

All persons desiring to speak on agenda items are asked to fill out a *Speaker Information Card* and place it at the Staff Table prior to the start of discussion of the agenda item. Each individual speaker will be limited to a presentation total of three (3) minutes per person, per item.

**AMERICANS WITH DISABILITIES ACT** Individuals who, because of a disability, need special assistance to attend or participate in this meeting, may request assistance by contacting the City Clerk's Office (805) 237-3960. Whenever possible, requests should be made 4 working days in advance.

## CITY COUNCIL AGENDA SPECIAL MEETING

**Thursday, October 16, 2003 7:00 PM**

**MEETING LOCATION: PASO ROBLES LIBRARY/CITY HALL  
CONFERENCE CENTER, 1000 SPRING STREET**

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**PLEASE SUBMIT ALL CORRESPONDENCE FOR CITY COUNCIL PRIOR  
TO THE MEETING WITH A COPY TO THE CITY CLERK**

**7:00 PM – CONVENE SPECIAL MEETING**

**CALL TO ORDER** – Downstairs Conference Center

**PLEDGE OF ALLEGIANCE**

**ROLL CALL** Councilmembers George Finigan, Jim Heggarty, Gary Nemeth, Duane Picanco and Mayor Frank Mecham

**PUBLIC COMMENTS**

This is the time the public may address the Council on items other than those scheduled on the agenda. **PLEASE SPEAK DIRECTLY INTO THE MICROPHONE AND BEGIN BY STATING YOUR NAME AND ADDRESS. EACH PERSON AND SUBJECT IS LIMITED TO A 3-MINUTE DISCUSSION.** Any person or subject requiring more than three minutes may be scheduled for a future Council meeting or referred to committee or staff. Those persons wishing to speak on any item scheduled on the agenda will be given an opportunity to do so at the time that item is being considered.

## **DISCUSSION**

### **1. Airport Lease Assignment – Pacific Management & Development**

J. Deakin, Public Works Director

Consider assigning a property lease on Parcel 14-B (3003 Rollie Gates Drive) in the Airport Industrial Park. (In April 1988, the City entered into a long-term lease agreement with Pacific Management & Development Corp. [PMD] for this parcel. PMD has requested approval of a lease assignment to the KMBG limited partnership, also doing business as Scientific Drilling International and Applied Technologies Corporation. The lease assignment is consistent with the provisions of the approved lease agreement and Lessee and Assignee represent that the leased premises shall continue to be used in accordance with the allowed uses for the site.)

#### **OPTIONS:**

- a.** Adopt Resolution No. 03-xx approving the subject lease assignment and authorizing the required execution thereof.
  
- c.** Amend, modify or reject the above option.

#### **ROLL CALL VOTE**

**ADJOURNMENT:** to THE REGULAR CITY COUNCIL MEETING AT 7:30 PM ON TUESDAY, OCTOBER 21, 2003, AT THE LIBRARY/CITY HALL CONFERENCE CENTER, 1000 SPRING STREET.

**TO:** James L. App, City Manager  
**FROM:** Joseph M. Deakin, Public Works Director  
**SUBJECT:** Airport Lease Assignment – Pacific Management & Development  
**DATE:** October 16, 2003

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**NEEDS:** For the City Council to consider a request by Pacific Management & Development Corporation to assign a property lease on Parcel 14-B in the Airport Industrial Park.

**FACTS:**

1. On April 1, 1988, the City entered into a long-term lease agreement with Pacific Management & Development Corp. for Parcel 14-B (3003 Rollie Gates Drive) at the Municipal Airport.
2. On October 8, 2003 Pacific Management & Development Corporation requested the City approve a lease assignment to KMBG limited partnership (also doing business as Scientific Drilling International, and Applied Technologies Corporation).
3. The Lessee and Assignee represent that the leased premises shall continue to be used in accordance with the allowed uses for the site (generally industrial/warehouse with office).

**ANALYSIS  
AND**

**CONCLUSION:** The lease assignment from Pacific Management & Development to KMBG is consistent with the provisions of the approved lease agreement. The intended use and occupancy of the premises is allowed and encouraged, and provides for business expansion by a successful, local industry. The assignment has been reviewed by legal counsel and is approved as to form.

**POLICY**

**REFERENCE:** Airport Lease Policy, Airport Minimum Standards

**FISCAL**

**IMPACT:** None. The established rental rates in the lease agreement remain unchanged.

**OPTIONS:**

- A. Adopt Resolution No. 03-xx approving the subject lease assignment and authorizing the required execution thereof.
- B. Amend, modify, or reject the above option.

Attachments: (3)

- 1) Resolution
- 2) Lease Assignment
- 3) Memorandum of Lease Assignment

RESOLUTION NO. 03-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
APPROVING THE ASSIGNMENT OF A LONG-TERM PROPERTY LEASE OF  
PARCEL 14-B IN THE AIRPORT INDUSTRIAL PARK  
FROM PACIFIC MANAGEMENT & DEVELOPMENT CORP. TO KMBG  
AND AUTHORIZING THE EXECUTION OF SAID ASSIGNMENT

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WHEREAS, the City of Paso Robles (herein "City") entered into a long-term lease agreement with Pacific Management & Development Corp. on April 1, 1988 for premises on the Municipal Airport; and

WHEREAS, Pacific Management & Development Corporation requests an assignment of the lease agreement to KMBG; and

WHEREAS, provisions within the lease agreement allow for City approval of the requested assignment; and

WHEREAS, the lease agreement is currently found to be in full force and compliance; and

WHEREAS, the proposed Assignee has proven to be a responsible and qualified Lessee.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. That the City Council of the City of Paso Robles does hereby approve the Assignment of Lease of Parcel 14-B, and the terms and conditions therein stated.

SECTION 2. That the City Council of the City of Paso Robles does hereby release the current lessees, Pacific Management & Development, from any and all responsibility and obligation under the terms of the lease agreement.

SECTION 3. That the City Council of the City of Paso Robles does hereby recognize KMBG as the Assignees and Tenants under the Lease agreement.

SECTION 4. That the City Council of the City of Paso Robles does hereby authorize the execution and recordation of the documentation of this agreement as required.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 16th day of October 2003 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk

## ASSIGNMENT AND AMENDMENT OF LEASE

This Assignment and Amendment of Lease ("Assignment") is made as of October 16, 2003, by and between **Pacific Management & Development Corp.** ("Assignor") and **KMBG, Ltd.** ("Assignee").

### RECITALS

A. The City of El Paso de Robles ("Landlord"), as landlord, and Pacific Management & Development Corp., as lessees, entered into a Non-Subordinated Airport Ground Lease (hereinafter, "Lease"), a copy of which is attached and incorporated by reference as Exhibit B, pursuant to which Lessor leased to Lessee and Lessee leased from Lessor that certain property identified as **Parcel 14-B of Parcel Map PRAL 80-53, and consisting of 3.9 acres, commonly known as 3003 Rollie Gates Drive**, more particularly described on Exhibit "A", attached hereto, and incorporated herein by reference, for a term of 50 years, commencing on April 1, 1988, and ending on March 31, 2038, unless subject to earlier termination as provided in the Lease.

B. Lessee (hereinafter, "Assignor") desires to assign the subject Lease to **KMBG, Ltd., a Texas Limited Partnership**, (hereinafter, "Assignee"), and Assignee desires to accept the assignment of the Lease from the Assignor and assume all responsibilities and obligations of Lessee under the Lease.

C. Assignor desires to be released from the obligations of the subject Lease, and Assignee desires to be substituted as Lessee under the terms and conditions of the lease agreement.

Therefore, for good and valuable consideration, the receipt and adequacy of which are acknowledged, Assignor and Assignee agree as follows:

#### **Section 1. Assignment.**

Assignor assigns and transfers to Assignee all right, title, and interest in the Lease and Assignee accepts from Assignor all right, title, and interest, subject to the terms and conditions set forth in this Assignment.

#### **Section 2. Assumption of Lease Obligations**

Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as Lessee under the Lease, including the making of all payments due to or payable on behalf of Landlord under the Lease as they become due and payable.

#### **Section 3. Amendments to Lease**

The Lease Agreement is amended to read as follows:

As Lessee:	KMBG, Ltd. 3025 Buena Vista Drive, Suite 'A' Paso Robles, CA 93446
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#### **Section 4. Assignor's Covenants**

- a. Assignor covenants that the copy of the Lease attached as Exhibit "B" is a true and accurate copy of the Lease as currently in effect and that there exists no other agreement affecting Assignor's tenancy under the Lease.
- b. Assignor covenants that the Lease is in full effect and no default exists under the Lease, nor any acts or events which, with the passage of time or the giving of notice or both, could become defaults.

#### **Section 5. Litigation Costs**

If any litigation between Assignor and Assignee arises out of this Assignment or concerning the meaning of interpretation of this Assignment, the losing party shall pay the prevailing party's costs and expenses of this litigation, including, without limitation, reasonable attorney fees.

**Section 6. Indemnification**

Assignor indemnifies Assignee from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignor to fulfill Assignor's obligations under the Lease, and accruing with respect to the period on or prior to the date of this Assignment. Assignee indemnifies Assignor from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignee to fulfill obligations under the Lease, and accruing with respect to the period subsequent to the date of this Assignment.

**Section 7. Successors and Assigns**

This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

**Section 8. Governing Law**

This Assignment shall be governed by and construed in accordance with California law.

The parties have executed this Assignment as of the date first above written.

**ASSIGNOR:**

**Pacific Management & Development Corp.**

\_\_\_\_\_  
James R. Saunders, President  
*Signature to be notarized*

**ASSIGNEE:**

**KMBG, Ltd.**

\_\_\_\_\_  
Donald H. Van Steenwyk, Managing Partner  
*Signature to be notarized*

\_\_\_\_\_  
Elizabeth A. Van Steenwyk, Managing Partner  
*Signature to be notarized*

**Recording Requested by and  
When Recorded Return to:**

**City of Paso Robles  
Department of Public Works  
1000 Spring Street  
Paso Robles, CA 93446**

*For Recorder Use Only*

**MEMORANDUM OF ASSIGNMENT OF LEASE  
PARCEL 14-B OF Parcel Map PRAL 80-53**

Pacific Management & Development Corp., KMBG, Ltd. and the City of El Paso De Robles enter into this Memorandum of Assignment of Lease of Parcel 14-B of PRAL 80-53, commonly known as 3003 Rollie Gates Drive, Paso Robles, California (herein the Property) with reference to the following:

**1. Landlord/Tenant**

On or about April 1, 1988, the City of El Paso de Robles entered into a Non-subordinated Airport Ground Lease (hereinafter, lease) for property within the Airport Industrial Park with Pacific Management & Development Corp. as Tenants of the Property and the City of El Paso de Robles as Landlord.

**2. Term of Lease**

Section I (Term) of the Lease states in relevant part:

“The term of this Lease shall consist of 50 years commencing on April 1, 1988, and expiring on March 31, 2038

**3. Assignment**

Section XXVI (Lease Assignment) of the Lease states in relevant part:

“...Lessee shall not assign or sub-lease said lease without the written consent of City, provided that if Lessee assigns or sub-leases said lease without the written consent of City that said Lease shall, at the option of the City, immediately cease and terminate. Consent to assignment and /or sub-lease shall not be unreasonably withheld...”

**4. Assignment to KMBG, Ltd.:**

Pursuant to Section XXVI of the Lease, Pacific Management & Development Corp., Tenants, requested the City's consent to the Assignment of the Lease to KMBG, Ltd.

**5. Landlord's Consent**

On October 16, 2003, the City of El Paso de Robles adopted Resolution 03-XX approving the Assignment, with findings. A certified copy of said Resolution is attached hereto as Exhibit A.

**6. Incorporation of the Lease**

The terms and conditions of the Lease are incorporated herein by reference.

**7. Successors and Assigns**

This Memorandum of Assignment of Lease shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns, subject, however, to the provisions of the Lease on assignment.

**8. Governing Law**

This Memorandum and the Lease are governed by California law.

Executed as of the \_\_\_\_ day of \_\_\_\_\_, 2003, at the City of El Paso de Robles, County of San Luis Obispo, State of California.

**ASSIGNOR:**  
Pacific Management & Development Corp.

**ASSIGNEE:**  
KMBG, Ltd.

\_\_\_\_\_  
James R. Saunders, President

\_\_\_\_\_  
Donald H. Van Steenwyk, Managing Partner

\_\_\_\_\_  
Elizabeth A. Van Steenwyk, Managing Partner

**LANDLORD:**  
City of Paso Robles

\_\_\_\_\_  
James L. App, City Manager

**ATTEST:**

\_\_\_\_\_  
Sharilyn M. Ryan, Deputy City Clerk