



AIRPORT COMMITTEE MEETING AGENDA
October 02, 2017 - 10:00 AM
Moorhead Municipal Airport

1. **Call to Order**
2. **Agenda Amendments**
3. **Approval of Minutes**
 - A September 6, 2017
4. **Citizens to be Heard**
5. **Hangar Land Lease - J. Jorgenson**
6. **Adjournment**



CITY OF MOORHEAD - AIRPORT COMMITTEE
MEETING MINUTES – SEPTEMBER 6, 2017 AT 4:00 PM
MOORHEAD MUNICIPAL AIRPORT

Pursuant to due call and notice thereof, a regular meeting of the Airport Committee was held at Moorhead Municipal Airport on September 6, 2017 at 4:00 PM.

Roll call of the members was made as follows:

Board Member – Ward 1:	Andy Skatvold	Absent
Board Member – Ward 2:	Mike Koenig	Present
Board Member – Ward 3:	Bruce Emmel	Present
Board Member – Ward 4:	Wayne Loughed	Absent
Board Member – At-Large:	K. Walter Vollmers	Present
Board Member – At-Large:	Roger Olsen	Present
Board Member – City Council:	Melissa Fabian	Present

1. Call to Order

Vice Chair Emmel called the meeting to order.

2. Agenda Amendments - None.

Motion to approve agenda made by Roger Olsen and seconded by Mike Koenig.

Motion Passed: For: 5; Against: 0; Abstain: 0; Absent: 2

3. Approval of Minutes - June 14, 2017

Motion to approve made by Melissa Fabian and seconded by K. Walter Vollmers.

Motion Passed: For: 5; Against: 0; Abstain: 0; Absent: 2

4. Citizens to be Heard - None.

5. Airport Capital Improvement Plan

Kristie Leshovsky provided an update regarding proposed projects. Updated timelines and funding recommendations have been received from FAA and MnDOT Aeronautics that are illustrated in the draft Capital Improvement Program.

Motion to Recommend Approval to the City Council to pursue funding for the apron pavement design, bidding and construction by Roger Olsen and seconded by Melissa Fabian.

Motion Passed: For: 5; Against: 0; Abstain: 0; Absent: 2

6. Hangar Land Lease – R. Anderson

Kristie Leshovsky provided information regarding a new private hangar proposed to be located at the C-1 location for a 100' x 100' hangar that will match the exterior design/color of the other hangars at the airport. The applicant noted the hangar would include commercial rental. The



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lease will include a 25 year term with an option for 25 year extension. The rate will be 10 cents per square foot with an annual increase of 3%. Construction and financing of the taxiway extension to access the new hangar will be included in the terms and will be completed by the applicant. Mead & Hunt will provide specifications and construction inspections. The applicant will finance the taxiway and hangar approach with provisions for non-compliance with specifications /incomplete project to be included within the lease agreement.

Motion to Recommend Approval of the R. Anderson Hangar Land Lease Agreement, as drafted by the City Attorney, to the City Council by Melissa Fabian and seconded by K. Walter Vollmers.

Motion Passed: For: 5; Against: 0; Abstain: 0; Absent: 2

7. Project Updates

- **Airport Layout Plan Hangar Area:** Matt Blankenship, Mead & Hunt, outlined the ALP process and updates.
- **Phase I Hangar Area Construction:** Jeff Klein provided a progress update on the T-hangar pavement construction project. It is on schedule.
- **Phase II Apron Design and Bid:** It is anticipated that the Apron Design and Bid project will be a 2018 grant along with construction. Actual construction is anticipated in 2019 for the Apron.

8. Airport Updates

- **Runway Painting:** Thank you to MnDOT for painting the runway following the runway crack repairs!
- **Airport Address Update:** The US Postal Service is still process the request to change the City designation.
- **Flight Procedures Update:** A Flight Procedure update is anticipated due to existing building locations at the Moorhead Airport. Once the update is complete, staff will notify the Airport Committee.

- **Fly In**
 - Final Fly In details were shared as the event nears.
 - Thank you to all the Committee members for their help and promotion of the Fly In!

9. Moorhead Aviation Reports and Fuel Report

A fuel report and airport activity update was provided by Moorhead Aviation Services. Moorhead Airport has seen increases in fuel sales and anticipates further growth.

10. Adjournment – 5:00 PM

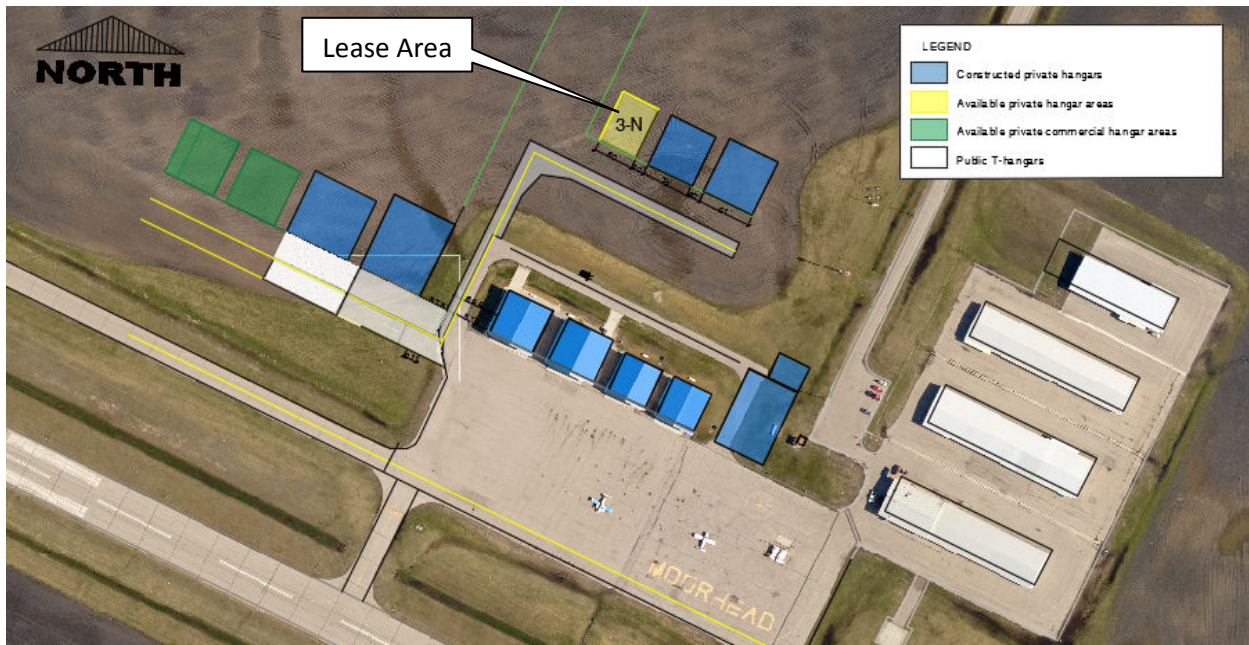


To: Moorhead Airport Committee
Subject: Private Hangar Lease
Date: October 2, 2017
Prepared By: Kristie Leshovsky and Kim Citrowske

AIRPORT COMMITTEE REPORT

BACKGROUND

With four private hangars constructed over the past few years, a private commercial lease (1-C) being considered by City Council - the total number of private, land leased area, hangars has increased to eight. J. Jorgenson has requested to lease land to construct a private hangar for personal hangar storage at the 3-N location.



The land lease would include:

- 80' x 70' hangar
- Hangar will match the exterior design/color of other hangars at the Airport
- 25 year lease term with option for 25 year extension
- Lease rate of 10 cents per square foot with annual 3% increase

The required FAA Airspace Review is complete. The applicant noted proposed construction in 2017.

SUGGESTED ACTION

Recommend Approval of the J. Jorgenson Hangar Land Lease Agreement, as drafted by the City Attorney with the terms noted above, to the City Council.

ATTACHMENTS

Draft Lease Agreement

NON-COMMERCIAL HANGAR LAND LEASE

THIS LEASE is made and entered into this ____ day of _____, 2017, by and between the City of Moorhead, Minnesota, a Minnesota political subdivision (the "City"), and Joel Jorgenson, 23 Briarwood Place, Fargo, ND 58104 ("Lessee").

RECITALS

- A. The City owns an airport known as the Moorhead Municipal Airport (the "Airport").
- B. Lessee wishes to lease land at the Airport from the City and to construct a hangar on the leased land for the purpose of storing Lessee's aircraft.
- C. The City desires to lease Lessee a portion of the Airport premises, subject to the rights and obligations contained in this Lease.

In consideration of the mutual covenants contained in this Lease, the parties agree as follows:

AGREEMENT

1. Premises: The City leases to Lessee the exclusive use of the portion of the Airport as shown on Exhibit A (the "Premises"). Lessee has inspected the Premises, and accepts it in "AS IS" condition.

2. Hangar: Lessee may own, construct and maintain a hangar on the Premises, subject to the following conditions:

- A. The design of the hangar, materials to be used, and other construction related matters must be approved in writing by the City prior to construction. Lessee shall provide to City a site plan of any proposed construction. Such site plan shall indicate the drainage plan for the site, the placement of utilities, hangar location and the presence of hard surfacing. The building color, including trim, shall match nearest existing hangars at the Airport.
- B. Lessee agrees to keep the interior and exterior of the hangar and the interior and exterior surfaces of the hanger in good condition and to make timely repairs, if necessary, to keep the hangar in good condition.
- C. Lessee will be responsible for any property taxes associated with the hangar, and for the cost of all utilities to service the hangar.

3. Utilities, Services and Taxes: Lessee shall be responsible for obtaining, at its sole cost and expense, all utilities and services for the Premises including, but not limited to, electricity, garbage removal, custodial services, sewer and water. Lessee shall be responsible for the payment of all taxes due and owing on any building, structure or hanger occupying the Premises. The failure of Lessee to pay all fees, charges associated with the utilities and taxes shall be a breach of this Lease and the City may terminate this Lease at its option upon 10 days notice to Lessee. If a secured party of Lessee has a security interest in the hangar, the secured party will be given notice to terminate and have the same right to cure as Lessee.

If this Lease is terminated due to Lessee's failure to pay utilities, services and taxes, Lessee shall surrender the Premises in as good condition as it was at the date of the commencement of this Lease. Lessee shall, at Lessee's own expense, remove the hangar and any other improvements placed on the Premises by Lessee. Lessee must repair any damage to the Premises within thirty (30) days.

4. Construction Requirements: Any and all improvements must be located on the Premises and include, but not be limited to, the following:

- A. A concrete private approach that is at least as wide as the bi-fold hangar door must connect the taxiway to the hangar apron.
- B. An automatic 500 watt-equivalent all night yard light must be mounted above the front door of each hangar.
- C. For a distance of five feet around the hangar, fabric and rock as approved by the City must be used to cover all surfaces that are not hard surfaced or improved with a hangar.
- D. Hangar addresses numbers must be at least 8 inches tall and visible from the taxiway.

5. Proof of Aircraft Ownership: Lessee agrees that the hangar will be used for aviation purposes limited to the storage of aircraft and aircraft related items. Lessee shall maintain appropriate registration and certifications on all airworthy aircraft that are stored in the hangar. If Lessee does not own an aircraft at the time of the commencement of this Lease or sells all airworthy aircraft, Lessee has one hundred twenty (120) days to obtain an aircraft. The City may allow Lessee a single one hundred twenty (120) day extension to obtain an aircraft. Lessee shall have proof that Lessee is working toward acquiring an airworthy aircraft during periods when Lessee does not own and operate one.

6. Aircraft Registration: Lessee agrees that any aircraft that is based, stored, or utilizes the facility under the Lease will be in compliance with the airport registration requirements set forth in Minnesota Statutes Chapter 360.

7. Airport Use: Lessee may use, in common with others similarly authorized, the Airport, together with all facilities, equipment, improvements, and services which have been or may hereafter be provided at or in connection with the Airport from time to time, including, but not limited to, the landing field, roadways, runways, aprons, taxiways, floodlights, landing lights, signals, radio aids, and all other conveniences for flying, landings, and takeoffs.

8. Term: Subject to earlier termination as provided in this Lease, the term of this Lease shall be for a period of twenty-five (25) years from and after the first day of _____, 2017, the term of this Lease ending on the 30th day of December, 2042. In the event the City is unable to deliver possession of the Premises on the commencement date of this Lease, Lessee will have no claim against the City and Lessee shall have no right to terminate this Lease, but in such event the commencement date shall be delayed until possession of the Premises is delivered to Lessee. Lessee shall have the right to extend the term hereof (the "Extension Option") upon all the same terms, conditions, covenants and agreements herein contained, other than the rent which shall be governed by Section 9 below, for one period of twenty-five years, provided that Lessee is not in default at either the time of the Exercise Notice or the commencement of the Extended Term. If Lessee desires to exercise the Extension Option, Lessee shall give notice (the "Exercise Notice") to the City not later than three months nor more than six months prior to the expiration of the initial term.

Nothing in this Lease shall be constructed as obliging the City to maintain and operate the public portions of the Airport during the entire term of this Lease. It is specifically understood and agreed between Lessee and the City that the City has the right and power to discontinue and terminate all public airport activities at the Airport at any time it deems advisable and, upon such discontinuance and termination, would not be liable to Lessee in damages and would have no obligations to Lessee. In the event the City discontinues and terminates all public airport activities on the Airport, Lessee shall have the right to terminate this Lease effective on the date of such discontinuance and termination.

9. Rent: Rent for the Premises during the term of this Lease shall be ten cents (10¢) per square foot per year with the first payment due the 1st day of _____, 2017, and each subsequent payment due on or before the first day of each year, payable to the City at the address listed in this Lease. During the first year of this Lease, the rent for the Premises shall be prorated by dividing the amount of yearly rent by the number of months remaining in the year. Each year thereafter during the initial term and any Extended Term, the rent will be adjusted annually on the first day of each year during the term and any Extended Term by a flat rate of three percent (3%) annually as outlined in the following table.

Hangar Info

80' x 70'

5,600 sq. ft.

5,600 sq. ft. x \$0.10/sq. ft

\$1,160 base rent

Term Year	Year	Rent Due
	2017	\$1,160.00*
1	2018	\$1,194.80
2	2019	\$1,230.64
3	2020	\$1,267.56
4	2021	\$1,305.59
5	2022	\$1,344.76
6	2023	\$1,385.10
7	2024	\$1,426.65
8	2025	\$1,469.45
9	2026	\$1,513.54
10	2027	\$1,558.94
11	2028	\$1,605.71
12	2029	\$1,653.88
13	2030	\$1,703.50
14	2031	\$1,754.60
15	2032	\$1,807.24
16	2033	\$1,861.46
17	2034	\$1,917.30
18	2035	\$1,974.82
19	2036	\$2,034.07
20	2037	\$2,095.09
21	2038	\$2,157.94
22	2039	\$2,222.68
23	2040	\$2,289.36
24	2041	\$2,358.04
25	2042	\$2,428.78
26	2043	\$2,501.65
27	2044	\$2,576.70
28	2045	\$2,654.00
29	2046	\$2,733.62
30	2047	\$2,815.62
31	2048	\$2,900.09

Years 26-50 are only applicable if Term Extension is exercised.

32	2049	\$2,987.10
33	2050	\$3,076.71
34	2051	\$3,169.01
35	2052	\$3,264.08
36	2053	\$3,362.00
37	2054	\$3,462.86
38	2055	\$3,566.75
39	2056	\$3,673.75
40	2057	\$3,783.96
41	2058	\$3,897.48
42	2059	\$4,014.41
43	2060	\$4,134.84
44	2061	\$4,258.88
45	2062	\$4,386.65
46	2063	\$4,518.25
47	2064	\$4,653.80
48	2065	\$4,793.41
49	2066	\$4,937.21
50	2067	\$5,085.33

*This may be pro-rated per Lease Agreement

Lessee shall make all rent payments to the City at the address set forth in this Lease or to such other party or to such other address as the City may designate from time to time by notice to Lessee. Lessee shall incur a five percent late fee if rent is not paid by the 5th day of January of each year during the initial term or any Extended Term.

10. Soil Testing and Correction: The parties understand and agree that the soils at or near the Airport have a history of shifting and having load bearing issues. Soil testing is required to be completed by Lessee and a plan submitted by a qualified person addressing the soil conditions must be submitted in addition to a drainage plan and detailed building plans before a building permit will be issued for the Premises. In the event Lessee constructs a hangar and incurs costs associated with remedying existing soil conditions on the Premises, Lessee may request that the rent be reduced by an amount equal to the costs associated with remedying such conditions in accordance with the following conditions:

A. Lessee expressly agrees and acknowledges that under no circumstances will the rent be reduced by an amount greater than the sum of five thousand dollars (\$5,000.00) or one hundred (100) percent of the rental rate paid by Lessee during the next reduction rate. _____ (Initials of Lessee)

B. Lessee expressly agrees and acknowledges that it shall provide

evidence in a form acceptable to the City of the amount of the sums referenced in subsection A of Section 10 of this Lease. Lessee expressly agrees and acknowledges that he shall provide documentation of such costs to the City, prior to being issued a building permit in order to be eligible to receive the above described rent reduction. In the event that the initial costs are less than the sum of five thousand dollars (\$5,000.00), Lessee may submit evidence of additional costs associated with remedying the soil conditions referenced in this section after it has completed construction of the hangar. These sums shall be evaluated by the City and if the City determines that such sums are related to the correction of soil conditions, such amounts will be counted towards the maximum reduction of five thousand dollars (\$5,000.00).

C. Any rent reduction authorized by the terms of this Lease will not begin until the second year of this Lease for a period of up to a total of six years of rent reduction. Lessee agrees and acknowledges that he shall be required to pay the first year of rent as provided under this Lease.

11. Right to Assignment or Sublease: Lessee may assign or sublet all or portions of the Premises for aircraft related uses upon thirty (30) days written notice to the City. Any assignee or sub-lessee will be subject to all of Lessee's obligations under this Lease. The term of this Lease shall not extend by virtue of any assignment or subletting of this Lease. Alternatively, any assignee or sub-lessee may request, by written notice to the City that the parties renegotiate a new lease. The City and assignee or sub-lessee will have the opportunity to evaluate existing structures compared to similar structures at the Airport.

12. Lease Contingent on Construction: This Lease shall become null and void if Lessee does not commence construction of the hangar by July 31, 2018 and have it substantially completed by November 30, 2019, unless a time extension is given in writing by the City.

13. Inspection: The City, or its designated representative, retains the right of access to the Premises for inspection of the Premises at all times during this Lease.

14. Commercial Operations: Lessee shall not conduct any commercial operations from or on the Premises without the City's prior written approval.

15. Compliance with building, zoning, and fire codes: Lessee shall not store fuel or any other flammable substance in the hangar or anywhere on the Premises. Lessee may use a propane tank for purposes of heating the hangar. The City must approve the location of such tank. Lessee shall at all times comply with the City of Moorhead's zoning, fire and building codes.

16. Snow Removal: Lessee shall be responsible for snow removal of the Premises during the term of this Lease. Snow may be placed on the taxiway if placed before the taxiway has been cleared.

17. Mowing: Lessee will be responsible for mowing grass on the Premises.

18. Outside Storage: Lessee will not store any items outside of the hangar.

19. Termination of Lease: Lessee shall have the right to terminate this Lease on the first day of any month upon ninety (90) days' written notification to the City. If a secured party of Lessee has a security interest of record in the hangar, the secured party must also sign the termination notice. In Lessee's written notice, Lessee shall explicitly state that Lessee will remove the hangar within the ninety (90) day notice period. Alternatively, Lessee may request in its written notice that the hangar become the property of the City, in which case the City shall give Lessee written notification of its acceptance or denial of Lessee's request within two (2) weeks of receiving the request. If the City denies Lessee's request, Lessee must remove the hangar at Lessee's sole cost and expense.

The City may terminate this Lease upon sixty (60) days' written notice to Lessee if Lessee, or any sub-lessee of Lessee, violates the terms of this Lease. If a secured party of Lessee has a security interest in the hangar, the secured party will be given notice to terminate and have the same right to cure as Lessee. Lessee shall be deemed not to have violated the terms of this Lease unless the City has provided written notice to Lessee, and any secured party, of a violation of the Lease and such violation is not cured within thirty (30) days, or a similar violation occurs within ninety (90) days of the notice of the first violation. The secured party will also receive written notice of the termination if the default is not cured in a timely manner and have the right to take over the Lease, as provided herein.

In the event the City determines that the Premises is necessary for a public project, including but not limited to runway expansion or economic development of the Airport, the City may terminate this Lease upon 120 days written notice to Lessee. In the event the City exercises this option, the City will pay to Lessee the value of the remaining term of this Lease. The remaining term of this Lease will be determined using straight line amortization. The percentage of the remaining lease will be multiplied by the current taxable assessed value of the land and improvements (example: remaining lease term divided by total lease term equals the remaining percentage of the lease – 10 years remaining / 50 year lease term = 20% remaining of the lease. 20% multiplied by the current assessed value of \$100,000 would equal \$20,000). In the event the City exercises this option, Lessee shall be entitled to no additional compensation and surrender the Premises in accordance with this Lease.

In the event the City decides to abandon the Airport, the City may terminate this Lease upon thirty (30) days written notice to Lessee. In the event the City exercises this option, Lessee will be responsible for the removal of the hangar and any other improvements from the Premises, at Lessee's sole cost and expense.

In the event the hangar is destroyed to extent that the cost of repairing the hangar exceeds 50 percent of the value of the hangar, this Lease may be terminated by either party upon sixty (60) days written notice.

20. Surrender of Premises: At the expiration of the term of this Lease, or any renewal or extension, or sooner termination, Lessee shall surrender the Premises in as good condition as

it was at the date of the commencement of this Lease. Lessee shall, at Lessee's own expense, remove the hangar, as well as any other improvements placed on the Premises by Lessee, unless the parties agree otherwise. Lessee must repair any damage to the Premises within thirty (30) days.

21. Construction on the Premises: Other than the hangar, Lessee shall not construct or place on the Premises any structure or improvement without the written consent of the City, both as to the location and type of structure to be constructed or placed on the Premises. Lessee must submit to the City a formal application describing the improvement to be made.

22. Indemnification: Lessee assumes all risk of personal injury or death and property damage or loss from whatever causes arising out of Lessee's, or Lessee's agents or employees, use or occupancy of the Premises. Lessee expressly agrees to release, hold harmless, defend, and indemnify the City, the City's officers, employees, agents, and representatives, from any and all liability, losses, damages, claims, demands, actions, judgments, and executions in any way arising out of or regarding Lessee's, or Lessee's agents or employees' use or occupancy of the Premises, and/or operation of Lessee's aircraft, and/or use of the Moorhead Municipal Airport, whether known or unknown, foreseen or unforeseen, liquidated, unliquidated, fixed, contingent, material or immaterial, disputed or undisputed, suspected or unsuspected, asserted or unasserted, direct or indirect, at law or in equity, from the beginning of time, and Lessee understands and acknowledges the significance of such release and waiver and hereby assumes full responsibility for any injuries, damages or losses that Lessee may incur as a result of Lessee's execution of this Lease.

In addition to holding the City harmless from any and all claims arising out of or related to Lessee's use or occupancy of the Premises, Lessee agrees to indemnify and defend the City from any and all actions brought against the City relating to or arising out of Lessee's, their agents, assignees or designees' use of the Premises. Said indemnification will include, inter alia, attorney's fees, damages, whether punitive, economic or compensatory, and costs and disbursements. However, this section will not apply to suits against the City arising out of the City's willful negligence or intentional acts, or those of its employees, agents or designees. Lessee specifically agrees and acknowledges that these release, hold harmless and indemnification provisions will survive the termination of this Lease.

Any assignment or sublease by Lessee shall include a provision of indemnification in which the assignee or sub-lessee agrees to indemnify the City in the identical manner that Lessee must indemnify the City as set forth in this clause.

23. Insurance: Lessee shall procure and maintain in force during the term of this Lease, at Lessee's expense, general liability, aircraft liability, and premises liability insurance in an amount equal to or greater than the amount required by Minnesota law. The City and Lessee grant to each other, on behalf of any insurer providing fire and extended coverage to either of them, a waiver of any right of subrogation any insurer or one party may acquire against the other by virtue of payment of any loss under such insurance, and the waiver shall be effective so long as each is empowered to grant a waiver under the terms of the party's insurance policy or policies involved without payment of additional insurance premiums. Any waiver shall stand mutually terminated as of the date either the City or Lessee ceases to be empowered.

24. Hangar Financing: Lessee may secure financing for the construction of the hangar from a financial institution or other party. Lessee is required to give the City notice of the secured party, and the address of the secured party for purposes of notices. If a financial institution, or another party, has a security interest in this Lease or the property constructed on it, in the event of termination of this Lease, the financial institution shall have the option, within thirty (30) days of the termination of the Lease, to notify in writing the City of its intent to take over this Lease and be subject to all the terms of this Lease, including the right to sublease the Premises to another party for the purposes of storage, with the prior written consent of the City. If Lessee is going to give a security interest in the hangar, Lessee is responsible for a survey of the hangar site to determine a legal description of the site, if required by the secured party.

25. Airport Regulations: Lessee agrees to be bound by all airport regulations adopted by the City, the State of Minnesota, or the United States Government in effect at the time of the execution of this Lease or as thereafter enacted or amended. Any violation of any statutes, ordinances, rules, and regulations shall be a violation of this Lease and grounds for termination of this Lease.

26. Security/Parking: The parties shall keep all gates closed on Airport property. Lessee shall keep hangar doors closed and internal building lights off except when using the hangar. Vehicles must be parked so as not to interfere with aircraft or snow removal operations.

27. Notice: Any notice under this Lease must be in writing and must be sent by registered or certified mail to the last address of the party to whom the notice is to be given, as designated by each party in writing. The City designates its address as:

Moorhead City Hall
ATTENTION: City Manager
500 Center Avenue
P.O. Box 779
Moorhead, MN 56561-0779

Lessee designates his address as:

23 Briarwood Place
Fargo, ND 58104

28. Entire Agreement: This Lease supersedes all prior written and oral agreements or negotiations between the parties.

29. Amendment: This Lease may only be amended in a writing executed by both parties to this Lease.

30. Severability: If any provision of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect.

