



MEMORANDUM

TO: Winnebago County Board of Supervisors

FROM: Jim Schell, Airport Director

RE: Approve Amendment #2 to the Ground Lease and Use Agreement with the Experimental Aircraft Association

DATE: October 15, 2019

BACKGROUND: In April of 2018, the first meeting to discuss our existing land lease agreement was held with EAA. Several items were identified as being outdated and antiquated within the current lease. As such, both parties expressed their desire to amend the existing lease agreement, and produce updated Exhibit A documents which accurately reflect the usage of County owned property by EAA. After multiple meetings to negotiate the details of the proposed amendment, both parties are now bringing forth Amendment #2 and an updated Exhibit A for approval.

SCOPE: Amendment #2 to the Ground Lease & Use Agreement with EAA, clarifies and further defines the types of use and land areas utilized on an exclusive, three month seasonal and two week seasonal use basis. The list of primary changes are as follows:

- 1) The two week seasonal use area commonly referred to as the "North 40" is now defined within the amendment and included in the land areas under seasonal lease by EAA. Maintenance of this land area is the responsibility of EAA and the County will receive rent payments for the occupancy of this land, as defined by the lease agreement and Amendment #2.
- 2) The revenue sharing provision for camping in the North 40 has been removed. Requirements for delineating this revenue sharing split as outlined in the lease never occurred and a straight land lease of the property was determined to be the cleanest outcome moving forward.
- 3) The rent reduction language contained in Paragraph 6(C) of the lease has been removed. This removal, given the annual lease revenue due to the County at the effective date of the amendment, results in a \$39,524 annual rent revenue benefit to the County.

- 4) In exchange for the removal of language contained in Paragraph 6(C), EAA desires to acquire two properties from the County. Those two properties are commonly referred to as the Press Headquarters Building and Blue Barn. This property transaction will be brought forward as a separate action item for committee and county board's consideration.
- 5) Aeronautical use and Non-aeronautical uses of County property are further defined. The method of assessing the non-aeronautical use of County property and the fees associated with such uses are also further defined. This language benefits the County by allowing the Airport to collect additional rental fees for the non-aeronautical use of Airport property by EAA.
- 6) In aggregate, EAA will be assessed land rental rates on an approximate 220 additional acres than previously assessed. The vast majority of these acres are within two week seasonal use areas.
- 7) In aggregate, EAA's rent due to the County under the amended lease will increase from \$113,500 to \$230,103.34 annually.

FINANCIAL IMPACT: The County will receive an additional \$116,603.34 in annual lease payments from EAA. Each year, the lease will be reviewed for accuracy, and Amendment #2 stipulates that Exhibit A be updated on an annual basis. Should EAA's leased area increase, the rent due to the county will be increased accordingly.

Additional revenues derived from non-aeronautical uses of County property will be assessed for each non-aeronautical event on the property.

Cost savings will be realized by the Airport as an added benefit of EAA maintaining an approximate 115 additional acres than in previous years.

RECOMMENDATION: Approve Amendment #2 to the Ground Lease and Use Agreement with the Experimental Aircraft Association.