approval by the City.

e. **Condition, Maintenance and Repairs of Leasehold and Improvements Thereto.**

(1) **Lessee Shall Maintain.** Lessee shall maintain, at its own expense, the Parcel and any improvements, fixtures or equipment on the Parcel in a safe, sanitary, orderly, and sightly manner, in accordance with all applicable codes and regulations. Lessee shall also maintain the cleanliness of all paved area on the Parcel, and shall be responsible for mowing all grass, watering lawns, controlling weeds, and maintaining shrubs and trees on the Parcel.

(2) **Erosion Control.** Where the slope, terrain, or soil disturbance is such that active soil or wind erosion may be present, Lessee must carry out erosion control practices to mitigate the erosion. These practices include, but are not limited to drainage facilities constructed and maintained by Lessee, landscaping, and/or seeding and maintaining of vegetation.

(3) **City's Right to Correct Deficiencies.** The City has the right to require reasonable maintenance and repairs to the Parcel or the improvements thereon by Lessee as required by this lease. Should the Lessee fail to make the required corrections, the City shall have the right to enter the Parcel, or improvements thereto, correct the deficiency, and recover the cost of activities from Lessee as rent due on the next rent payment date.

(4) **Repair of Damage.** If the Parcel, or improvements thereto is partially destroyed or damaged by fire or other casualty, then Lessee shall repair and restore the Parcel, or improvements thereto as soon as it is reasonable and

practicable. Such repair or restoration shall commence not later than six (6) months after such damage, and be completed within six (6) months thereafter. Such restoration shall be to substantially the same condition in which the Parcel or improvements thereto was before such damage. In the event that Lessee has not commenced repairs within six (6) months from the date of said damage and thereafter completed such repairs within six (6) months, this Lease may be immediately terminated by the City. Such termination shall be made effective by serving notice upon the Lessee, and effective on the date of receipt of such notice by the Lessee.

(5) Destruction of the Parcel or Improvements Thereto. In the event the Parcel, or improvements thereto is completely destroyed or so badly damaged that repairs cannot be commenced within six (6) months and completed within six (6) months thereafter, then this Lease may be terminated. Such termination shall be effective as of the date of the occurrence of the damage or destruction, and made effective by either party hereto by serving written notice upon the other.

f. Removal of Improvements.

(1) When Requested by Lessee. If at any time during the Lease Term, when all Rent then due and owing has been fully paid and Lessee is not in default under this Lease, Lessee may request to remove any or all improvements. Lessee shall give forty-five (45) days advance written notice of its intent to remove the improvements to the City, which shall not unreasonably withhold consent. When removing improvements, the Lessee shall restore the Parcel to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Parcel safe and free from all debris and hazards.

(2) At Expiration or Termination of Lease. At the expiration or termination of this Lease, any or all buildings and other permanent improvements to the Parcel will, at the direction and sole discretion of the City, either remain intact on the Parcel and become the property of the City, or be removed by the Lessee. Should the City elect for the Lessee to remove any or all improvements, the Lessee shall do so within forty-five (45) days. When removing improvements, the Lessee shall restore the Parcel to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Parcel safe and free from all debris and hazards. All improvements not removed as aforesaid shall, without compensation to or by City, become City's property free and clear of all liability and expenses. Lessee shall thereafter be released from any and all liability, cost or expense associated with the Parcel, including the improvements thereon, or associated with termination of this Lease. However, if Lessee fails to promptly remove said improvements if and as required by the city, the City may assess and bill Lessee based on receipt of an itemized statement of costs of removal and restoration of the Parcel.

g. Installation of Utilities. City warrants that all utilities, except for wastewater collection and treatment service, which are necessary for the conduct of Lessee's activities are available at the Airport. However, Lessee shall obtain and install underground at its own expense any necessary electrical, gas, water, sewer and septic tank, and any other utility service, subject to the Development Guidelines, rules and regulations or building codes of the State of New Mexico and the City of Las Cruces.

h. Hazardous Waste. No toxic materials or hazardous waste subject to regulation by the EPA or NM Environment Department shall be stored or disposed of on the Airport without the written permission of the Airport Manager.

i. Environmental Assessment and Remediation. At the expiration or termination of this Lease, the City may require that Lessee furnish to the City an Environmental Assessment Report on the place of business, conducted in accordance with the laws, codes and regulations in effect at that time. The costs of remediation, if any should be required by law, shall be the responsibility of the Lessee.

j. Signs. Lessee must obtain City consent to paint or construct any exterior signs; including approval for a City Sign Permit. Lessee further agrees that upon vacating the Facilities, Lessee will restore exterior signs to same condition as received at time of occupancy. The Lessee shall be responsible for all cost and expense of maintaining its signs as permitted hereby. Lessee shall not erect, paint or maintain any temporary signs or advertising displays, such as banners, balloons, flashing sign boards, and/or any similar visual devices whatsoever.

8. Obtain Permits, Pay Taxes, and Obey Laws.

a. Lessee shall pay when due all valid taxes, special assessments, excises, license fees and permit fees of whatever nature applicable to its operation or levied or assessed against the Airport, or improvements thereto. Lessee shall take out and keep current all licenses, permits, and certificates (City, County, State and Federal) required for the conduct of its activities at and upon the Airport, and further agrees not to permit any of said taxes, excise or license fees to knowingly become delinquent.

b. Lessee shall, at its own expense, fully comply with all laws, regulations, rules, ordinances, and requirements of the applicable City, County, State and Federal authorities and agencies which affect this Lease, the land granted by this Lease, any improvements upon the Leasehold, and/or operations thereon. Such compliance shall be with any laws, regulations, rules, ordinances or requirements which have been or may be enacted or promulgated during the effective period of this Lease.

c. Lessee recognizes the authority of the City Council and staff to take those necessary and legal actions required to safeguard any person, aircraft, equipment or property at the Airport. Lessee agrees to abide by any suspension, restriction, or designation of specific procedures applicable to any or all Airport operations whenever such actions are established by such authorities.

9. Assignment And Sublease.

a. City Consent Required. Lessee shall not assign or sublease the rights granted by this Lease, nor the Leased parcel, nor the improvements constructed or occupied in accordance with this Lease, without the prior written consent of the City, which consent shall not be unreasonably withheld. All approved assignments or subleases shall be in accordance with the Minimum Standards For Commercial Airport Aeronautical Activity And Service Providers At The Las Cruces International Airport. The City may condition such consent upon an increase in the Rent, and may require other conditions or covenants before consenting to an assignment or sublease. Such additional rent, conditions or covenants shall be in accord with those terms and conditions for similar agreements in effect at the time of the assignment, sublease, or sale. If the Lease is assigned or subleased, all clauses herein binding the parties hereto are also binding on any and all successors and/or assigns, unless specifically amended by the City as a condition of consent.

b. Assignment Relieves Lessee. Upon a valid assignment of this Lease, but not upon a sublease, the Lessee shall be relieved of all obligations and liabilities arising from this Lease effective as of the date of the assignment.

10. Default and Termination.

a. Definition. If the City determines the Lessee is in violation of any of the terms, conditions or covenants of this Lease, or the Lessee fails to pay, on time, any fees or charges due, the condition shall be considered a default of the Lease.

b. Written Notice Required. The City shall provide the Lessee with written notice of any determination of default.

c. Compliance Time. The Lessee shall then have ten (10) days to cure or remedy said default or otherwise comply with any demand contained within such written notice which cures or remedies the default.

d. Failure to Comply. If the Lessee fails to correct the default as specified by the City's notice within the specified period, or if the Lessee receives a third notice of default within any 18 consecutive month period, the City may, at its option, terminate this Lease immediately, or at any time thereafter. Such termination may be made without further notice or demand. Upon such termination, without further notice or demand, the City may enter upon and into the Leased area, or improvements thereto, or any part thereof, and take absolute possession of the same fully and absolutely, and such re-entry shall not be judged trespass. In addition, the City may also require all associated and permitted operations to cease and be removed from the Airport.

e. Lease Remains Binding. All provisions of this Lease remain binding upon the Lessee while the Lessee is in default, and if this Lease is terminated due to default.

(Lessee's Initials)

11. Airport Development. The City reserves the right to further develop the Airport as it sees fit, without unreasonable interference or hindrance from Lessee.

a. **Eminent Domain Rights.** If the physical development of the Airport requires the relocation, removal or alteration of Lessee's business from the Airport, the City has the right to condemn the business area wholly under the City's eminent domain rights.

b. **Notice of Total Taking.** In the case of a total taking by the City of the areas authorized for use by this Lease, the City will provide a minimum of ninety (90) days notice of such impending action. In the event of such a total taking, Lessee's obligation to pay rent and other charges shall terminate on the date of the taking.

c. **Actions in the Event of Total Taking.** In the case of a total taking, both parties hereto agree that the value of this Lease shall be declared to be zero dollars ($0.00). The value of the Building will be determined by an independent appraisal at Fair Market Value. The Lessee will have the option of receiving the monetary FMV of the building or having a similar building constructed at another site and entering into a new lease agreement at the then current land lease rate.

12. Amendment. This Lease shall not be altered, changed or amended except by instrument in writing executed by the City and Lessee.

13. Severability. If any clause or provision herein shall be adjudged invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, which shall remain in full force and effect.

14. Right of Aircraft Operations. The City hereby reserves a right of aircraft ground operations on and above the surface of the Airport, when conducted in accordance with the Federal Aviation Regulations, together with the right to cause such noise, odors and other disturbances as may be inherent in such operation.

15. Reserved Water, Gas, Oil, and Mineral Rights. The City reserves, subject to the BLM Patent all water, gas, oil, hydrocarbon and mineral rights in and under the surface of the Airport. However, the City shall not conduct any operations on the surface of the Airport for the exploration, development or recovery of the rights and substances reserved which would unreasonably interfere with the Lessee's use of the Airport.

16. Easements and Right of Way.

a. **Existing Easements.** This Lease is subject to all existing rights-of-way or easements of record and all other Leases granted by the City to other parties at the Airport, and to those retained by the City.

b. **City's Right to Use Existing Easements.** The City retains the right to locate utilities as necessary on existing easements on the Airport.

c. **Easements to be Accessible.** Lessee shall leave any utility easements upon the Airport open and unobstructed. A perpetual easement and right-of-way for the construction, maintenance, removal and replacement of any and all utility lines, manholes, and related facilities through, over, across and under the Airport is hereby reserved for the benefit of the City.

d. **City's Right to Establish Easements.** The City may at any time and from time to time relocate, in whole or in part, any easement serving the Airport, provided that such relocation does not diminish or permanently interrupt the rights or operations of the Lessee nor increase the costs to be incurred by Lessee. The City may temporarily interrupt operations with respect to such Easements during the period of relocation, and the City agrees to restore the Airport to a condition substantially similar to the condition existing prior to any alterations thereto by the City.

e. **City's Right to Protect Aerial Approaches.** The City reserves the right to take such action as may be reasonably necessary to establish and protect aerial approaches to the Airport against obstruction, including the right to prevent persons from erecting or permitting to be erected any improvements on the Airport which would constitute a hazard to aircraft.

17. Right to Perform Own Aircraft Servicing and Maintenance. It is clearly understood by the Lessee that no rights or privileges have been granted which would prevent any legal person from performing any services that it may choose to perform on its own aircraft at locations reserved for such purposes. All such servicing, maintenance and repair shall be conducted in accordance with Federal Aviation Regulations and applicable law.

18. Security and Safety. Lessee will participate in the City's security and safety programs as they relate to the Airport.

19. Airport Access. Subject to the rules and regulations established by the City, the Lessee has the right of free access, ingress to and egress from those parts of the Airport authorized for the Lessee's use by this Lease. Such access also applies to the Lessee's employees, agents, patrons and invitees, its suppliers of materials and furnishings of services and its equipment, vehicles, and machinery. The City may, at any time, temporarily or permanently close or consent to the closing of any roadway or other right-of-way for such access, ingress, and any other area at the Airport or in its environs presently or hereafter used as such. In such a case, a means of access, ingress and egress reasonably equivalent to that formerly provided may be substituted and concurrently made available subject to the Airports Security and Operational needs.

20. City's Right to Enter. The City, its officers, agents and representatives, subject to any security regulations imposed by any governmental authority, shall have the right to enter all parts of the premises at all reasonable hours to inspect the premises when reasonably required and as it may deem necessary or desirable.

21. Operational Reports. Lessee agrees to submit to the City, upon request by the City any report or reports or information regarding Lessee's operations at the Airport. The City agrees to receive from Lessee, upon request by Lessee, any reports the Lessee deems appropriate for the purpose of keeping the City informed of any operational problems and of any suggested improvements at the Airport.

22. Automobiles and Other Vehicles. The City reserves the exclusive right to control, by security gate, uniform driving regulations, or otherwise, all vehicular ingress and egress to, and operations on, the aircraft operating areas including but not limited to all taxiways, runways and ramp areas on the Airport.

23. Attorney's Fees. City and Lessee agree that if either is found by a court to have breached this Lease, reasonable attorney's fees and the cost of litigation may be recovered from the defaulting party.

24. Notices. Whenever any notice is required or permitted hereunder, such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not, when deposited in the United States mail, as Certified Mail, postage prepaid, return receipt requested, and addressed to the parties at their respective addresses, as set forth below:

Airport Manager
City of Las Cruces
P.O. Box 20000
Las Cruces, New Mexico 88004

RACI Management Co., Inc.
3590 W. Picacho Avenue
Las Cruces, New Mexico 88007

25. Exhibits. The following exhibits are attached and made part of this Lease:

A. **EXHIBIT "A-1": LEGAL DESCRIPTION OF PARCEL.**

B. **EXHIBIT "B": DESIGN STANDARDS FOR IMPROVEMENTS**

_____
(Lessee's Initials)

Land Lease
City of Las Cruces, New Mexico, International Airport
RACI Management Co., Inc., LESSEE

IN WITNESS WHEREOF, City and Tenant have executed the Lease to be in effect as of the date first written above.

CITY OF LAS CRUCES, LESSOR

Ken Miyagishima, Mayor

_____ _____
(Signature) *(Date)*

LESSEE

Royal Jones, President/CEO

_____ _____
(Signature) *(Date)*

_____
CITY CLERK
(SEAL)

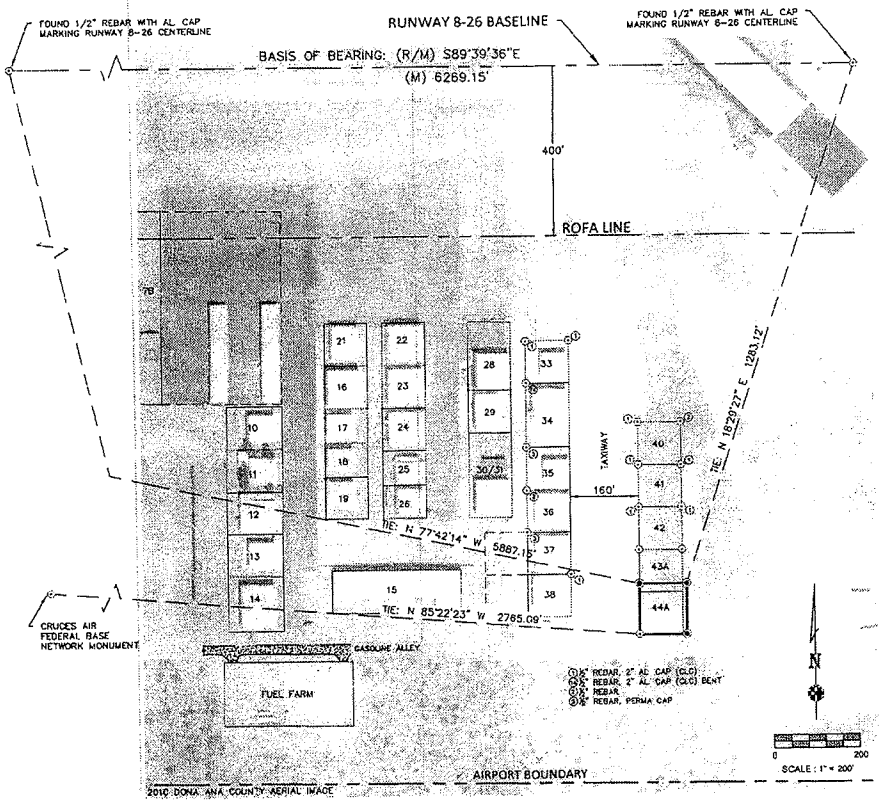
_____
(Lessee's Initials)

Exhibit "A-1"

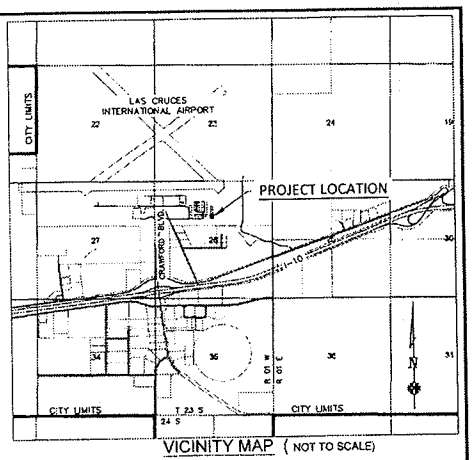
104

PLAT SHOWING LEASE PARCEL NO. 44A
LAS CRUCES INTERNATIONAL AIRPORT
LOCATED IN SECTION 27, T.23S., R.1W., N.M.P.M. OF THE U.S.G.L.O.SURVEYS

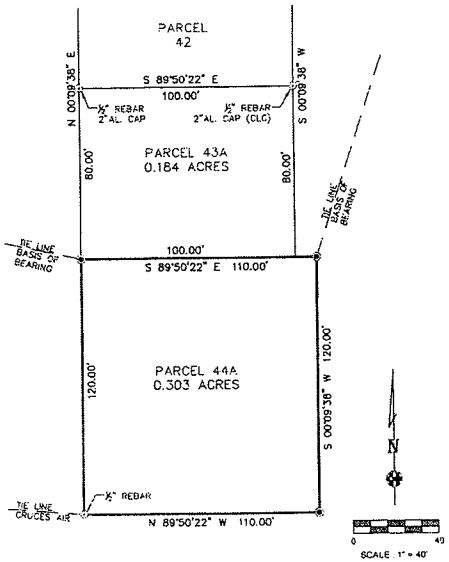
CITY OF LAS CRUCES, DONA ANA COUNTY, NEW MEXICO



AREA MAP



VICINITY MAP (NOT TO SCALE)



PARCEL MAP

LEGAL DESCRIPTION - LEASE PARCEL 44A

A TRACT OF LAND DESCRIBED AS LEASE PARCEL 44A, BEING PART OF THE LAS CRUCES INTERNATIONAL AIRPORT LOCATED IN SECTION 27, T.23S., R.1W. WITHIN THE CITY OF LAS CRUCES, DONA ANA COUNTY, NEW MEXICO., BEING DESCRIBED AS FOLLOWS, TO WIT:

BEGINNING AT FOUND A 1/2" REBAR FOR THE SOUTHWEST CORNER OF THIS PARCEL, WHENCE A STAINLESS STEEL ROD FOUND IN A PVC CASING KNOWN AS CRUCES AIR FEDERAL BASE NETWORK MONUMENT BEARS N85°22'23"W A DISTANCE OF 2,765.09 FEET;

THENCE FROM THE POINT OF BEGINNING N00°09'38"E, 120.00' FEET TO A SET 1/2" REBAR WITH A 2" ALUMINUM CAP STAMPED CLC PS #20095;

THENCE S89°50'22"E, 110.00 FEET TO A SET 1/2" REBAR SET WITH A 2" ALUMINUM CAP STAMPED CLC PS #20095;

THENCE S00°09'38"E, 120.00 FEET TO A SET 1/2" REBAR WITH A 2" ALUMINUM CAP STAMPED CLC PS #20095;

THENCE N89°50'22"W, 110.00 FEET TO THE POINT OF BEGINNING.

CONTAINS 0.303 ACRES OR 13,200 SQ. FT., MORE OR LESS.

BASIS OF BEARING:

BEARINGS ARE GRID BEARINGS OF THE NEW MEXICO STATE PLANE COORDINATE SYSTEM OF 1927, CENTRAL ZONE, NAD 83. THE BASIS OF BEARINGS IS RUNWAY 8-26 BASELINE BETWEEN FOUND 1/2" REBARS WITH 2" AL. CAPS MARKED CITY OF LAS CRUCES, NMPS 6832, AS SHOWN HEREON, BEARING S89°39'36"E.

REFERENCE DOCUMENT FOR BASIS OF BEARING: "AIRPORT LAYOUT PLAN", FEBRUARY 2008, MOLZEN-CORBIN & ASSOCIATES.

REFERENCE DOCUMENTS

1. CITY OF LAS CRUCES, PUBLIC WORKS DEPARTMENT PROJECT NO. 05S084-B, AIRPORT LEASE PROPERTIES – PROPOSED PARCEL 44, PLAT OF SURVEY AND DESCRIPTION OF A 0.2296 ACRE PARCEL, MARCH 2006.
2. CITY OF LAS CRUCES, PUBLIC WORKS DEPARTMENT PROJECT NO. 05S084-A, AIRPORT LEASE PROPERTIES – PROPOSED PARCEL 43, PLAT OF SURVEY AND DESCRIPTION OF A 0.2296 ACRE PARCEL, MARCH 2006.
3. REHABILITATE TAXIWAY "A" CONSTRUCTION DRAWINGS, JUNE 2011, DELTA AIRPORT CONSULTANTS, INC., CITY OF LAS CRUCES BID NO. 11-12-329.
4. "AIRPORT LAYOUT PLAN", FEBRUARY 2008, MOLZEN-CORBIN & ASSOCIATES.

SURVEYOR'S STATEMENT

I, SCOTT T. FARNHAM, NEW MEXICO PROFESSIONAL SURVEYOR NO. 20095, DO HEREBY CERTIFY THAT THIS SURVEY AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER CERTIFY THAT THIS SURVEY IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT.

SCOTT. T. FARNHAM. PS. NO. 20095

SCOTT T. FARNHAM NEW MEXICO 20095 PROFESSIONAL SURVEYOR

7-18-13

NOT VALID UNLESS SIGNED AND DATED

SET 1/2" REBAR & 2" AL. CAP MARKED CITY OF LAS CRUCES, NMPS 20095

FOUND CORNER MONUMENT AS DESCRIBED

DATE OF FIELD SURVEY: 6/20/13

PUBLIC WORKS DEPARTMENT CITY OF LAS CRUCES, NEW MEXICO			
PROJECT TITLE	LEASE PARCEL NO. 44A		
PROJECT NO.	13-S-010		
SCALE: 1" = 60'	DATE	REVISIONS	SHEET 1 OF 1
SURVEYOR: SCOTT FARNHAM PE,PS	07-17-2013		
DRAWN BY: SF	07-17-2013		
CHECKED BY:			

Design Standards for Improvements
City of Las Cruces, New Mexico, International Airport.
RACI Management Co., Inc., LESSEE

1. **Design Standards.**

a. **Setbacks from Aircraft Operating Surfaces.** No above ground portion of any building nor any fences, landscaping, or walls taller than 24 inches shall be placed within twenty (20) feet of any taxiway, taxi lane, apron or ramp. All buildings and structures must comply with FAA A/C 150/5300-13 Airport Design and Construction.

b. **Landscaping.** All landscaping shall be designed to discourage the nesting and aggregation of birds and animals.

c. **Exterior Lighting.** Obstruction lighting shall be installed when required to meet FAA safety standards. Exterior illumination, including that in illuminated signs, shall never be angled above the horizontal, nor extend into flight patterns or other aircraft operating surfaces, unless designed and approved specifically for the purpose of aiding aircraft navigation or safety. Area lighting of buildings, vehicle parking areas and walkways shall be shielded so as not to shine above the horizontal, and shall not produce glare on adjacent streets, aircraft operating surfaces, or building sites.

d. **Off-Street Parking and Loading.** Off-street parking shall be required as per the City Zoning Code. No truck loading or unloading area shall be located on a building wall fronting on a major arterial or collector, or in the front setback of the Property.

e. **Utility Construction.** All utilities to be constructed at the Airport including water, wastewater, natural gas, telephone, electric, and video or audio cable, shall be constructed underground from the point of service to the parcel or improvement thereon.

f. **Architectural Standards.**

(1) Improvements on parcels bordering the West Mesa Industrial Park, or fronting Crawford Boulevard, shall adhere to the West Mesa Industrial Park Overlay Zone.

(2) **Hangars.**

a. Stand-alone hangars (one single open bay) shall contain no less than 3,600 square feet of total floor area, including aircraft parking space capable of containing, with the entry door closed, an aircraft with a wingspan of 41 feet, a nose-to-tail length of 35 feet, and a tail height of 13 feet. The aircraft entry door shall open no less than 44 feet wide and 14 feet high.

b. Multiple bay hangars (T-Hangars and the like) shall have no fewer than five bays. Each bay shall be capable of containing, with the entry door closed, an aircraft with no less than the following dimensions: Wingspan of 37 feet, nose-to-tail length of 29 feet, and tail height of 11 feet. Each bay shall have an aircraft entry door which shall open no less than 40 feet wide and 12 feet high.

c. All hangars shall be commercial grade metal buildings, but shall be painted, or permanently colored by manufacture. Natural metal is not acceptable as a finish. Hangars shall have a reinforced concrete pad no less than four (4) inches thick as a floor, and weatherproof, closing aircraft entry doors, and be provided with electrical service. Each stand-alone or T-hangar building shall have water service, fire extinguishers and other protection required by the City Fire Code.

d. Each hangar shall have an emergency eyewash and shower for chemical accidents. For stand-alone hangars, this may be located inside or on the exterior of the hangar. For multiple-bay hangars, this emergency facility shall be mounted on the exterior of the hangar, and there shall be at least one clearly marked facility located on at least one end of the building.

e. All hangars shall be connected to the Airport's paved aircraft movement surfaces by a paved surface, matching the grade of the aircraft movement surface, and no less **than 25 feet** wide, and of construction suitable for the type of aircraft hangared, but no less than two (2) inches of asphalt over a six (6) inch base course of 95% compaction, or four (4) inches of reinforced concrete.

(3) **Standards for Buildings fronting Zia Boulevard, Wingspan Drive, Gasoline Alley or Crawford Drive.**

a. The sides of all buildings facing any street shall be faced with concrete or brick masonry, stone, or other material approved by the City. The facing shall be to a minimum height of four (4) feet and extend across the full front of the building.

b. Those other sides of the building not facing streets shall be finished in an attractive manner in keeping with the accepted standards used for industrial buildings.

h. **Height of Buildings.** Buildings shall not exceed a height which penetrates the FAR Part 77 surfaces. Lessee shall adhere to FAR Part 77 requirements for notice of construction, including submission of FAA Forms 7460-1 "Notice of Proposed Construction of Alteration" prior to beginning construction.

i. **Wind Resistance.** All buildings shall be designed to withstand winds of eighty-five (85) miles per hour.

j. **Aircraft Parking Areas and Aprons.** All aircraft parking surfaces shall be paved. Such surfaces shall be either reinforced concrete of no less that four (4) inches in thickness, or asphalt of no less than two (2) inches of asphalt with six (6) inches of base course with 95% compaction.

k. **Minimum Improvement Areas.**

(1) Each parcel adjoining the aircraft operating surfaces upon which buildings are to be constructed, shall be developed so that the buildings cover no less than 36% of the parcel.

(2) Each parcel upon which aircraft parking areas are to be established shall be developed so that those surfaces cover no less than 75% of the parcel, including that area upon which buildings are constructed. In addition, all such aircraft parking areas shall be connected to the established aircraft movement areas with a taxiway or direct abutment no less than 40 feet wide and constructed to the same standards as the apron.

l. **Limit Erosion.** The City encourages all Lessees or Tenants to limit grading and clearing activities on a site to the actual physical area planned for facility development, to limit soil erosion and blowing sand and dust.

m. **Seasonal Restrictions.** The City may, in the approval of the building and site permits, impose any reasonable condition on activities, such as landscaping, or regulation of grading during certain months of the year, to mitigate the effects of the activity's appearance, noise, traffic, dust and similar impacts.

2. **Maintenance.**

a. **Orderliness.** Lessees and Tenants shall keep and maintain the buildings, structures, parking areas, landscaping, signs and other improvements to the Airport under their care or control in an orderly and well maintained condition.

b. **Blowing Dust to be Controlled.** All areas of disturbed earth not in landscaped areas shall be maintained with ground cover plants and grasses to reduce blowing dust.

c. **Outside Storage and Trash.** All rubbish, trash, garbage, debris and other wastes, all loading docks and garbage collection facilities, and all other articles, goods, materials, incinerators, trash bins, storage tanks or like equipment shall be stored at the side or rear of the building and the improvements with which same are associated. All such storage shall be screened from public view or from a view from adjacent buildings in a manner approved in writing by the Airport Manager. Screening materials shall be maintained in a functional and aesthetic condition and be constructed and designed in such a manner so that they equal a height equal to that of the materials or equipment being stored but in no event less than four (4) feet in height.

d. **Hazardous Materials.** All storage of toxic or hazardous materials and waste will be in accordance with environmental statutes and regulations, and shall be protected from inadvertent public access (by fencing, under lock and key, etc.).

e. **Security.** When a parcel or proposed improvement is located in such a position as to form the boundary of a legally required safety or security perimeter, the Lessee may be required to construct and maintain the required barrier. The lessee shall permit the City to construct any such barrier without interference.

3. **Temporary Structures.** No temporary building or structure other than construction offices and structures for related purposes during the construction period shall be installed or maintained on any Building Site without the prior written approval of the Airport Manager. All temporary structures used for construction purposes must receive approval by the Airport Manager with regard to location and appearance. All such buildings shall be removed promptly upon completion of construction and that portion of the Building Site from which same are removed, restored to its original condition or to such condition as is otherwise required by these standards.

Attachment "A"

LAS CRUCES INTERNATIONAL AIRPORT LEASE APPLICATION

RETURN THIS COMPLETED APPLICATION TO:

City of Las Cruces, Airport Manager, P.O. Box 20000, Las Cruces, NM 88004

Use this Application Form to request a Lease of Land, Facilities, or Commercial Rights at the Las Cruces International Airport. Complete all blocks with the appropriate information; mark blocks "N/A" when they do not apply to your request. Continue on separate sheets if additional room is required.

1. INITIAL THE LEASE OR LEASES FOR WHICH YOU ARE APPLYING:

_____ SPECIALIZED AVIATION SERVICE OPERATION (SASO) LEASE: All persons (other than transient aircraft operators) using the Las Cruces International Airport for commercial purposes are required to enter into a non-exclusive lease agreement with the City for the right to conduct such commercial activities on City property (e.g., the Airport).

X LAND LEASE: All persons wishing to construct improvements at the Airport must first enter into a Land Lease for a suitable Parcel. Return this form, with $250.00 earnest money to the Airport Manager who will initiate the lease approval process, which will include approval/disapproval by the City Council.

_____ FACILITY LEASE: All persons wishing to occupy City-owned improvements at the Airport must first enter into a Facility Lease for the desired facility. Return this form, with $250.00 earnest money to the Airport Manager who will initiate the lease approval process, which will include approval/disapproval by the City Council.

2. APPLICANT INFORMATION:

Name: _____ Phone: (575) 524-2835.

Address: 3590 W. PICACHO AVE Fax: (____) ____-_____.

LAS CRUCES, NM 88007 E-mail: chsellsemsn.com.

If applying as a business or other legal entity: Business Name: RACI MANAGEMENT CO, INC.

President/CEO: ROYAL JONES. d.b.a. _____

3. ACTIVITIES PROPOSED: Initial activities proposed to be conducted. For commercial activities, you will be required to conduct those activities proposed, and must also obtain a City of Las Cruces Business Registration, when required by law.

_____ Customer Services:
- _____ Food services including catering, restaurants, etc.
- _____ Temporary lodging, such as hotel and motel operations.
- _____ Transportation services, such as rental cars, shuttle buses, and taxies.

_____ Airline Operations:
- _____ Air Carrier or Air Taxi Operations.
- _____ Transportation of cargo and/or mail by aircraft.
- _____ Other scheduled air transportation services or patrol activities.

_____ Aircraft Support Services:
- _____ Aircraft manufacture, maintenance, repair and storage (as defined by the FARs):
  - _____ Aircraft painting and/or washing using chemicals.
  - _____ Aircraft major and minor repair and maintenance.
- _____ Manufacture, repair, or reconditioning of either new and/or used aircraft and/or parts.
- _____ Specialized repair services for aircraft appliances or aircraft components.
- _____ Warranty or guarantee service or supply.
- _____ Flammable liquid storage and/or sales.
- _____ Preventive Maintenance for aircraft.
- _____ Sales, leasing, financing, insuring and/or brokerage of aircraft, airframes, engines, and/or other aeronautical items.
- _____ Storage of aircraft and parts.

_____ Line Services (see Commercial Policy).

_____ On-Demand Flying Services:
- _____ Aerial photography or survey.
- _____ Agricultural operations (including "crop dusting").
- _____ Aircraft Charter operations for any purpose.
- _____ Aircraft rental to the public.
- _____ Banner towing.
- _____ Corporate Flight Operations.
- _____ Dropping objects from aircraft.
- _____ Fire fighting (water and chemical applications) and 'smoke jumping'.
- _____ Pilot instruction conducted independently of an FAR Part 141 certified flight school.
- _____ Pilot Schools conducted in accordance with FAR Part 141.
- _____ Parachute jumping.
- _____ Sightseeing flights.

_____ Other (list): _____

_____ _____

_____ _____

RECEIVED MAY 10 2010 CITY OF LAS CRUCES AIRPORT MANAGER

The City Council may elect to review any application for approval, modification, or disapproval.

(Applicants Initials)

LAS CRUCES INTERNATIONAL AIRPORT LEASE APPLICATION

4. Aircraft to be based on the Leasehold (if any):

Class	Category	How Many	Proposed Use

5. Toxic or hazardous chemicals/substances, subject to regulation, permitting, and inspection by the EPA or NM State Environment Department, to be used/stored on the leasehold or other location on the Airport:

6. Briefly Describe Your Proposed Land or Facility Requirements and Location on the Airport:

APROX 110 x 120' PARCEL ON THE CORNER OF GASOLINE ALLEY AND WINGSPAN

7. FOR FACILITY LEASES ONLY: What Lease Terms do You Desire:

_____ Maximum. Initial Term: One (1) year, with four (4) one (1) year optional extended terms.

_____ Other. Describe:

8. FOR LAND LEASES ONLY: Briefly Describe the Proposed Improvements You Plan to Construct:

80 x 85 HANGER

RECEIVED
MAY 10 REC'D
CITY OF LAS CRUCES
AIRPORT MANAGER

The City Council may elect to review any application for approval, modification, or disapproval.

(Applicants Initials)

LAS CRUCES INTERNATIONAL AIRPORT LEASE APPLICATION

9. FOR SASO LEASES ONLY:

- What is Your Proposed Occupancy on the Airport?

  _____ Tenant of the City _____ Sub-let from another Lessee or Tenant _____ Non-Resident ("Through-the-Fence")

- City of Las Cruces Business Registration/License Number: _____ Expiration Date: _____.

- List any Positions Which Will Require FAA or EPA Certification or Licensure:

Number	Job Title	License or Certificate Required
_____	_____	_____
_____	_____	_____
_____	_____	_____

- List the Hours of Proposed Operation for Your Business. You will be Required to Operate No Less Than at Those Times Listed. (FBOs offering Line Services must be open 7:00 a.m. - 7:00 p.m. daily):

Monday:	_____ or 24 HOURS	Friday:	_____ or 24 HOURS
Tuesday:	_____ or 24 HOURS	Saturday:	_____ or 24 HOURS
Wednesday:	_____ or 24 HOURS	Sunday:	_____ or 24 HOURS
Thursday:	_____ or 24 HOURS	Holidays:	_____ or 24 HOURS

10. Amount and Types of Insurance Coverage to be Obtained (see current Airport Policies for required coverage):

TYPE INSURANCE	MINIMUM AMOUNTS		AMOUNT TO BE OBTAINED
General Liability:	Each Incident	$1,000,000	_____
Fire Casualty:	Each Accident	$ 300,000	_____
Environmental Remediation:	Each Incident	$1,000,000	_____
Other:			_____

APPLICANT'S CERTIFICATION: The above application is true and complete to the best of my knowledge.

5·10·13
(Date of Application)

KEVIN KEMP
(Printed or typed Name of Applicant)

(Signature of Applicant)

RECEIVED
MAY 10 2013
CITY OF LAS CRUCES
AIRPORT MANAGER

Return this form to the Airport Manager for processing, with the following attached:

- Any additional information continued from the application, referenced by question number.
- Proof of Insurance.
- If sub-letting, a copy of the sub-letting agreement.
- If operating an FAA Certified business, a copy of the Certificate.

The City Council may elect to review any application for approval, modification, or disapproval.

(Applicants Initials)

LAS CRUCES INTERNATIONAL AIRPORT LEASE APPLICATION

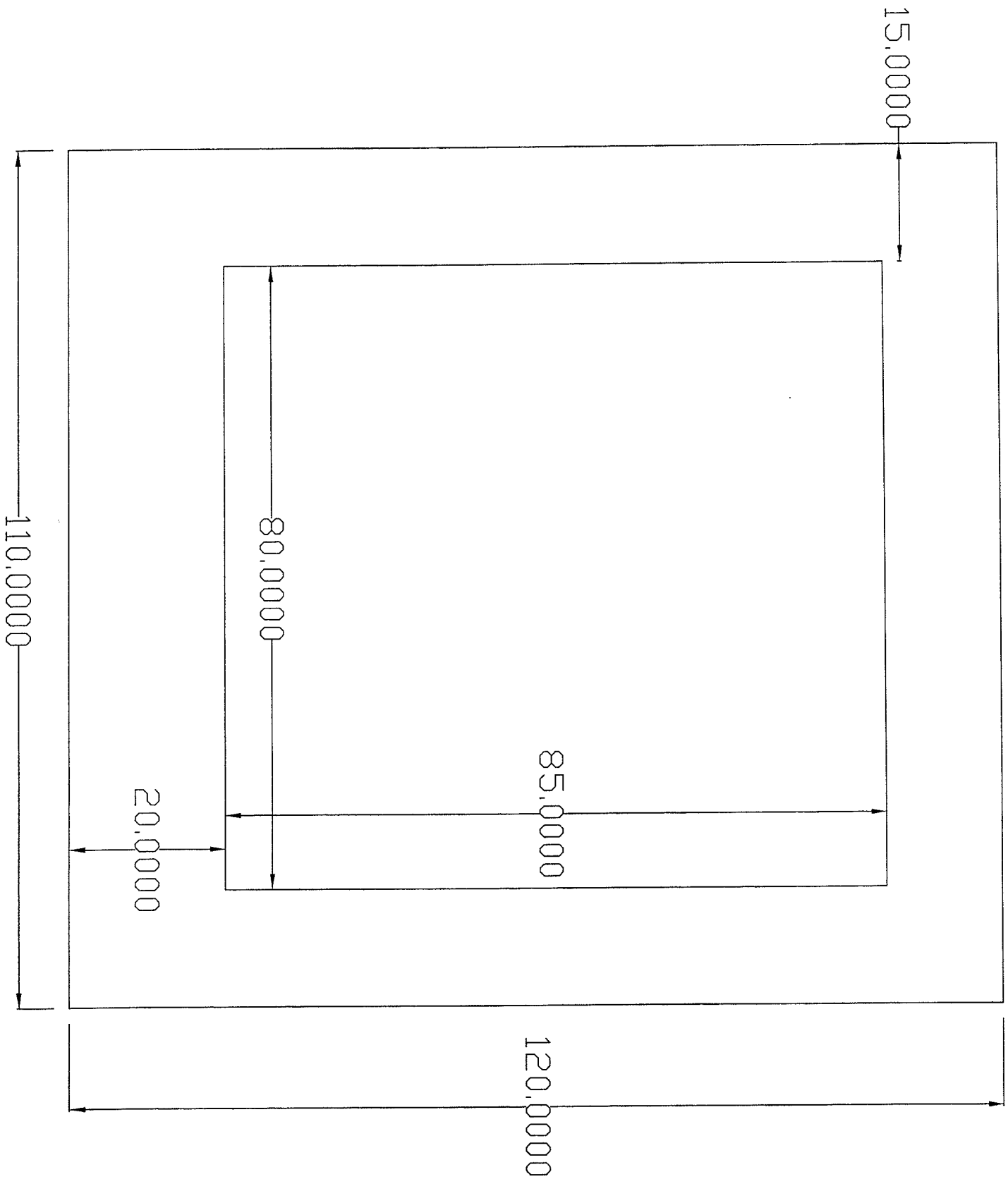
CONTINUATION SHEET.

Please continue any narrative from the application on this page.
Please reference your continuation by number.
Please attach additional continuation pages as required.

RECEIVED
MAY 10 REC'D
CITY OF LAS CRUCES
AIRPORT MANAGER

The City Council may elect to review any application for approval, modification, or disapproval.

(Applicants Initials)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Attachment "B"

City of Las Cruces®

AIRPORT ADVISORY BOARD MEETING
City of Las Cruces, New Mexico
May 16, 2013

Members Present: Robert Wood, John Muir, Joe Dearing, Jerry Leyendecker, Dennis Zaklan, Gil Sorg – City Council Liaison

Members Absent: Val Maltese, Barry Flesher

Others Present: Cheryl Rodriguez, Airport Manager; Susan Pfeiffer, Airport Administrative Assistant; Ted Sweetser , LCFD; Christine Logan, CLC Economic Development; Marty Ditmore, EAA/Hangar owner; Earl Comyford, visitor; Chad Sells, RACI; Nathan Wilcox, Lynco Flight Services; Doug Newton, Aero Newton; Wes Baker, EAA 555.

CALL TO ORDER:
Airport Board Chairman, Rob Wood, called the meeting to order at 12:30 p.m. in the Airport Conference Room; and a quorum was noted.

APPROVAL OF MINUTES:
Mr. Wood asked if there were any corrections to the minutes, and if not for a motion to approve the minutes of the April 17, 2013 Board meeting. Mr. Dearing moved, seconded by Mr. Zaklan, to approve the minutes as submitted; motion carried unanimously.

UNFINISHED BUSINESS: None

NEW BUSINESS:

Review and Consideration of Land Lease Application: Mrs. Rodriguez stated that she had received a Land Lease Application from RACI Management, Co., Inc. for a 110-ft by 120-ft parcel for the purposes of constructing a 6,800 SF private hangar on the southeast corner of White Lightning and Gasoline Alley. She said that the lease rate would be $0.20/SF per year, which is the current lease rate. Mrs. Rodriguez stated that City utilities were available to that parcel, but they will have to put in a septic tank and also pave an apron out to the taxiway. Mr. Zaklan moved, seconded by Mr. Muir to recommend approval of the land lease to RACI Management, Co., Inc.; motion carried with all members present voting in favor.

Update of Commercial Air Service Proposal: Mrs. Rodriguez reported that on Friday, April 19th, she and Lisa Murphy met with representatives from New Mexico Airlines in Albuquerque. New Mexico Airlines reached out to the City of Las Cruces to begin a

dialogue of exploring the possibility of having commercial air service between Las Cruces and Albuquerque. New Mexico Airlines is proposing to offer commercial air service between Las Cruces and Albuquerque with two round trips per weekday and one round trip on Saturday and Sunday. The flight cost scenario is based on a one-way ticket price of approximately $119. In order to be profitable, the number of passengers that would have to be served is a minimum of 7,862 passengers per year. Passengers would fly in a Cessna Grand Caravan that seat 9 passengers with 2 pilots.

Commercial air service from Las Cruces with New Mexico Airlines would require a monthly subsidy from the City of Las Cruces in the amount of $42,143 or $505,715 annually. In addition, the City of Las Cruces would have to apply for and receive a grant from the Small Community Air Service Development grant program to further subsidize the air service.

The proposal as submitted by New Mexico Airlines was submitted to the City Manager's office for review and consideration. The City Manager's office determined that the City of Las Cruces cannot provide a financial commitment for this service at this time and asked her to respond back in writing to the airlines with their decision. She said that New Mexico Airlines also reached out to Farmington and they said no to their proposal. The Board agreed that the airlines' proposal was not feasible or practical for the City at this time.

Update of Design of Fuel Farm: Mrs. Rodriguez said that on May 10, 2013, representatives from Delta Airport Consultants, Inc. and Argus met with stakeholders to review the preliminary design of the fuel farm as well as to conduct a site visit. After gathering necessary feedback from City staff and other stakeholders, Argus will finalize the design in the upcoming weeks. It is anticipated that the design will be complete in June and the final bid documents will be complete by the end of June. It is anticipated that the project can go to bid in July. Mrs. Rodriguez stated that the City currently leases the tanks to Southwest Aviation, and it is their responsibility to maintain them. She said that after the new tanks are installed we will have to look at our fuel flowage fees and adjust them. She said that the current average for fuel flowage fees is $0.08 per gallon, and Southwest Aviation is currently paying $0.04 per gallon. Mrs. Rodriguez reported that the City is considering being the fuel vendor, and the FBO will have to buy fuel from the City. She said that the City is considering several different scenarios as to how to run the fuel farm. Mrs. Rodriguez stated that the design of the new fuel farm shows the access through Zia Blvd. instead of Gasoline Alley. She said that she is also looking at a gauge monitor that would be located in her office. Mr. Dearing asked about security at the fuel farm. Mrs. Rodriguez responded that the fuel farm is enclosed by a fence and the gate is pad locked, and that Airport staff and the FBO have keys. Mr. Muir asked if we are considering adding different types of fuel in the future. Mrs. Rodriguez responded that we are not, but she is considering self-fueling. In closing, Mrs. Rodriguez stated that Southwest Aviation will have to remove their fuel tanks from the fuel farm and will have to use the City's tanks.

Airport Manager's Report: Mrs. Rodriguez read the following sections from her Manager's Report:

Airport Architectural, Planning, and Engineering Services: The City of Las Cruces is currently soliciting qualification statements proposed by firms interested in entering into an agreement for Airport Architectural, Planning, and Engineering Services. This process is being facilitated by the Purchasing Section with the assistance of Airport staff. Proposals are being accepted through May 24, 2013. Qualifying firms and proposals will be reviewed by the Selection Advisory Committee. It is anticipated that a recommendation will be forwarded to the Las Cruces City Council for final review and approval in August. This process is done every five years. Typically, the City of Las Cruces and the successful firm will enter into an agreement for a period of five years and is subject to annual renewals. Airport Architectural, Planning, and Engineering Services for any FAA funded projects are outlined in FAA Advisory Circular 150/5100-14D.

eALP: Woolpert met with City staff on Monday, April 29, 2013 to go over the final deliverables. It is expected that the City grant will be closed by June 1, 2013. The City Manager's office has *tentatively* scheduled a work session with the City Council on August 12, 2013.

"Let's Fly Las Cruces!" Airport Open House: The open house is tentatively scheduled for October 26, 2013.

Area Fuel Prices: *Source www.airnav.com; Fuel prices w/in 100 miles of LRU within last 30 days*

Airport	100LL	Jet A
	$5.50-$7.12 *Average $6.15*	*$4.90-$6.78* *Average $5.62*
Las Cruces	$6.22	$5.67
Dona Ana County	$5.84	$5.29
Deming	$5.90	$4.90
Alamogordo	$6.40	$5.24
T or C	$5.90	$5.53
Grant County, Silver City	$6.53 (FS) $5.55 (SS)	$5.44
Carrizozo	$5.50	N/A
Sierra Blanca	$5.84	$5.42

Economic Development Report: Economic Development Administrator Christine Logan read the following report and made a part of the minutes:

Private Business Activity
Business license renewal for Hangar S.
Addressing license issues for RVM solutions. Professional services better suited for a home occupation.
No permit activity.

Marketing and Promotion

- Continue to promote restaurant and office potential at LRU.
- Airport website updates in progress.
- Met with Springhill Suites and Staybridge Suites over the last 2 weeks. Both initiating contact with Navy from Corpus Christi.

Industry Activity

- Spaceport
  - SpaceX signed contract for testing at Spaceport
  - NASA Flight Opportunities student launch on June 21. Include payloads from Camion Real and Dolores Huerta middle schools as well as NMSU.
  - Virgin Galactic had successful test of live fire rocket for Spaceship 2.
- General Dynamics in Las Cruces next week for a site tour. Satellite office for their EDGE Network.
- Network Integration Exercises 13.2 wrapping up at WSMR. Involved several technology companies, not sure how much aviation activity was included in this exercise.

Development Plans

- BLM Tri-county management plan. Identify land use and disposal plan for next 10-15 years. Several properties surrounding airport are impacted. City will submit coordinated response and recommendation.
- Continue with process of updating the Industrial park Master Plan and incorporating airport plan into that document.

Upcoming Opportunities

- Airport tours as a part of the Fire Station ribbon cutting. Highlight facilities, businesses, activity.
- Private facilities for sale – I can market through economic development resources (MVEDA, State, city website, etc)
- Looking for opportunities for public presentations. Rotary, Chambers, schools, social groups, business associations, etc. Call me or Cheryl.
- ISPCS October 16-17, 2013.

Mrs. Logan asked the Board members and tenants to send her comments and suggestions on the Airport's web site, and she will update it to keep it current and relevant.

OTHER BUSINESS:

The Board asked why Mr. Kading charges what he does for fuel since they are one of the highest fees in the state. Mrs. Rodriguez said that if the Board would like she would ask Mr. Kading how he comes up with his fees. Mr. Doug Newton, formerly of Adventure Aviation stated that they always tried to keep their prices competitive so transient pilots would come to Las Cruces to refuel.

Mrs. Rodriguez announced that the Terminal landscaping project will be started in the near future.

PUBLIC COMMENT:

Mr. Newton stated that it was hard at night to navigate off of Runway 4/22 unto a taxiway, and that it would be helpful if the City could paint some yellow lines for the pilots to follow. He also mentioned that the taxiway lights have been going out on Taxiway B to Taxiway A, and that it could cause pilots to taxi through the island areas. Mrs. Rodriguez stated that the airport is experiencing electrical issues, and that she is working with the City and Delta on the issue. She said that the problem is with the vault and is system wide and not just isolated to Taxiway B.

Mrs. Rodriguez asked the pilots to use extreme caution when landing at the airport. She said that they are experiencing a problem with cattle jumping over the fence and going onto the runways.

It was mentioned that there was an article in the newspaper stating that the city of El Paso is putting 48 million dollars into their airport. Mr. Zaklan stated that revenues are down since government agencies are not flying due to budget constraints.

With no further business to conduct, the meeting was adjourned at 1:53 PM.

Chair

Recording Secretary