



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 01/04/00
AGENDA ITEM 8
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Public Works
SUBJECT: Authorization for the City Manager to Approve Assignment of the Lease Between the City of Hayward and Papé Properties, Inc., to Trajen, Inc.

RECOMMENDATION:

It is recommended that the City Council approve the attached resolution that authorizes the City Manager to execute the Assignment and Assumption Agreement, and all related documents regarding the lease agreement between the City of Hayward and Papé Properties, Inc.

BACKGROUND:

On July 1, 1998, Papé Properties, Inc., entered into a 50-year lease with the City of Hayward for the real property commonly known as 19990 Skywest Drive. The lease encompasses nearly 10 acres of airport property and is operated by Flightcraft, Inc., a subsidiary of Papé Properties. Flightcraft's business includes aviation commercial sales, services, and activities such as: aircraft servicing, repair and maintenance; aircraft storage and tie-down; sales of new and used aircraft, aircraft parts, accessories, pilot supplies, and related services.

Papé Properties, Inc. is selling its Hayward Flightcraft facility to *Trajen, Inc.*, a Texas Corporation. Trajen supports military and commercial aviation requirements mainly through defense contracts and industrial partnerships. Trajen has indicated that it intends to continue the current operations of Flightcraft at Hayward without undertaking any significant changes. Trajen is committed to fulfilling the terms and obligations of the existing lease. The City's Director of Finance and Internal Services has reviewed the financial statements and tax returns for Trajen, Inc., covering the last three years, and finds their financial resources satisfactory to meet the City's requirements.

Staff has investigated the reputation of Trajen in the aviation industry and finds their credibility to be of the highest caliber. Currently, Trajen employs over three hundred people at 17 different locations in seven states, including 7 locations in California.

TERM OF CURRENT LEASE:

The lease is for a 50-year term commencing on July 1, 1998, and expiring on December 31, 2048. The current rent paid to the City for the property is \$6,362 per month. The lease provides for rental adjustments at 5-year intervals. The lease with Papé Properties, Inc., (Lessee) prevents them from assigning the lease without first obtaining permission from the City. However, consent cannot be unreasonably withheld.

DRAFT

DM 12-29-99

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION AUTHORIZING THE CITY MANAGER
TO APPROVE ASSIGNMENT OF THE LEASE
BETWEEN THE CITY OF HAYWARD AND PAPÉ
PROPERTIES, INC.,**

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to execute on behalf of the City of Hayward the Assignment and Assumption Agreement and all related documents regarding the assignment of the right of lessee Papé Properties, Inc. to Trajen, Inc., as to the lease agreement between the City of Hayward and Papé Properties, Inc., a copy of which is on file in the Office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2000

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward