



City of Las Cruces®

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 22Ordinance/Resolution# 16-075For Meeting of _____
(Ordinance First Reading Date)For Meeting of September 21, 2015
(Adoption Date)

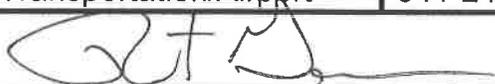
Please check box that applies to this item:

 QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION GRANTING THE FIRST OF FOUR POSSIBLE TEN-YEAR LAND LEASE EXTENSION OPTIONS FOR PARCEL 15 AT THE LAS CRUCES INTERNATIONAL AIRPORT, LESSEE WAM, INC.

PURPOSE(S) OF ACTION:

To authorize lease extension option.

COUNCIL DISTRICT: 4		
Drafter/Staff Contact: Lisa Murphy	Department/Section: Transportation/Airport	Phone: 541-2471
City Manager Signature:		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

WAM, Inc. currently holds a land lease from the City of Las Cruces for Parcel 15 at the Las Cruces International Airport. The lease was originally approved in favor of B. J. Aday, William Madden and Harry Wiley pursuant to Resolution 86-025 on August 5, 1985 and was assigned to WAM, Inc. pursuant to Resolution 86-154 on February 18, 1986. There is a hangar on the leased property owned by the lessee that is used for the storage of private aircraft.

The term of the land lease was thirty years with four possible ten-year lease extension options. WAM, Inc. wishes to exercise their first ten-year extension option, which requires City Council permission. Should the lease extension be approved, WAM, Inc. will retain the land lease until 2025, at which time they can request another extension should they wish.

The Airport Advisory Board unanimously recommended approval of the lease extension request at their July 16, 2015 meeting.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Lease Extension Agreement, Legal Description and Parcel Map.
3. Attachment "A", Parcel 15 Land Lease.

(Continue on additional sheets as required)

4. Attachment "B", Letter from lessee requesting the lease extension.
5. Attachment "C", Draft minutes from July 16, 2015 Airport Advisory Board meeting.

SOURCE OF FUNDING:

Is this action already budgeted? N/A	Yes	<input type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	Budget Adjustment Attached	<input type="checkbox"/>	Expense reallocated from:
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of _____ for FY__.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

N/A

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

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will authorize WAM, Inc. to extend their land lease for Parcel 15 for another ten years as per the extension option in their lease.
2. Vote "No"; this will not authorize WAM, Inc. to extend their land lease for another ten years.
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. Resolution No. 86-025
2. Resolution No. 86-154

RESOLUTION NO. 16-075**A RESOLUTION GRANTING THE FIRST OF FOUR POSSIBLE TEN-YEAR LAND LEASE EXTENSION OPTIONS FOR PARCEL 15 AT THE LAS CRUCES INTERNATIONAL AIRPORT, LESSEE WAM, INC.**

The City Council is informed that:

WHEREAS, B. J. Aday, William Madden and Harry Wiley executed a lease agreement for Parcel 15 at the Las Cruces International Airport with the City of Las Cruces on August 5, 1985 pursuant to Resolution 86-025; and

WHEREAS, the lease was assigned from B. J. Aday, William Madden and Harry Wiley to WAM, Inc. pursuant to Resolution 86-154 on February 18, 1986; and

WHEREAS, Section 2B of the lease provides that the lessee is entitled to four, ten-year lease extension options at the end of the initial 30-year lease term; and

WHEREAS, the lessee has requested to exercise the first ten-year lease extension option.

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

(I)

THAT the Mayor of the City of Las Cruces is hereby authorized to sign the Lease Extension Agreement for Parcel 15, lessee WAM, Inc., attached hereto as Exhibit "A" and made a 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:

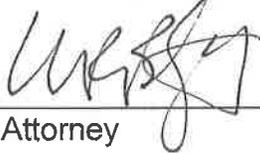
City Clerk

(SEAL)

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney

VOTE:

Mayor Miyagishima:	_____
Councillor Silva:	_____
Councillor Smith:	_____
Councillor Pedroza:	_____
Councillor Small:	_____
Councillor Sorg:	_____
Councillor Levatino:	_____

LEASE EXTENSION AGREEMENT

This Lease Extension Agreement (The Agreement) was executed on the _____ day of _____, 2015 by the City of Las Cruces (Lessor), and WAM, Inc. (Lessee).

RECITALS

1. This agreement relates to Parcel 15 at the Las Cruces International Airport, Dona Ana County, New Mexico as shown on Exhibit "A" attached hereto and incorporated herein (Property).
2. The property was originally leased by the Lessor to B. J. Aday, William Madden and Harry Wiley, pursuant to Resolution 86-025. The "Lease and Agreement" to which this Agreement refers is on file with the City of the Las Cruces Airport Manager.
3. By Resolution 86-154 the property which is subject to the "Lease and Agreement" was assigned to WAM, Inc.
4. The Lessee desires to extend the Lease as provided for in the "Lease and Agreement" and to pay the provided for rent in said document.

NOW THEREFORE, for valuable consideration it is agreed as follows:

1. Paragraph 2A of the "Lease and Agreement" is hereby cancelled.
2. The following paragraph of the "Lease and Agreement", which was cancelled in paragraph 1 above shall read as follows:
 - A. The time period with respect to the property is ten (10) years commencing on September 3, 2015 and ending on September 2, 2025.

- B. This ten (10) year time period may be extended for an additional ten (10) year time period commencing on September 3, 2025 and ending on September 2, 2035 at a rental rate set forth in paragraph 2B of the "Lease and Agreement".
 - C. This ten (10) year time period may be extended for an additional ten (10) year time period commencing on September 3 and ending on September 3, 2045 at a rental rate set forth in paragraph 2B of the "Lease and Agreement".
 - D. This ten (10) year time period may be extended for an additional ten (10) year time period commencing on September 3, 2045 and ending on September 2, 2055 at a rental rate set forth in paragraph 2B of the "Lease and Agreement".
3. This lease will be extended at a rent of \$0.064 per square foot per year, or \$1,923.07 per year (30,000 square feet x \$0.064) which reflects the Consumer Price Index land rent adjustment that occurs every five years as per paragraph 1, Exhibit "B", of the "Lease and Agreement".
4. This agreement binds the Lessor and the Lessees to the terms and conditions of the "Lease and Agreement", except as noted above. This lease extension agreement, along with the "Lease and Agreement" as amended herein, is the entire agreement between both parties.

WAM, Inc., Lessee

STATE OF NEW MEXICO)
)
COUNTY OF DONA ANA) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by WAM, Inc., Lessee.

Notary Public

My Commission Expires:

Approved as to form:

CITY OF LAS CRUCES, NEW MEXICO
A municipal corporation

City Attorney

By: _____
Ken Miyagishima, Mayor

STATE OF NEW MEXICO)
)
COUNTY OF DONA ANA) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by Ken Miyagishima, Mayor of the City of Las Cruces, New Mexico, a municipal corporation, on behalf of said corporation.

Notary Public

My Commission Expires:



Corrected Exhibit "A-1"

July 22, 1986

CORRECTED
DESCRIPTION OF A 0.6887 ACRE TRACT

A tract of land situate at the Las Cruces International Airport west of Las Cruces, Dona Ana County, New Mexico in Section 26; T.23S., R.1W., N.M.P.M. of the U.S.G.L.O. Surveys and being more particularly described as follows, to wit:

BEGINNING at a point on the north line of a 2 foot wide walk for the northwest corner of this tract, whence the northwest corner of Section 26, T.23S., R.1W., N.M.P.M. of the U.S.G.L.O. Surveys bears N.50°37'09"W., 2333.92 feet;

THENCE from the place of beginning along the north line of the above walk, N.89°57'39"E., 300.00 feet to the northeast corner;

THENCE leaving the concrete walk and for the most part along the east wall of a hanger S.0°02'12"E., 100.00 feet to the southeast corner of this tract;

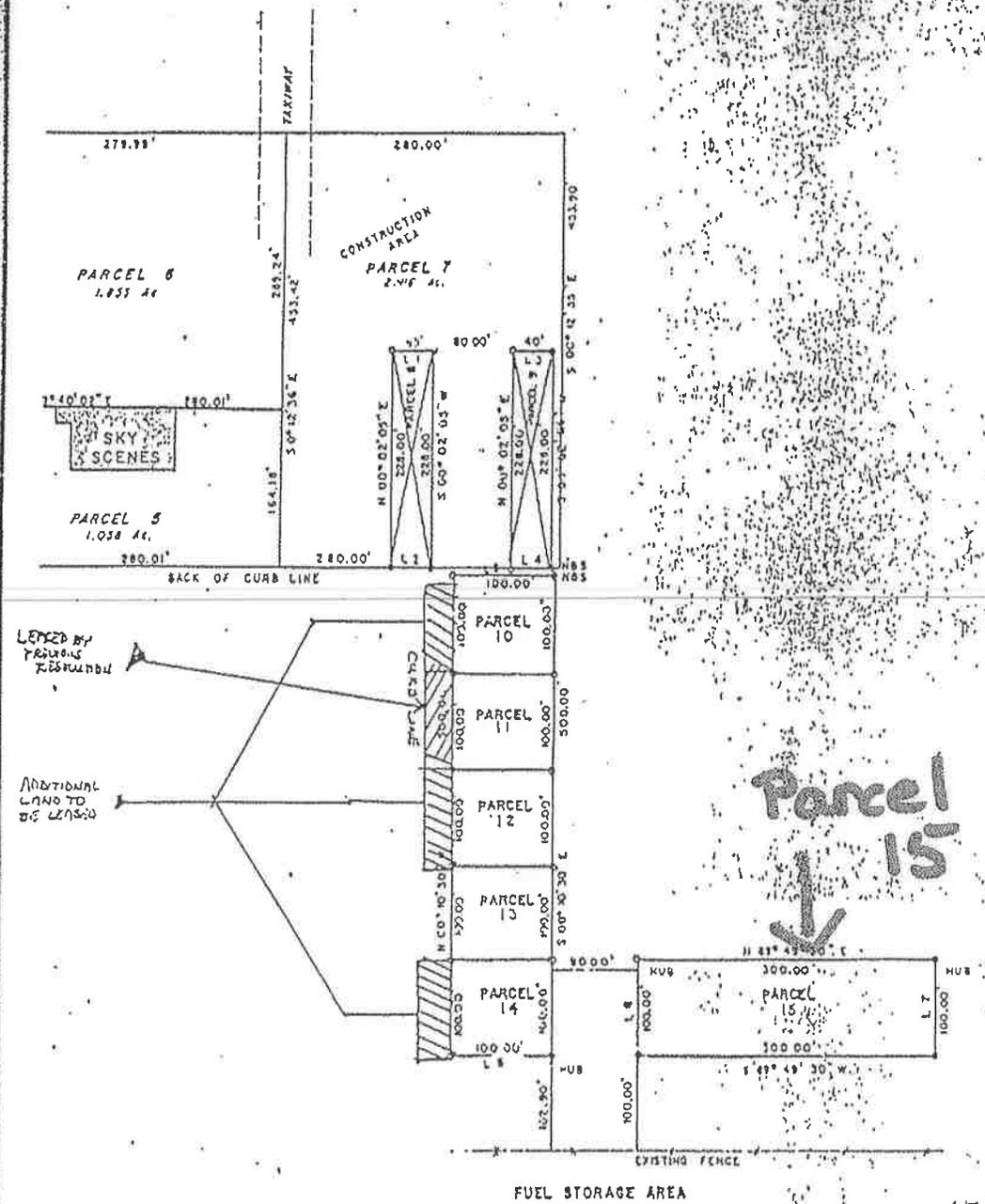
THENCE S.89°57'39"W., 300.00 feet to the southwest corner of this tract;

THENCE N.0°02'21"W., 100.00 feet to the place of beginning, containing 30,000 square feet (0.6887 acre) of land, more or less. Description by Botsford Land Surveying, Inc.

#860388



LINE	BEARING	DISTANCE
1	S 89° 57' 55" E	40.00
2	N 89° 57' 05" W	40.00
3	S 89° 57' 55" E	40.00
4	N 89° 57' 55" W	40.00
5	N 89° 49' 30" E	100.00
6	S 89° 49' 30" W	100.00
7	S 00° 10' 30" E	100.00
8	N 00° 10' 30" W	100.00



LEASED BY
PERSONS
RESIDENT

ADDITIONAL
LAND TO
BE LEASED

Parcel
15
↓

FUEL STORAGE AREA

HANGAR LAND LEASE
AT LAS CRUCES INTERNATIONAL AIRPORT

SUBMITTED BY

B.J. ADAY, WILLIAM MADDEN AND HARRY WILEY

AUGUST 5, 1985

Corrected Lease
(Corrected Legal Description and Plat)

July 25, 1986

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LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT ("Lease") is made this ___ day of _____, 1985, between the City of Las Cruces ("City") and the following named individuals: B.J. Aday, William Madden, and Harry Wiley ("Lessee").

WITNESSETH:

WHEREAS, City is a political subdivision of the State of New Mexico, hold title to the Las Cruces International Airport ("Airport") and the City has the power to lease designated areas for the purpose of supplying services to aircraft and users of Airport facilities.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained and other good and valuable consideration, the parties hereto agree as follows:

1. Land Parcel. The parcel of land referred to herein is located in the County of Dona Ana, State of New Mexico, and is depicted and described upon Exhibit "A" dated _____ 1985, and more particularly described upon Exhibit "A-1", attached hereto and made a part hereof.

2. Terms and Options.

A. Parcel. With respect to above described parcel, hereinafter sometimes referred to as the "leased premises", the City hereby leases said parcel unto Lessee for a period of thirty (30) years commencing on the date of this Lease.

B. Renewal Option. Lessee shall have the option of renewing or extending this Lease for four (4) additional ten (10) year periods after

↑
differs from Airspace lease of May 20 1985.

the expiration of the primary term, each ten (10) year period being referred to hereinafter as "an option term", and the total of all option terms, if exercised, not to exceed forty (40) years. Lessee shall notify Lessor of his intention to renew the option at least one hundred twenty (120) days before the expiration of this Lease by notice to Lessor by registered mail. These options are only available provided the Lessee is current in payment of all rents and fees and is not in default of the conditions of this Lease. The land lease amount will be renegotiated at each ten (10) year option term within the 120 days period after notice by Lessee of intention to exercise option. Any increase in rental rate of an option period shall be representative of the fair market value for comparable uses.

3. Use of Parcel.

A. Improvements by Lessee. Lessee shall have the right to construct upon the leased premises, pursuant to plans and specifications approved by the City, at the sole cost and expense of Lessee, aircraft hangars for use for aircraft storage; provided that nothing contained herein shall authorize Lessee to construct hangars for uses not directly related to storage of aircraft. Lessee shall commence construction of these improvements within six (6) months of the approval of the plans and specifications by the City and shall proceed with due diligence to develop these improvements according to the phase construction timetable attached hereto as Exhibit "C". Lessee agrees to use its best efforts to comply with said timetable, but shall not be considered to be in breach of this Lease or subject to any penalty therefore in the event that events and circumstances beyond Lessee's control including, but not limited to, delays due to strikes, work stoppages, material shortages

inclement weather, should delay construction progress.

B. Permitted Operations. Lessee shall have the exclusive right to use and occupy the leased premises in accordance with uses hereinafter described:

(i) Facilities for the housing and storage of aircraft.

4. Rental Rates and Other Fees. Lessee shall pay to the City the land rents and other fees specified in Exhibit "B". All land rents and fees shall be paid every six (6) months, the due dates being the 25th day of January and the 25th day of July during the term of this Lease. All other fees described in Exhibit "B" unless otherwise set forth therein shall be paid monthly by the Lessee to the City on or before the 25th day of the month following the month in which such fees accrued. Land rent for the period between the execution date of this Lease and July 1, 1985, will be prorated.

5. Mandatory Clauses.

A. Right to Use Airfield. In addition to the premises specifically designated for its exclusive use, this Agreement grants Lessee the non-exclusive right to use the airfield and associated operational area in common with others so authorized which right shall be exercised in accordance with the laws of the United States of America and the State of New Mexico and the rules and regulations promulgated by their authority with references to aviation and air navigation and all pertinent directives, rules and regulations of the City and Airport Advisory Board.

B. Lawful Use. Lessee shall observe and obey all laws, ordinances and regulations of the United States of America, the State of New Mexico and the City of Las Cruces, which may be applicable to its operations at the Airport, and shall make no unlawful or offensive use of the leased premises.

C. Safety. Lessee shall conform to all applicable City safety, health and sanitary codes and agree to cooperate with the City in its fire prevention efforts.

D. Independent Contractor; Indemnification. Lessee is and shall be deemed to be an independent contractor in the conduct of its business and activities hereunder, and shall be responsible for its acts of omission and commission, and City shall in no way be responsible therefore. Lessee does hereby agree to indemnify, defend and hold harmless the City and its "Public Employees" defined in the New Mexico Tort Claims Act from and against any and all liability, claims, judgments, demands or claims (including reasonable attorney's fees and cost of investigation) arising out of or allegedly arising out of the performance of this Agreement or any activities undertaken pursuant to this Agreement, other than any liability, claim, judgment, demand or cost arising from the negligence of the City or its "Public Employees" in carrying out the specific obligations undertaken by the City hereunder. So long as this indemnification requirement is in effect, the Lessee shall procure and maintain a policy of liability insurance as set forth in Exhibit "D" attached hereto. It is agreed and understood that this

provision in no way modifies the New Mexico Tort Claims Act.

E. Compliance with Civil Rights Act. Lessee shall comply with the requirements of any Executive Order barring discrimination; further, in accordance with these requirements, Lessee shall not discriminate in any manner against any employee or applicant for employment because of political or religious opinion or affiliation, sex, race, creed, color or national origin; and further, Lessee shall include a similar clause in all subcontracts, except subcontracts for standard commercial supplies or raw materials. Lessee understands and acknowledges that the City of Las Cruces has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances with respect to non-discrimination which have been required by Title VI of the Civil Rights Act of 1964, and by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, as a condition precedent to the Government making grants in aid of the City of Las Cruces, for certain Airport programs and activities, and that the City of Las Cruces is required under said regulations to include in every agreement or concession pursuant to which any person or persons other than the City operate or has the right to operate any facility on the Airport providing services to the public, the following covenant, to which Lessee agrees:

"Operator, in its operation at and the use of the Airport, covenants that it will not on the grounds of sex, race, color, or national origin discriminate or permit discrimination against any person or group of persons in any manner prohibited by Title 49 Code of Federal Regulations, Department of Transportation, Subtitle A,

Office of the Secretary, Part 21; and in the event of such discrimination, Lessee agrees that the City has the right to take such action against the Lessee and the Government may direct to enforce this covenant."

F. Airport Development. The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, and without unreasonable interference or hindrance from Lessee. If the physical development of the Airport requires the relocation, removal or alteration of Lessee's facilities, the City agrees to provide a comparable location without any unreasonable interruption to the Lessee's improvements and buildings from within the leased premises to the comparable premises at no cost to the Lessee or provided similar facilities for the Lessee at no cost to the Lessee. If such relocation of facilities is impractical, City shall reimburse Lessee for any loss of revenue caused by such interruption/relocation.

G. Performance of Services. It is clearly understood by the Lessee that no rights or privileges have been granted which would operate to prevent any person, firm or corporation operating aircraft on the Airport from performing any services on its own aircraft at locations other than the leased premises with its own regular employees (including, but not limited to the maintenance and repair) that it may choose to perform, provided, however, that performance of such services shall be subject to the Rules and Regulations established by the City and shall be consistent with the terms of any lease or sublease of hangar space.

H. City's Rights. The City reserves the right (but shall not be obligated to the Lessee) to maintain and keep in repair the landing area of the Airport against obstruction, together with the right to prevent the Lessee from erecting or permitting to be erected any building or other structure on the Airport which, in the opinion of the City would limit the usefulness of the Airport or constitute a hazard to aircraft.

I. Subordination. This Lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport. This subordination includes, but is not limited to, the right of the City during time of war or national emergency, to lease the landing area, or any part thereof, to the United States for military or naval use, and if any such lease is made, the provisions of this Lease and all obligations of Lessee hereunder shall be suspended. The lease term shall be extended for the same amount of time as the time of suspension and all monetary obligation under this Lease shall abate during such suspension period. Any monetary awards received from the United States attributable to the premises leased herein shall be paid over to Lessee in accordance with the formula set forth in paragraphs 24F (i).

J. Right to Entry. The City or the Airport Manager, may enter upon the premises leased to the operator at any reasonable time for any

purpose necessary, incidental to or connected with the performance of the Lessee's obligations under this agreement or in the exercise of their function as City and Manager.

K. Termination. Upon the expiration or other termination of this agreement, the Lessee's rights to the premises, facilities, other rights, licensed services and privileges granted in this agreement shall cease, and the Lessee shall, upon expiration or termination, ~~immediately~~ and peaceably surrender the premises to the City.

L. Assignment. All covenants, stipulations and ~~provisions~~ in this Lease shall extend to and bind the legal representatives, successors and assigns of the parties.

M. Exclusive Right. It is understood and agreed that nothing herein shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958, as amended.

N. Affirmative Action Program. The Lessee assures that it will undertake an affirmative action program as required by 14 C.F.R. Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered sub-organizations provide necessary assurances to the City that they will require assurances from the

suborganizations, as required by 14 C.F.R. Part 152, Subpart E, to the same effect.

6. Access. Subject to the Rules and Regulations established by the City, the Lessee has the right of free access, ingress to and egress from the leased premises for Lessee's employees, agents, patrons, and invitees, its suppliers of materials and furnishers of services and its equipment, vehicles, machinery; provided, however, aviation fuel suppliers must enter into the standard fuel supplier contract with the City prior to supplying fuel to any user or Lessee at the Airport. The City may, at any time, temporarily or permanently close or consent to or request 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, so long as a means of access, ingress and egress reasonably equivalent to that formerly provided is substitute therefore and is concurrently made available therefor.

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

8. Structure Repair and Maintenance. Lessee agrees at its expense, without cost or expense to the City, during the term hereof, to keep the leased premises and improvements thereto and thereon in good and useable

repair and maintenance and in a safe, sanitary, orderly and sightly condition. Such premises shall at all times be maintained in accordance with any applicable Building Code of the City of Las Cruces, as adopted, amended or modified from time to time as required by law. Lessee's failure to keep and maintain the premises and improvements thereto in good and useable repair and mainenance and in a safe, sanitary, orderly, and sightly condition shall constitute a breach of this agreement and subject Lessee to the cancellation and termination thereof.

A. Removal of Waste. Lessee shall not knowingly permit rubbish, debris, waste materials or anything obnoxious or detrimental to safety or health or likely to create objectionable odors, a fire hazard, or conducive to deterioration, to remain on any part of the primary leased premises or to be disposed of improperly. The Lessee shall not knowingly permit any waste, liquids, or other material to become a part of the influent to its sewage plant or system which would cause malfunction of the plant equipment or system to impede the normal chemical and biological workings of the plant or septic tank process system. Any violation of this provision shall constitute a breach of this agreement for which, in addition to the termination and cancellation thereof, Lessee shall be liable to the City for any and all damages said City may sustain.

B. Obstruction Lights. Lessee shall provide and maintain obstruction lights on the leased premises and all similar equipment or

devices now or at any time required by any applicable state or federal regulations.

C. Paved and Landscaped Area; Maintenance. Lessee shall maintain the cleanliness of all ramp and ramp taxiways, taxiways and paved areas around the leased premises.

D. Automobiles and Support Vehicles. The City reserves the exclusive right to control, by security gate or otherwise, all automobile ingress and egress to the aircraft ramp areas on the leased premises. However, Lessee shall have the right to implement its own security measures at all other locations on the leased premises.

E. Limitation Upon Use. The Lessee shall not use or permit the use of the leased premises for any purpose or use other than those expressly and specifically authorized by this Lease or hereafter authorized in writing by the City and upon such terms and conditions as may be set out herein and, the Lessee shall not herein and, the Lessee shall not commit or permit any nuisance from or upon said premises.

9. Title to Improvements. All permanent buildings erected and constructed on the leased premises by Lessee shall remain the property of Lessee and title thereto shall continue in the Lessee until the termination of this Lease and the conclusion of any renewal hereof by Lessee unless Lessee should elect, in its sole discretion, to transfer such title to the City at some earlier date. The City may choose not to accept such transfer in which case the Lessee must remove improvements to leased property at its own expense prior to expiration of the final

1. 184

option of this Lease. Lessee shall advise the City 90 days prior to the expiration if the intention is to transfer title. Upon the termination of this Lease and the conclusion of any renewal hereof by option or the failure of Lessee to exercise said option, whichever occurs last, or upon Lessee's earlier election described in the preceding sentence of this paragraph, if exercised, the following alternatives are available to Lessee: 1) With City approval all permanent buildings erected and constructed on the leased premises shall immediately become the property of the City and title thereto shall vest in the City, and all rights, obligations and duties, associated with or related to such buildings shall thereafter be borne by the City. If Lessee elects to transfer such title to the City at any time prior to the termination of this Lease, and the City agrees to such transfer, such transfer shall be subject to a continued right of occupancy by Lessee and until the conclusion of any renewal hereof by option unless Lessee should fail to timely exercise said option, provided further that it is expressly understood and agreed by the parties hereto that City has no obligation to accept the transfer of title to it of any of the improvements prior to the termination of this Lease and agree and state that any acceptance of a transfer, if the same shall occur, shall not constitute an assumption or an agreement to pay any obligation of debt that may be outstanding against such improvements. 2) The Lessee and the City may renegotiate the Lease at the fair market value for the land. The fair market value of the land shall be determined by a formal appraisal by a mutually

agreed upon local appraiser. The cost of such appraisal will be split in half by the City and the Lessee; and 3) The Lessee, at its own expense, may remove any improvements to the leased land excluding any pavement and taxiways dedicated as easements to the airport.

10. Time of Renegotiation. During the final 120 days of each ten (10) year option, including the final ten (10) years, Lessee will notify the City of its intentions, regarding exercising any options or termination. This notice must be done in accordance with paragraph 2(B) of this Lease.

11. Approved Regulations for Construction.

A. Construction of Improvements. Lessee may construct improvements on the leased premises for the uses specified in Exhibit "C" hereto or for other uses otherwise agreed to by the City. Except as hereinafter provided, such construction must respect the applicable Building Restriction Line and be done pursuant to plans and specifications submitted to and approved by the City in writing prior to the commencement of construction. The City shall have the right to approve or disapprove said plans and specifications after investigation and inspection provided that such approval shall not be unreasonably withheld.

B. Construction Standards.

(i) General Requirements. All improvements, alterations, additions, removal and relocation of structures and construction projects constructed by Lessee on the leased premises (hereinafter "improvements"), shall

conform to the City's Development Guidelines, shall in all respects be accomplished in a good and workmanlike manner, in accordance with applicable plans and specifications; in accordance with the City of Las Cruces Building Code; pursuant to a Building Permit, when applicable, to be obtained from the City's Engineering Department and according to the customary terms and conditions thereof; and, in a manner consistent with State and Federal Requirements, and subject to the requirements of the City of Las Cruces

(ii) Contractor. Lessee covenants and agrees that if the Lessee wishes, at any given time to construct the improvements on the leased premises at a cost of \$25,000 or more, Lessee will require the contractor to furnish and deliver to the City a bond with good and sufficient surety to be approved by the City, in a sum equal to the full contracted amount, to insure the City against loss by any reason of any lien or liens which may be filed against the leased premises or improvements located thereon. The Lessee shall include in all construction contracts entered into by it in connection with any or all of the construction work aforesaid, a section requiring the contractor and its "Public Employees" as defined in the New Mexico

Tort Claims Act from and against any and all liability, claim, judgment, demand or cost (including reasonable attorney's fees and costs of investigation) arising out of the performance of the construction contract or the contractor's use or occupancy of the leased premises, other than arising from the negligence of the City or its "Public Employees" in carrying out the construction contract. The Lessee shall require the contractor to furnish liability insurance in such amounts as may be required by the City regarding the operations of the contractor on the Airport. Lessee shall provide to the City a copy of all construction contracts entered into in connection with the leased premises.

- (iii) Completion. When construction work involving structural components or structural modification has been completed, the Lessee shall deliver to the City a certificate of occupancy stating that said improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all laws, rules, ordinances, and governmental rules and regulations and orders.
- (iv) Waiver by the City. Notwithstanding the foregoing, Lessee may perform interior nonstructural redecorating, refurbishing and remodeling without the approval of the City. In addition, the City Council,

in its sole discretion, may waive in writing any or all of the additional requirements set forth above for specific improvements to be constructed by Lessee on the leased premises.

12. Signs. Lessee shall not erect, paint or maintain any signs or advertising displays, including banners, balloons and similar visual devices whatsoever, upon portions of the leased premises visible from outside the buildings located thereon, without first securing the prior written consent of the City. The City shall have the right to approve or disapprove said signs or advertising displays after investigation and inspection provided that such approval shall not be unreasonably withheld.

13. Taxes, Compensation Insurance, Licenses. Lessee covenants and agrees to pay when due all valid taxes, special assessments, excises, license fees and permit fees of whatever nature applicable to its operation or levied and assessed against leased premises and to take out and keep current all licenses (City, County, State and Federal) required for the conduct of its business at and upon the Airport, and further agrees not to permit any of said taxes, excises or license fees to knowingly become delinquent. Any such taxes, assignments or fees hereafter assessed Lessee, shall be no greater than comparable fees assessed any other comparable operator at the Airport. Lessee shall at all times maintain adequate Workmen's Compensation insurance in accordance with any present or future state law with authorized insurance company, or through the New Mexico State Compensation Insurance Fund, or through a self-insurance program approved by the State of New Mexico,

insuring the payment of Workmen's Compensation to all of its employees at the Las Cruces International Airport. Lessee shall furnish to the City, upon request, duplicate receipt or other satisfactory evidence showing the prompt payment by it of Social Security, Unemployment Compensation and Workmen's Compensation Insurance, all required licenses, and all taxes. Lessee shall pay promptly when due all undisputed bills, debts and obligations incurred by it in connection with its operation of said business on the leased premises, and to protect the City from any lien, judgment or execution filed against said property or improvements thereon which could in any way impair the rights of the City.

14. Insurance. Lessee agrees to provide to City certificates of insurance providing the coverages and in the amounts specified in Exhibit "D" hereto.

15. Removal of Equipment. All trade fixtures, portable buildings, equipment and other personal property brought, installed, erected or placed by Lessee in, on or about the leased premises shall be deemed to be personal and shall be and remain the property of Lessee, except as otherwise provided herein; and Lessee shall have the right at any time during the term hereof when not in default and when not prohibited by any mortgages of Lessee to remove any or all of its property, subject to Lessee's obligation to repair all damage, if any, resulting from such removal. All such portable buildings, trade fixtures, improvements or other property of Lessee (but not fixtures, improvements or other property acquired and installed by the City) shall be removed by Lessee from the leased premises at the expiration of this Lease or the

expiration of any renewal hereof, whichever occurs last, unless this Lease is earlier terminated as provided for herein.

16. Surrender of Premises. The Lessee covenants that upon the termination of this Lease, for whatever reason, it shall quit and peaceably surrender the leased premises in good state of repair and condition, reasonable wear and tear and depreciation excepted, and any improvements not removed by Lessee pursuant to Paragraphs 9 & ~~14~~¹⁵ of this Lease. The City shall have the right on such termination to enter upon and take possession of the leased premises, with or without process of law, without liability for trespass.

17. Force Majeure. Neither the City nor Lessee shall be deemed to be in breach of this Lease by reason of failure to perform any of its obligations hereunder if, while and to the extent that such failure is due to embargos, strikes, shortages of materials, acts of God, acts of a public enemy, acts of superior government authority, rebellion or any other condition or circumstance, which is beyond the control of Lessee or the City or which could not be prevented or remedied by reasonable effort and at reasonable expense.

18. Cancellation and Termination by the City.

A. General. The City may cancel and terminate this Lease and Agreement and may enter and repossess the premises, with or without process of law, without liability, in the event of any breach or default of any term, condition or covenant or any installment of rent or other

payment provided for herein, is in arrears and remains unpaid or not cured for a period of thirty (30) days after same is due or such default in any condition or breach of any term, condition, or covenant contained herein is uncorrected, upon giving thirty (30) days written notice to Lessee of its intention to so terminate, at the end of which time all the rights of Lessee hereunder shall terminate unless such payment or default, which shall have been stated in such notice, shall have been paid or cured within such thirty (30) days; provided, however, Lessee will be allowed only two (2) such notices within any thirty-six (36) month period to cure within the time specified in this paragraph. The third such notice in any thirty-six (36) month period shall be final and shall cancel and terminate all of the rights hereunder of Lessee without any right on the part of Lessee to cure such default after receiving such notice.

Further, in the event Lessee shall engage in any activity or practice which hinders or interferes with the proper use and operation of the Airport, then the City may order Lessee to forthwith cease and desist from such activity or practice and should Lessee fail or refuse to comply with any such order, the City may, at its option, cancel and terminate this Lease and Agreement.

B. Bankruptcy. Except as hereafter provided, the City may cancel and terminate this Lease and repossess the leased premises with or without process of law and without liability for trespass, if during the

term hereof Lessee shall:

- (i) Apply for or consent to, in writing on behalf of Lessee by any of its officers or its duly authorized attorney, the appointment of a receiver, trustee or liquidator of Lessee or of all a substantial part of its assets.
- (ii) File a voluntary petition in bankruptcy, or admit in writing its inability to pay debts as they become due.
- (iii) Make a general assignment for the benefit of creditors.
- (iv) File a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law.
- (v) File an answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization, or insolvency proceedings; or if during the term of this Lease, an order, judgment or decree shall be entered by any court of competent jurisdiction on the application of a creditor adjudicating Lessee bankrupt or approving a petition seeking reorganization of Lessee or appointing a receiver, trustee, or liquidator to marshal such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days. In any such event as described above in subparagraph 17 B (i) through (v),

the City may give Lessee a written notice of intention to end the term of this Lease after the expiration of thirty (30) days from the date of service of such notice, and on the date set forth in such notice the term of this Lease and all right, title and interest of Lessee hereunder shall expire as fully and completely as if that day were the date herein specifically fixed for the expiration of the term, and Lessee will then quit and surrender the leased premises to the City, provided, however, and notwithstanding any provision of this paragraph to the contrary, the City shall not have the right to terminate this Lease because of commencement of maintenance by Lessee of a proceeding for reorganization or arrangement under Chapters X and XI of the Federal Bankruptcy Act (or any equivalent or comparable proceeding under Federal Bankruptcy Laws that may be amended from time to time) if Lessee continues to comply with all other provisions of this Lease.

C. Obligations Following Termination. Except as otherwise provided herein, in the event of cancellation and termination of this Lease by the City as hereunder provided, the parties shall have no further obligations hereunder, except that Lessee shall remain liable to the City for all damages, rents and fees accrued to the date of

termination.

D. Rights Cumulative. The rights and remedies of the City specified in subparagraph A above are not intended to be, and shall not be, exclusive of one another. The City shall have all rights and remedies provided herein (including the right to exercise any landlord's or similar lien upon property of Lessee located on or used in connection with the leased premises), and all such rights and remedies may be exercised by the City or by its designee. Neither the delay nor the omission to exercise any right or power accruing to either party shall impair any such right or power, or shall be construed to be a waiver thereof, or relieve the other party of any of its responsibilities or obligations under this Lease or from any liability resulting therefrom, or in any way amend, modify, alter, limit or otherwise affect the rights of the parties hereunder.

18. Notice. All notices required to be given to the City hereunder shall be in writing and be hand-delivered or sent by certified mail with return receipt requested to the City of Las Cruces, P.O. Drawer CLC, Las Cruces, New Mexico 88004, or 201 N. Church. All notices required to be given to Lessee hereunder shall be in writing and hand-delivered or sent by certified mail with return receipt requested in duplicate to Lessee, one copy to the attention of

It is further provided that the parties, or either of them, may designate in writing from time to time supplementary persons or

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addresses in connection with said notices. Effective date of service of any such notice shall be the date of such notice is hand-delivered or received by Lessee or the City.

19. Conditions to Transfer.

A. Transfers.

- (i) No transfer of this Lease shall be made without prior written approval of the City, and the Federal Aviation Administration.

The City shall have the right to approve or disapprove said transfer of Lease after investigation and inspection provided that such approval shall not be unreasonably withheld.

- (ii) If at any time Lessee desires to make such a transfer to a successor, Lessee shall give thirty (30) days prior written notice to the City of the identity of the successor and the approximate price and general terms of transfer. Upon satisfaction of the provisions of (i) above, the City shall promptly approve such transfer; provided, that approval to such transfer has been approved by the Federal Aviation Administration.
- (iii) Notwithstanding the provisions of (i) and (ii) of this paragraph, Lessee may assign this Lease to a subsidiary which is wholly owned by Lessee without the City's consent and this Lease may be held by said subsidiary;

provided, however, that any transfer of the Lease by such subsidiary shall be subject to the provisions of said subparagraphs (i) and (ii) above and provided further that such assignment shall not relieve Lessee of its duties, liabilities and obligations under this Lease.

B. Prohibition Against Leasehold Pledge. Without the City's prior consent in writing, Lessee shall not pledge, mortgage, hypothecate, or otherwise encumber or grant or give any other security interest in the leased premises, except as follows: If the city agrees to the construction or improvements on the leasehold by Lessee, the City, upon request by the Lessee, shall permit Lessee to encumber the leasehold interest granted by this Lease for the purpose of financing such improvements, in a manner acceptable to the City, but only on the separate parcel of land on which such improvements are to be constructed, together with such additional lands as may be necessary for automobile parking in connection with the use and occupancy of such improvements. The City agrees that this Lease shall be subordinate to the construction and permanent financing of such improvements. Provided, however, that in the event of a foreclosure of any mortgage or other security document granted by Lessee concerning all or any part of the leased premises created by this Lease, the foreclosing party following such foreclosure shall have no greater rights with respect to the leased premises than are

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granted to Lessee under this Lease and all other operations, if any, conducted by the secured foreclosing party shall be consistent with the terms of this Lease. Any mortgage or security document given Lessee shall provide that all notices of default required to be given to Lessee by the holder hereof shall also be given to the City and, in the event Lessee fails to cure such default, the City shall have the right, but not the obligation, to cure such default within the same period granted to Lessee under such mortgage or security document.

C. Violation of Prohibitions Against Transfer. Any attempt to transfer any interest in violation of the provisions of subparagraphs A and B above, shall be void. In addition, any such transfer shall constitute a default under the provisions of this Lease so as to entitle the City to exercise all remedies available to it upon default hereunder.

20. Covenants of the City. The City agrees that during the term of this Lease and any renewal thereof:

A. Maintenance. The City shall at all times fulfill its obligations to the general aviation public to maintain in good operating condition the runways, ramps and paved areas at the Airport. Shall stripe all runways and taxiways at the Airport.

B. Parking Areas. Lessee and Lessee's officers, agents, employees, customers, and invitees may use such public parking facilities as are provided by the City at the Airport.

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C. Quiet Possession. The City covenants that Lessee, upon payment of rent reserved herein and the performance of each of the covenants, agreements and conditions on the part of Lessee to be observed and performed, shall and may, peaceably and quietly have, hold and enjoy the leased premises for the term hereof, 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 this Lease and the following:

- (i) The City hereby reserves, for the use and benefit of the public, a right of flight for the passage of aircraft in the navigable airspace above the surface of the leased premises, as determined by the regulations and technical standards promulgated by the Federal Aviation Administration, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft now or hereafter used for navigation of or flight in air, using said airspace for landing at, taking off from, or operating on the airport.
- (ii) The City reserves the right to take such action as may be reasonably necessary to protect aerial approaches to the Airport against obstruction, including the right to prevent Lessee from erecting or permitting to be erected any improvements on the Airport which would

constitute a hazard to aircraft.

- (iii) The City reserves, subject to the BLM Patent, from this Lease, all water, gas, oil, hydrocarbon and mineral rights in and under the surface of the leased premises; provided, however, that the City shall not conduct any operations on the surface of the leased premises for the exploration, development or recovery of the rights and substances reserved which would unreasonably interfere with Lessee's use and occupancy of the leased premises.

D. Continuation of Operations. Subject to applicable federal, state, county and municipal statutes, ~~resolution~~, ordinances, rules and regulations, the City shall not impose any rule, regulation or standard at the Airport which would not generally apply to all operators and other authorized users or which would unreasonably impede, impair or restrain general aviation usage or operations at such Airport, nor shall any such rule, regulation or standard derogate, ~~contradict or conflict~~ with any provision contained herein without the City first having obtained the express written consent of Lessee.

21. Cancellation and Termination by Lessee. This Lease may be cancelled and terminated by Lessee upon sixty (60) days written notice to the City, if such cancellation and termination is by reason of the City's permanent abandonment of the Airport or the breach of the City of any of

the provisions of this Lease and the failure of the City to (i) commence compliance with such provisions within sixty (60) days after receipt of written notice of such breach from Lessee; or (ii) to pursue diligently after such commencement the faithful performance, keeping or observation of such provisions; then Lessee shall have the right to recover from the City all actual damages sustained by Lessee as a result of such abandonment or breach.

22. Arbitration: The parties must submit all controversies under this Lease to arbitration in Las Cruces, New Mexico, according to the rules and practices of the American Arbitration Association then in force. This submission and agreement to arbitrate shall be specifically enforceable. Arbitration may proceed in the absence of any party if notice of the proceedings has been given to such party. The parties agree to abide by all awards rendered in such proceedings. Such award shall be final and binding on all parties to the extent and in the manner provided by the New Mexico Rules of Civil Procedure. All awards may be filed with the clerk of one or more courts, state or federal, having jurisdiction over the party against whom such an award is rendered on his property as a basis of judgment and of the issuance of execution for its collection. No party shall be considered in default hereunder during the pendency of arbitration proceedings relating to such default.

23. Attorney's Fees and Costs. If, notwithstanding any provision herein appearing to the contrary, suit is brought by either the City or

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Lessee to enforce any provision of this Lease, or to recover damages for the breach of any provision in this Lease, the prevailing party shall be entitled to recover from the non-prevailing party in such lawsuit all costs of preparation for and conduct of such lawsuit, including reasonable attorney's fees.

24. Miscellaneous.

A. Governing Law. This Lease shall be deemed to have been made in and shall be construed in accordance with the laws of the State of New Mexico.

B. Paragraph Headings and Table of Contents. The paragraph headings and Table of Contents contained herein are for convenience in reference only and are not intended to define or limit the scope of any provision of this Lease.

C. No Personal Liability. No Councillor, officer, or employee of the City nor any officer, agent or employee of the Las Cruces International Airport, or officers and agents of Lessee shall be held personally liable under this Lease or because of its enforcement or attempted enforcement.

D. Entire Agreement. This Lease covers and includes the agreement between the parties and there are no promises, representations, warranties, condition, terms or obligations other than those contained herein. Lessee has read and understands the whole of this Agreement and now states that no representations, promises or agreements not expressed

herein have been made to induce the Lessee to enter into it. This Lease may not be altered, changed, amended or in any way modified without the express written consent of both parties.

E. Severability. Any covenants, condition or provision herein contained that is held to be invalid by any court or competent jurisdiction shall be considered deleted from this Lease, but such deletion shall in no way affect any other covenant, condition or provision herein contained, so long as such deletion does not materially prejudice the City or Lessee in their respective rights contained in the valid covenants, condition, or provisions of this Lease.

F. Eminent Domain.

- (i) In the event that all or substantially all of the leased premises or any material portion of the Airport premises or facilities outside the leased premises which Lessee is entitled to use pursuant to this Agreement shall be appropriated or taken under the power of eminent domain, or by purchase in lieu thereof, at any time during the lease term so as to substantially interfere with Lessee's operations as an operator. This agreement may be terminated by Lessee as of the date that title to the property taken vests in such condemning authority. In the event of a condemnation of, or including the leased premises,

Lessee shall be entitled to the monetary award attributable to the condemnation or purchase of the Lease. In the event the parties cannot determine whether or not substantial interference has occurred, the parties shall submit the matter to arbitration.

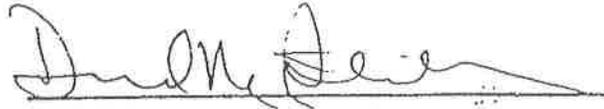
- (ii) In all instances of an appropriation or taking of a portion of the leased premises under the power of eminent domain, or purchase in lieu of this agreement, Lessee shall restore as promptly as practicable and to the extent permitted by application of the proceeds paid by the condemning authority pursuant to any exercise of such power of eminent domain, the remaining portion of the leased premises to a condition which will permit Lessee to substantially carry on its operations as an operator. Any condemnation proceeds not required for the purpose of restoration shall belong to Lessee. In the event Lessee elects not to terminate this Agreement, effective as of the date of such taking, the rental payable hereunder shall be wholly abated during any time Lessee is unable to substantially carry on its operations, and upon restoration and resumption of Lessee's operations as an operator, the rental payable hereunder shall be

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holding over.

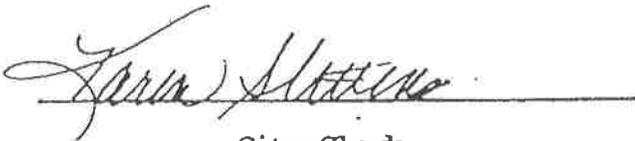
IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the date first above written.

CITY OF LAS CRUCES, NEW MEXICO



Mayor

ATTEST:



City Clerk

(SEAL)

APPROVED AS TO FORM:

City Attorney

STATE OF NEW MEXICO)

) ss.

COUNTY OF DONA ANA)

The foregoing instrument was acknowledged before me this 9th day of October, 1985, by David M. Steinborn, Mayor of the City of Las Cruces, New Mexico.

[Handwritten Signature]
Notary Public

My Commission Expires: 1/5/87

B.J., ADAY

[Handwritten Signature]

WILLIAM MADOFF

[Handwritten Signature]

HARRY WILEY

[Handwritten Signature]

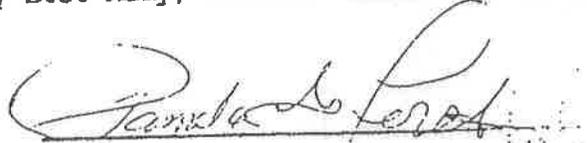
ATTEST:

STATE OF NEW MEXICO)

) ss.

COUNTY OF DONA ANA)

The foregoing instrument was acknowledged before me this 9th day of October, 1985, by B.J. Aday, William Madden and Harry Wiley, of Las Cruces, New Mexico.



Notary Public

My Commission Expires: 1/5/87



Corrected Exhibit "A-1"

July 22, 1986

CORRECTED
DESCRIPTION OF A 0.6887 ACRE TRACT

A tract of land situate at the Las Cruces International Airport west of Las Cruces, Dona Ana County, New Mexico in Section 26, T.23S., R.1W., N.M.P.M. of the U.S.G.L.O. Surveys and being more particularly described as follows, to wit:

BEGINNING at a point on the north line of a 2 foot wide walk for the northwest corner of this tract, whence the northwest corner of Section 26, T.23S., R.1W., N.M.P.M. of the U.S.G.L.O. Surveys bears N.50°37'09"W., 2333.92 feet;

THENCE from the place of beginning along the north line of the above walk, N.89°57'39"E., 300.00 feet to the northeast corner;

THENCE leaving the concrete walk and for the most part along the east wall of a hanger S.0°02'12"E., 100.00 feet to the southeast corner of this tract;

THENCE S.89°57'39"W., 300.00 feet to the southwest corner of this tract;

THENCE N.0°02'21"W., 100.00 feet to the place of beginning, containing 30,000 square feet (0.6887 acre) of land, more or less. Description by Botsford Land Surveying, Inc.

#860388

EXHIBIT "B"

SCHEDULE OF RENTS AND FEES1. Land:

Lessee agrees to pay City three (\$0.03) cents per square foot annually for Parcel 15. Payment shall be made very year in advance and shall be due and payable on or before the anniversary date of the Lease. The Lease amount shall be adjusted each five (5) years during the initial term of this agreement to reflect any changes, increases or decreases in the "Revised Consumers Price Index-Cities (1967-100)", hereinafter called "Index", published by the Bureau of Labor Statistics of the United States Department of Labor. The initial year of the Lease shall be the first base year and the rental rate of three (\$0.03) cents per square foot shall be multiplied by the percentage of increase in the Index and the result of that multiplication shall be the amount of additional rental to be paid each year for the next five (5) years."

2. Delinquency Charge:

A delinquency charge of one (1%) percent per month shall be added to payments as outlined in this Exhibit which are rendered more than fifteen (15) days delinquent.

Special Provisions:

- a. Lessee is required to pave a 40-foot taxiway if payment is not in place in front of the leased property. Pavement will be constructed to specifications of the adjoining existing taxiway.
- b. Although it is not the general intent of the Lessee to lease property as a commercial venture, from time to time Lessee may need to sublease space within the hangar. Provided the City is given written notice of intentions to sublease, Lessee may sublease the hangar for airport storage purposes only.

If Lessee, or their successors should sublease the subject premises to anyone doing business with the public, then Lessee agrees to the following:

- (i) Right to Use Airfield: In addition to the premises specifically designated for its exclusive use, this Agreement grants the non-exclusive right to use the airfield and associated operational area in common with others so authorized which right shall be exercised in accordance with laws of the United States of America and the State of New Mexico and the rules and regulations promulgated by their authority with references to aviation and air navigation and all pertinent directives, rules and regulations of the City and Airport Advisory Board.

- (ii) Books and Records: Lessee shall keep and maintain true and accurate books and records of its sublease operations under the terms of this Lease in accordance with generally accepted accounting principles, for inspection and copying by prior appointment during the terms of this Lease and for two (2) years thereafter.
- (iii) Lessee shall make its accommodations and services available to the public on fair and reasonable terms without unjust discrimination on the basis of race, color, religion, sex, age or national origin.
- (iv) When subleasing space Lessee shall sublease on a fair, equal and non-discriminatory basis and it shall charge fair, reasonable and non-discriminatory prices.

c. Gross Receipts/Subleasing

A sum equal to two (2%) percent of the adjusted gross receipts from the sublease of spaces in the Hangar by Lessee at the airport shall be paid monthly. The term "adjusted gross receipts", as used in this agreement shall mean the aggregate amount of all sales made and services performed, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property or services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from the adjusted gross receipts federal, state and municipal sales taxes.

EXHIBIT "C"

STANDARD CONSTRUCTION SCHEDULE

All Lessees at the Las Cruces International Airport shall be given three (3) months from date of execution of lease to commence construction and an additional six (6) months to complete such construction as further described in Paragraph #3 and #10.

EXHIBIT "D"

MINIMUM INSURANCE REQUIREMENTS

Lessee shall procure insurance in an amount not less than that required by the New Mexico State Tort Claims Act, Sections 41-4-1 et. seq., NMSA 1978, which policy shall contain contractual liability coverage for the indemnification obligations set forth in Section 5(H) of the Agreement. Such policy of insurance shall be maintained in full force and effect during all terms of this agreement. Copies of all policies of insurance shall be delivered to City and shall be held for the benefit of the parties as their respective interests may appear. The amounts of said insurance shall not be deemed a limitation on Lessee's agreement to save and hold City harmless, and if City becomes liable for an amount in excess of the insurance, Lessee will save and hold City harmless for the whole thereof.

Lessee shall also procure and maintain property insurance covering the hangars. Such insurance shall cover the perils of fire and extended coverage, including vandalism and malicious mischief, shall be on a replacement cost basis, and shall name the City of Las Cruces as an additional insured, as its interest may appear.

STATE OF N. MEX., Co. of Dona Ana, ss
 I, _____, County Clerk, do hereby certify that this instrument was filed for record and duly recorded on:
 REFERENCE NO. _____
 9861 12 1 86

JUN 25 11 10 03
 CLERK

State of N. Mex., Co. of Dona Ana; ss
 RECEPTION NO. 22099 Hereby
 certify that this instrument was filed
 for record and duly recorded on:

DEC 23 1985

1:52 P. M. 31 95
 Book 201 Page 31 of the
 Records of said County. Bernice Bowden
 County Clerk
Margaret Smith

DEC 23 1985
 CLERK

State of N. Mex., Co. of Dona Ana; ss
 RECEPTION NO. 14888 Hereby
 certify that this instrument was filed
 for record and duly recorded on:

JUN 25 1986

10:03 A. M. 10 86
 Book 201 Page 100 of the
 Records of said County. Bernice Bowden
 County Clerk
Margaret Smith

EXHIBIT "C"

STANDARD CONSTRUCTION SCHEDULE

All Lessees at the Las Cruces International Airport shall be given three (3) months from date of execution of lease to commence construction and an additional six (6) months to complete such construction as further described in Paragraph #3 and #10.

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Lessee shall also procure and maintain property insurance covering the hangars. Such insurance shall cover the perils of fire and extended coverage, including vandalism and malicious mischief, shall be on a replacement cost basis, and shall name the City of Las Cruces as an additional insured, as its interest may appear.

State of N. Mex., Co. of Dona Ana, ss
 I hereby certify that this instrument was filed for record and duly recorded on:
 RECEPTION NO. 9861
 25 JUL 1986

State of N. Mex., Co. of Dona Ana, ss
 RECEPTION NO. 22099 Hereby
 certify that this instrument was filed
 for record and duly recorded on:

DEC 23 1985

1:52 P.M. 350
 Book 301 Page 51 of the
 Records of said County. Bernice Bowden 95
 County Clerk
Margaret S. [Signature]

06 JUL 25 PM 10 03
 CLERK

State of N. Mex., Co. of Dona Ana, ss
 RECEPTION NO. 14888 Hereby
 certify that this instrument was filed
 for record and duly recorded on:

25 1986

10:03 A.M. 1986
 Book 208 Page 190 of the
 Records of said County. Bernice Bowden
Margaret S. [Signature]



WAM Inc.

PO Box 3178

Las Cruces, NM 88003

February 16, 2015

Lisa L. Murphy, AICP, CM
Manager, Las Cruces International Airport
PO Box 20000
Las Cruces, New Mexico 88004-9002

Dear Ms. Murphy,

Thank you for your letter of 22 December, 2015 regarding the future expiration of our land lease for Parcel 15 at Las Cruces International Airport. This letter is notification that WAM Inc. does intend to renew its option for the first 10 year option term as specified in our lease agreement.

Sincerely,

William L. Madden
Vice President, WAM Inc.

AIRPORT ADVISORY BOARD MEETING**CITY OF LAS CRUCES, New Mexico****July 16, 2015**

Members Present: Robert Wood (Chair), Thomas Delgado, Joe Dearing, Dennis Zaklan, and Jerry Leyendecker.

Others Present: Lisa Murphy, Airport Manager; David Maestas, City of Las Cruces Transportation Director; Gary Camarano, City of Las Cruces Economic Development Coordinator; Ross Palmer, PSL; Hal Kading, Southwest Aviation; Marty Dittmore, EAA hangar owner; J.H. Bentley; Denise Frost, Frost Aviation; Chris Frost, Frost Aviation; Jared Fulton, Dan Disley, Jason Nicolls with Native Air; and Margaret Hensley, Transit Administrative Assistant.

CALL TO ORDER

Airport Board Chairman, Robert Wood, called the meeting to order at 12:30 p.m. in the Fire Station 7 meeting room; and a quorum was noted.

APPROVAL OF MINUTES

Mr. Wood asked if each board member had an opportunity to review the minutes from the meeting on May 21, 2015. All agreed and Jerry Leyendecker motioned for approval with Joe Dearing seconding the motion. Motion passed, minutes accepted.

UNFINISHED BUSINESS:

None.

NEW BUSINESS:**Update on Economic Development Activities**

Gary Camarano, Economic Development Coordinator for the City of Las Cruces, provided the update to include the City joining the Lieutenant Governor's office and going out to the National Aerospace Foreign Direct Investment Expedition to search for more out of country aerospace companies that would like to take advantage of our numerous assets. The City has been in touch with companies from Taiwan and Europe. Also, the Navy training wing is returning to the airport.

A question was posed, "What is scope of ARCA's endeavor here?" Mr. Camarano responded, "Initially they will start manufacturing what they call their air robot and will be testing with PSL. In the future they will be bringing rocket engines and more space vehicle operations. They have a very impressive expansion plan. We are considering them a start-up company here in the US. They have signed a Letter of Understanding with the Spaceport for further testing. Upon achieving certain employment milestones we will be working with them to build a new facility. There is a financial incentive upon completion of certain milestones regarding job creation numbers. This incentive comes from the City of Las Cruces and the State of New Mexico with "claw-back" clauses for each milestone."

Airport Manager's Report:

Mrs. Murphy read the following report:

**Airport Manager's Report
July 16, 2015**

Navy Training Detachment: The Navy is coming! Sixteen T-6 "Texan II" trainer aircraft and associated student pilots, instructor pilots and maintenance personnel will start arriving next week for a 60-day training detachment. Actual flight training will start on July 27. Francis Aviation will be providing fueling services as they have the military fueling contract. Detachment personnel will hold an informational meeting at the terminal building, 8990 Zia Boulevard on Saturday, July 25 at 12:00 pm.

PAPIs: The bids for the PAPI installation came in low enough that we should be able to get them on both runways 8 and 26. Next steps will be getting the FAA grant and awarding contracts to the contractor and engineer. The work will start sometime in the fall and should take about a month. Bixby Electric was the apparent low bidder.

ARCA: ARCA Space, an aerospace company from Romania, will be establishing their business at the airport. Governor Martinez and other dignitaries were at the airport on July 13 to make the official announcement. ARCA plans to use portions of the 8960 Zia Boulevard building for their offices and showroom and hangar space for design development assembly. ARCA is known for rocket and "air robot" development. The company is being assisted by Local Economic Development Act (LEDA) funding in exchange for job creation. Twenty new jobs are expected the first year and 100 new jobs should be created in two years.

Runway Safety Area Work: The City's Streets section has been diligently working to bring the Runway Safety Areas (RSA) for Runway 8/26 into conformance with current FAA standards. Crews have completed the RSA at the approach end of Runway 8 and will move on to the north side of Runway 8/26 and the approach end of Runway 26 as scheduling permits. The work is grueling as it requires not only removing

large amounts of vegetation but also precise grading. The project has and will continue to require intermittent runway closures but the inconvenience will be far outweighed by the benefits of keeping 8/26 as a C-11 category runway. Additionally, some grading work will be required off the approach end of Runway 30 but it will not be as extensive as the Runway 8/26 work.

There was discussion regarding the slurry seal that will be applied to certain deteriorated areas of the airport. Mr. Maestas was able to provide extra explanation about the slurry seal and the process. The life expectancy of this process is approximately 3 – 5 years. After clearing the end of the runways per the FAA, that area will not be seeded. Measures will be taken to keep the dust down.

Painting Work: The surface painted holding position signs and mandatory hold lines off Taxiway A at Taxiways B, E, F and G require repainting, along with the northern side stripe on Runway 8/26. This work has been scheduled for the week of September 28.

Gene Kennon: Gene Kennon, a former Las Cruces City Councillor and Mayor Pro-Tem, passed away on June 25 at his home. Mr. Kennon was not only a distinguished citizen and very active in the community, he was a tireless supporter of the airport and was the driving force behind the 2007 Kennon Annexation, which annexed additional land into the City adjacent to the airport. This annexation resulted in additional land use protections for the airport.

Fuel Storage Facility: The City is still working with the contractor to finalize the last few warranty items. A fuel farm lease for Southwest Aviation should be executed soon.

New Assistant City Manager: The City has hired a new Assistant City Manager/Chief Operating Officer to replace Brian Denmark, who retired at the end of May. Daniel Avila, PE, will be responsible for the operating departments of the City (Community and Cultural Services, Community Development, Public Works, Parks and Recreation and Transportation). Mr. Avila is from El Paso so he is very familiar with the area. I was honored that he came to tour the airport on his third day on the job!

Request to Exercise Lease Extension Option: Parcel 15, WAM

There was discussion among the board members about whether to take to vote on both lease agreements at the same time. It was decided that after being presented with the details on both lease extensions, one vote would carry both.

Request to Exercise Lease Extension Option: Parcel 12, Karp

Jerry Leyendecker motioned to approve 10-year lease extension options for both Parcel 15, WAM and Parcel 12, Karp. Robert Wood seconded the motion. Motion carried. Both lease extension options are approved. 

Airport Action Plan: Delta Airport Consultants staff met with City officials on June 30 to discuss matters related to the rates and charges study and the airport business plan. Delta's Rusty Chapman plans to be at the August 20 Airport Advisory Board to present an update in person. In the meantime, a written status report has been provided to the Board for review at the July 16 Board meeting. There was discussion about receiving a draft of the first chapter of their recommendations instead of all of the recommendations at one time.

Discussion Items

Mr. Zaklan discussed making presentations to cover rules and safety factors necessary for un-manned aircraft as an opportunity to educate the public and other interested parties in the safety and capabilities of this type of aircraft. Mr. Zaklan received much encouragement to include middle-school and high school students interested in this type of aircraft and to move the presentations into the school year.

Adjournment

Joe Dearing motioned to adjourn the meeting; Jerry Leyendecker seconded the motion. Motion passed. Meeting adjourned at 1:13 p.m.

Chair

Recording Secretary



City of Las Cruces[®]

PEOPLE HELPING PEOPLE

COUNCIL ACTION AND EXECUTIVE SUMMARY PACKET ROUTING SLIP

For Meeting of _____
(Ordinance First Reading Date)

For Meeting of September 21, 2015
(Adoption Date)

TITLE:

A RESOLUTION GRANTING THE FIRST OF FOUR POSSIBLE TEN-YEAR LAND LEASE EXTENSION OPTIONS FOR PARCEL 15 AT THE LAS CRUCES INTERNATIONAL AIRPORT, LESSEE WAM, INC.

Purchasing Manager's Request to Contract (PMRC) {Required?} Yes No

DEPARTMENT	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact	<i>Lisa Murphy</i>	541-2471	9-3-15
Department Director	<i>Dail Maestri</i>	541-2048	9-3-15
Management & Budget Manager	<i>Robert Hernandez</i>	541-2106	9/8/15 9-4-15
Assistant City Manager/COO	<i>Daniel Oula</i>	541-2271	9-8-15
City Attorney	<i>WRB</i>	541-2128	11 Sept 2015
City Clerk	<i>Diana Felix</i>	541-2115	9/14/15
City Manager		541-2076	