MEMORANDUM

TO: Airport Board
FROM: Patrick Dame, C.M., Executive Director
DATE: August 9, 2022
RE: Public Hearing and Execution of Lease Hold Agreement with BCI Properties, LLC

The Resolution for Notice of Intent to Enter a Lease Option Agreement with BCI Properties, LLC was approved at the July 12, 2022, Board meeting.

In the event that BCI Properties, LLC exercises its rights and a lease is approved by the Board, they shall commence construction of improvements within six months of the approval of a lease. Construction plans will need to be presented to and approved by Board prior to the execution of a lease.

The Lease Option is available to BCI Properties through February 28, 2023.

STAFF RECOMMENDATION: Staff recommends Board approval of the Lease Option Agreement with BCI Properties, LLC.
AIRPORT LEASE OPTION AGREEMENT

This Lease Agreement made as of the 9th day of August, 2022, by and between the CITY OF RAPID CITY by and through the RAPID CITY REGIONAL AIRPORT BOARD, 4550 Terminal Road, Suite 102, Rapid City, South Dakota, 57703-8706 (“Board” or “City”) and, BCI Properties LLC, 2950 North Plaza Dr., Rapid City, SD 57702 (“Option Holder”).

SECTION I
OPTION:

1. The Board hereby agrees to reserve, the following described property, to wit:

   Section 17, Township 1 North, Range 9 East, BHM, Pennington County, South Dakota

SECTION II
CONSIDERATION

1. As consideration for its option to lease the property, Option Holder shall pay to the Board the sum of $.31 per square foot per annum for 23,257 square feet of premises as shown on Exhibit “A” attached hereto. The annual payment is therefore $7,209.67. One-twelfth of the annual payment is $600.81 which shall be payable by the 10th of each month.

2. Rent Adjustments shall be made based on the percentage change (each year) in CPI. The term “CPI” as used herein shall mean the Consumer Price Index for All Urban Consumers (CPI-U) for the Midwest Region, published monthly by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100).

3. Payment will be delinquent if not paid prior to the 10th day of each month. Late or unpaid payments will bear a fee of 1 ½ % per month from the 1st of each month.

4. Payment shall be in legal tender and submitted to the Rapid City Regional Airport, Airport Administration Office.

SECTION III
TERMS AND USE

The Option Holder shall have no right to use, occupy, or to prevent the use or occupancy of the property covered by this Option Agreement. The Board retains the exclusive rights to the property subject to this Option Agreement until such time Option Holder exercises its option and a lease is approved by the Board. The purpose of this Option Agreement is to allow Option Holder to investigate and plan for the development of the property and all rights and privileges of this Option Agreement shall terminate on February 28, 2023.
In the event the Board receives a bona fide offer to lease the premises from another party during the term of this Option Agreement, including any extension thereof, the Board shall notify the Option Holder in writing of said offer, and the Option Holder shall have thirty (30) days in which to elect to lease the premises for the purpose of constructing improvements on said premises. Said election shall be made in writing and shall be delivered to the Board within said thirty (30) day period. In the absence of such an election, the Board shall then be free to lease the premises to such other party.

In the event that Option Holder exercises its rights under this Option Agreement and a lease is approved by the Board, Option Holder shall commence construction of improvements on the premises within six (6) months of the approval of a lease. The commencement date of the construction of improvements may be modified based on mutual written agreement between the Option Holder and the Board by the Airport Executive Director.

SECTION IV
CHOICE OF LAW AND VENUE

The parties agree that the terms of this Option Agreement shall be governed by the laws of the State of South Dakota. In the event of any conflict of laws, the law of the State of South Dakota shall be controlling. Any legal action arising out of or relating to this agreement shall be brought only in the Circuit Court for the State of South Dakota, Seventh Judicial Circuit located in Rapid City, Pennington County, South Dakota.

SECTION V
MERGER

This written Option Agreement represents the entire agreement of the parties. No other writing or promise is a part of this agreement. This Option Agreement does not obligate the Board in any way to a future lease or use of the property. All other prior representations, writings, oral statements or negotiations have been merged into this document and are either included herein or intentionally excluded.

IN WITNESS WHEREOF the parties hereto have set their hand and seal this __________ day of __________, 20__.  

RAPID CITY REGIONAL AIRPORT BOARD  BCI PROPERTIES, INC.

____________________________________  ______________________________

ATTEST:

____________________________________
Potential Lease Area

SECTION 17, TOWNSHIP 1 NORTH, RANGE 9 EAST, B.H.M.
PENNINGTON COUNTY, SOUTH DAKOTA
OWNER: RAPID CITY REGIONAL AIRPORT