MEMORANDUM

TO: Airport Board
FROM: Patrick Dame, C.M., Executive Director
DATE: August 11, 2020
RE: Supplemental Lease Agreement #1 – US Dept of Agriculture Forest Service

The lease agreement with the US Dept of Agriculture Forest Service for the Air Operations Base (“Government”), expires on December 31, 2020. The agreement contains a renewal clause “at the option of the Government for a period of ten (10) years at the rate of $2,100/per to be paid in lump sum form…”

The Government has informed us they would like to exercise the option, however, they can no longer provide for a lump sum payment. Based on those discussions and with concurrence from the city attorney’s office, we have agreed to the renewal extension but with an annual payment throughout the option period. The attached addendum reflects those terms. All other terms and conditions within the lease agreement remain in effect.

STAFF RECOMMENDATION: Staff recommends Board Approval of Supplemental Lease Agreement #1 between the US Department of Agriculture Forest Service and Rapid City Regional Airport to extend the term for 10 years with an annual payment of $2,100.00 per year.
SUPPLEMENTAL LEASE AGREEMENT #1
US DEPARTMENT OF AGRICULTURE FOREST SERVICE AND RAPID CITY REGIONAL AIRPORT LEASE FOR AIR OPERATIONS BASE

The Rapid City Regional Airport Board City of Rapid City (Board) and the United States Department of Agriculture Forest Service (Lessee) (collectively, the Parties) entered into a lease agreement for an air operations base for a 25-year period commencing on December 12, 1995 and expiring on December 31, 2020 with an option for a 10-year renewal (Lease Agreement). Lessee internal lease number for this Lease Agreement was formerly 57-82X9-5-95006 and is hereby acknowledged as changed to 1282X995L3110. The Parties agree that the Lease Agreement remains in full force and effect, except as specifically modified by this Supplemental Lease Agreement. The Parties further agree that to date, each has substantially fulfilled all requirements of the Lease Agreement.

WHEREAS, Paragraph 5 of the Lease Agreement provides for renewal of the lease at the option of the Lessee for a period of 10 years at the rate of $2,100.00 per year to be paid in lump sum form; and

WHEREAS, the Lessee has provided timely written notice of its desire to exercise the option described in Paragraph 5 of the Lease Agreement; and

WHEREAS, the Lessee has requested an annual payment of $2,100.00 per year, instead of payment as a lump sum described in Paragraph 5 of the Lease Agreement.

NOW THEREFORE, be it agreed by the Parties as follows:

1. Renewal. The Lease Agreement is extended for 10 years with a termination date of December 31, 2030 (hereinafter, the “Option Term”).

2. Rent. The rent for the Option Term will be $2,100.00 paid on annual basis. This provision amends the provision in Paragraph 5 of the Lease Agreement requiring the Lessee to pay the rent for the Option Term in a lump sum form. Lessee will pay this rent during the Option Term by January 31st of each calendar year for the previous year’s rent according to the following schedule:

<table>
<thead>
<tr>
<th>Service Year</th>
<th>Payment Due Date</th>
<th>Service Year</th>
<th>Payment Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1-2021</td>
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<td>Year 6-2026</td>
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<tr>
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<td>January 31, 2029</td>
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<tr>
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<td>Year 5-2025</td>
<td>January 31, 2026</td>
<td>Year 10-2030</td>
<td>January 31, 2031</td>
</tr>
</tbody>
</table>

If the Lease Agreement (as modified by this Supplemental Lease Agreement) is terminated prior to December 31, 2030, the annual rent for the Option Term shall be prorated on a per diem basis for the number of days of the Lessee’s tenancy prior to
the termination date. The Lessee shall pay the prorated amount within 60 days of the termination date.

3. Except as specifically modified by this Supplemental Lease Agreement, all other terms of the Lease Agreement shall remain the same and continue in full force and effect.

IN WITNESS WHEREOF, the Parties execute this Supplemental Lease Agreement this 11th day of August, 2020.

RAPID CITY REGIONAL AIRPORT BOARD                  UNITED STATES OF AMERICA

__________________________________________________  ________________________________
Darren Haar, Board President                        Angela S Drudik, Realty Specialist

ATTEST: _____________________________________________
Shawn Gab, Secretary