

ATTACHMENT #2

March 31, 2010

Coastal Helicopters Lease Extension Request

Juneau International Airport values having Coastal Helicopters as a tenant and certainly understands the need for any business to make long range plans.

Basic Coastal Helicopters Lease Information:

Coastal Helicopters began leasing from the Airport July 1, 1991 with a one year lease that was extended in one year increments.

A new lease was written beginning May 1, 1998 for a 5 year term.

This lease has been amended 5 times. Included in the amendments were 2 five year lease extensions. The latest 5 year extension expires June 30, 2011 (a bit more than a year from now.)

Included in the current lease is Section 12. RELOCATION which reads:

“The parties agree that if implementation of the airport master plan, or any other airport modification made by the Lessor, requires (in the opinion of the Lessor) relocation of the Lessee from the Leased Premises, Lessor has the specific right to require the Lessee to surrender the Leased Premises within ninety (90) days of the date of written notice of this event. This lease shall then be subject to renegotiation upon such ninety (90) day notice to Lessee by Lessor. The objective of such renegotiation will be to provide Lessee with equivalent space and surface elsewhere on the airport while allowing Lessor’s implementation of the airport master plan and other airport modifications. ***Lessor shall bear all direct moving costs incurred because of relocating to the new space (excluding any loss of business costs).*** (emphasis added) The right of Lessor under this paragraph to require Lessee to relocate does not in any way affect the authority of Lessor to exercise the power of eminent domain to acquire the Leased Premises.

Request by Mike Wilson of Coastal Helicopters:

5 year lease extension through June 30, 2016.

Airport Manager Recommendation:

The Airport Board has recognized the importance of a new Master Plan for JIA. Our current Master Plan was adopted in 1999. Our CIP list shows the Master Planning process beginning in 2012.

With more land available for development through our Runway Safety Area project the timing is optimum for a new Master Plan. This is a very public process that will look at all land uses and operational needs.

When the new Coastal Helicopters lease was written in May of 1998 there was the recognition that a move might be required. The limitation at that time and since has been the lack of available land.

Section 12 of the Coastal Helicopters lease requires the Airport to pay for any relocation costs if the Airport requires Coastal Helicopters to move prior to the expiration of the lease.

I don't believe it is in the best interest of JIA to be required to pay for the relocation of Coastal Helicopters until June 30, 2016.

I would recommend the extension of the lease to December 31, 2013. This gives Coastal Helicopters 3.5 years of operation in their present location from now. It allows JIA to hopefully be close to completion of a new Master Plan.