City of Fayetteville Staff Review Form

2015-0401

Legistar File ID

9/15/2015

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

John J Roscoe	8/25/2015	Aviation / Transportation Services Department
Submitted By	**Submitted Date**	**Division / Department**

Action Recommendation:

A Resolution to approve a Lease Agreement with Arnold L. Hollingsworth, PO Box 31, Greenland, AR, 72737, 479-366-8090, alhollingsworth@gmail.com, for the large hangar known as 4568 S School and terminal office space, signature of the Mayor attested to by the City Clerk.

Budget Impact:

NA	Airport
Account Number	Fund
NA	NA
Project Number	Project Title

Budgeted Item?	NA	Current Budget	$	-
		Funds Obligated	$	-
		Current Balance	$	-
Does item have a cost?	NA	Item Cost		
Budget Adjustment Attached?	NA	Budget Adjustment		
		Remaining Budget	$	-

V20140710

Previous Ordinance or Resolution # _____

Original Contract Number: _____

Approval Date: _____

Comments:

CITY OF
Fayetteville
ARKANSAS

CITY COUNCIL AGENDA MEMO

MEETING OF SEPTEMBER 15, 2015

TO: Mayor and City Council

THRU: Don Marr, Chief of Staff
Staff/Contract Review Committee
Terry Gulley, Transportation Director

FROM: John J. Roscoe, Airport Director

DATE: 8/26/15

SUBJECT: **Airport Lease – Arnold Hollingsworth**
Legistar Item # 2015-0401

RECOMMENDATION:
Staff requests a Resolution to approve a Lease Agreement with Arnold L. Hollingsworth, PO Box 31, Greenland, AR 72737, 479-366-8090, alhollingsworth@gmail.com, for the large hangar known as 4568 S School, signature of the Mayor attested to by the City Clerk.

BACKGROUND:
The Airport owns a large hangar that is currently being used as the Fixed Base Operation (FBO) community hangar renting space in the hangar by the day and by the month to both itinerant flyers and local, Drake Field–based customers.

The Airport also owns another, somewhat smaller and currently vacant hangar.

DISCUSSION:
Arnold Hollingsworth wishes to start an aviation-related business at Drake Field repairing, calibrating and selling avionics equipment and performing other specialized maintenance for helicopters. Helicopters have a large footprint so the Airport proposed leasing the 18,750 sq. ft. FBO hangar for his operation. Additionally, Hollingsworth will rent 474 sq. ft. of unused office space in the Terminal building.

Another hangar, formerly leased by the SkyVenture flight school, is vacant. Though smaller at 9600 sq. ft., the hangar has sufficient capacity at this time for the FBO's overnight and long term aircraft storage needs.

BUDGET/STAFF IMPACT:
The lease will provide $4687.00 per month, or $56,244 in annual revenue to the Airport Fund. The FBO operation is then able to utilize the vacant hangar to generate revenue.

Attachments:
SRF, SRM,
Lease Agreement

LEASE AGREEMENT

This **LEASE AGREEMENT** made this _____ day of _____, 2015, by and between the City of Fayetteville, Arkansas, hereinafter called "City", and **Arnold L. Hollingsworth**, PO Box 31, Greenland, AR, 72737, 479-366-8090, alhollingsworth@gmail.com, hereinafter called "**Arnold L. Hollingsworth**."

WHEREAS, City is the owner of an airport known as the Fayetteville Airport, Drake Field, herein referred to as the "Airport"; and

WHEREAS, City is the owner of an aircraft hangar and office space at the Airport; and

WHEREAS, **Arnold L. Hollingsworth** desires to lease said corporate aircraft hangar and office space,

NOW, THEREFORE, the parties, in consideration of the mutual covenants contained herein, hereby agree as follows:

1. City leases to **Arnold L. Hollingsworth**, and **Arnold L. Hollingsworth** leases from City, the 18,750 sq. ft. corporate aircraft hangar located at 4568 S. School Ave., Fayetteville, Arkansas, and approximately 474 sq. ft. of office space in the Terminal Building located at 4500 S. School Ave, Fayetteville, Arkansas, as reflected on "Exhibit A" attached hereto and made a part hereof.

2. **Arnold L. Hollingsworth** is granted the use, in common with others similarly authorized, of 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, and any extensions hereof or additions thereto, roadways, runways, ramps, aprons, taxiways, flood lights, landing lights, beacons, control tower, signals, radio aids, and all other conveniences for flying, landings and take-offs.

3. **Arnold L. Hollingsworth** shall have at all times the full and free right in ingress to and egress from the demised premises and facilities referred to herein for **Arnold L. Hollingsworth**, its employees, customers, passengers, guests, and other invitees. Such rights shall also extend to persons or organizations supplying materials or furnishing services to **Arnold L. Hollingsworth**.

4. Term: Subject to earlier termination as hereinafter provided, the initial term of this agreement shall be for TWO YRS (2) year(s) commencing on the 1st day of NOVEMBER, 2015, and ending on the 31st day of OCTOBER, 2017.

This Lease Agreement may be terminated by either party with a sixty (60) day written notice.

5. Rent: **Arnold L. Hollingsworth** agrees to pay the City for the use of the premises, facilities, rights, and privileges granted hereunder the sum of: FOUR THOUSAND, SIX HUNDRED, and EIGHTY SEVEN DOLLARS PER MONTH, ($4687.00) per month.

The initial lease payment is due and payable upon execution of this Lease Agreement, and all subsequent monthly lease payments shall be payable in advance on, or before, the 1st day of each month. In addition to any remedy available to it hereunder, the City may impose as additional rentals a delinquency charge on all overdue payments, at the maximum rate allowed by law.

6. City shall maintain and keep in good repair so much of the Airport premises as are not under the exclusive control of **Arnold L. Hollingsworth**. **Arnold L. Hollingsworth** shall, at the termination, surrender or forfeiture of this lease, return said premises in same or better condition premises were at the beginning of the lease, normal wear and tear excepted.

7. **Arnold L. Hollingsworth** shall provide for and supply at its expense all janitor service with respect to the demised premises, and shall pay for all utilities serving the demised premises, including, but not limited to heat, light, gas, electricity, and water, sewer and trash removal.

8. Improvements: **Arnold L. Hollingsworth** shall bear the cost of all improvements or additions made to the interior or exterior of the building on the leased premises. No improvements or additions to any part of the leased premises shall be made by **Arnold L. Hollingsworth** without the prior written approval of the Airport Manager, whose consent will not be unreasonably withheld. Any signs or antennas to be erected on or attached to the leased premises must have the prior written approval of the Airport Manager and conform to all City Ordinances.

9. Maintenance: The City shall be responsible only for major maintenance of the existing equipment, i.e. replacement of heating unit and other equipment in place in the facility which includes, roof, hangar door motors, exterior walls, exterior plumbing, paved ramp and paved parking lot. The City agrees that if the roof or any part of the exterior walls or exterior plumbing of said building thereof shall become defective or damaged at any time during the term due to ordinary wear and tear and not due to negligence of **Arnold L. Hollingsworth**, or **Arnold L. Hollingsworth**'s agents or invites, upon notice from **Arnold L. Hollingsworth**, the City will immediately cause repairs to be made and restore the defective portions to good condition. If the damage is so extensive as to render such building untenable, the rent payable hereunder shall be proportionally paid up to the time of such damage and shall thenceforth cease until such time as the premises shall be fully restored. If the demised premises are completely destroyed, City may reconstruct the hangar at the City's own cost and the rent payable hereunder shall be adjusted as set forth above, or City may, at its option, cancel this agreement, such cancellation to be effective as of the date the hangar was destroyed, and the rent adjusted as set forth above. Routine maintenance of the hangar doors shall remain the responsibility of the City. **Arnold L. Hollingsworth** shall not make any alterations to the controls of the hangar doors.

10. **Arnold L. Hollingsworth** agrees to observe and obey City's Ordinances and Regulations with respect to use of the demised premises and Airport; provided, however, such Ordinances and

Regulations shall be consistent with safety and with all city, county, and state rules, regulations, including all current fire codes, and orders of the Federal Aviation Administration with respect to aircraft operations at the Airport, and provided further, such Ordinances and Regulations shall be consistent with the provisions of this agreement or the procedures prescribed or approved from time to time by the Federal Aviation Administration with respect to the operation of **Arnold L. Hollingsworth**'s aircraft at the Airport.

"The Minimum Standards for Fayetteville Executive Airport, Drake Field" herein referred to as Airport Minimum Standards are made part of this lease by reference as if included word for word.

11. **Arnold L. Hollingsworth** agrees that it shall use the premises for the implementation and conducting of an aeronautical business activity. **Arnold L. Hollingsworth** agrees that it shall use the premises only for the storage of airplanes and materials and equipment necessarily related to the operation of said aeronautical business activity and that no other vehicles, equipment or supplies shall be stored on the premises unless expressly agreed to by the City. **Arnold L. Hollingsworth** further agrees not to store any flammable material on the demised premises, other than a limited supply of oils and agents necessary for current aircraft maintenance and repair, or in any way endanger or violate the provisions of the City's standard commercially available property insurance policy or the requirements of same. Such violations shall constitute a material breach of this Agreement.

12. Hazardous Substance: **Arnold L. Hollingsworth** shall not cause or permit any Hazardous Substance to be used or stored on or in the Leased Premises without first obtaining the City's written consent. If hazardous Substances are used, stored, generated, or disposed of on or in the Leased Premises or if the Leased Premises or any other Airport property becomes contaminated in any manner for which **Arnold L. Hollingsworth** is responsible or legally liable, **Arnold L. Hollingsworth** shall indemnify and hold harmless the City, its officers, directors, agents, servants, and employees from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses including all reasonable costs for investigation and defense thereof, (including but not limited to attorney's fees, court costs, and expert fees, and without limitation, decrease in value of the Lease Premises, damages caused by loss or restriction of rentable or usable space as a part of the Leased Premises arising during or after the term hereof and arising as a result of that contamination by **Arnold L. Hollingsworth**, **Arnold L. Hollingsworth** agents, employees, and invitees. This indemnification includes, without limitation, all cost incurred because of any investigation of the Airport or any cleanup, removal, or restoration mandated by a federal, state, local agency or political subdivision.

13. If the demised premises are partially damaged by fire or other casualty which is not due to the negligence or fault of **Arnold L. Hollingsworth**, said premises shall be repaired with due diligence by City at City's expense. If the damage is so extensive as to render such building untenable, the rent payable hereunder shall be proportionally paid up to the time of such damage and shall thenceforth cease until such time as the premises shall be fully restored. If the demised premises are completely destroyed, City may reconstruct the hangar at the City's own cost and the rent payable hereunder shall be adjusted as set forth above, or City may, at its option, cancel this agreement, such cancellation to be effective as of the date the hangar was destroyed, and the rent

adjusted as set forth above.

14. **Arnold L. Hollingsworth** shall maintain in force during the Term and any extended term public liability and property damage insurance in comprehensive form as reasonably may be required by the City and specified in the Airport Minimum Standards. The insurance shall be issued by an insurer licensed to do business in the State of Arkansas.

Concurrent with the execution of this Agreement, **Arnold L. Hollingsworth** shall provide proof of insurance coverage by providing a Certificate of Lessee's Insurance coverage, a copy of the declarations page on the insurance policy, and a copy of all endorsements. The Certificates of Insurance, or endorsements attached thereto, shall provide that; (a) insurance coverage shall not be canceled, changed in coverage, or reduced in limits without at least thirty (30) days prior written notice to the City: (b) the City and the Airport and their trustees, agents, officers, servants, and employees are named as additional insured: (c) the policy shall be considered primary as regards to any other insurance coverage the City may possess, including any self-insured retention or deductible the City may have, and any other insurance coverage the City may possess shall be considered excess insurance only; (d) the limits of liability required therein are on an occurrence basis.

15. **Arnold L. Hollingsworth** agrees to indemnify City against any and all liabilities, losses, suits, claims, judgments, fines, penalties, demands or expenses, including all reasonable costs for investigation and defense thereof, (including but not limited to attorney's fees, court costs, and expert fees, for injuries to persons or damage to property caused by **Arnold L. Hollingsworth**'s use or occupancy of the lease premises; provided, however, that **Arnold L. Hollingsworth** shall not be liable for any injury, damage or loss arising from the negligence of City or its agents or employees; and provided further, that each party shall give prompt and timely notice of any claim made or suit instituted which in any way directly or indirectly affects or might affect either party, and each party shall have the right to compromise and defend the same to the extent of its own interest. This clause shall not be construed to waive that tort immunity as set forth under Arkansas Law.

16. **Arnold L. Hollingsworth** agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, religion, national origin, sex, marital status, or handicap in the furnishing, or by refusing to furnish, to such persons the use of any facility, including any and all services, privileges, accommodations, and activities provided thereby. Nothing herein shall require the furnishing to the general public of the use of any facility customarily furnished by the City solely to tenants, their employees, customers, patients, client, guests, and invites.

17. Assigning, Subletting and Encumbering. **Arnold L. Hollingsworth** shall not assign this Agreement in whole or in part, nor sublease all or any part of the Leased Premises, nor permit other persons to occupy said Leased Premises or any part thereof, not grant any license or concession for all or any part of said Leased Premises, without the prior written consent of the Airport Manager, which consent shall not be unreasonably withheld. Any consent by the Airport to an assignment or subletting of this Agreement shall not constitute a waiver of the necessity of

obtaining that consent as to any subsequent assignment. Any assignment for the benefit of **Arnold L. Hollingsworth**'s creditors or otherwise by operation of law shall not be effective to transfer or assign **Arnold L. Hollingsworth**'s interest under this Agreement unless the Airport shall have first consented thereto in writing. Neither **Arnold L. Hollingsworth**'s interest in this Agreement, not any estate created hereby in **Arnold L. Hollingsworth** nor any interest herein or therein, shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law except as may specifically be provided in the Bankruptcy Code. If any of the corporate shares of stock of **Arnold L. Hollingsworth** are transferred, or if any partnership interests of **Arnold L. Hollingsworth** are transferred, by sale, assignment, bequest, inheritance, operation of law, or otherwise, so as to result in a change of the control, assets, value, ownership, or structure of **Arnold L. Hollingsworth**, same shall be deemed an assignment for the purposes of this Section 17 and shall require the Airport's prior consent, and **Arnold L. Hollingsworth** shall notify the Airport of any such change or proposed change.

18. On the expiration or other termination of this lease **Arnold L. Hollingsworth**'s right to use the demised premises shall cease, and **Arnold L. Hollingsworth** shall vacate the premises without unreasonable delay. All property installed, erected, or placed by **Arnold L. Hollingsworth** in, on, or about the premises leased hereunder shall be deemed to be personal property and shall remain the property of **Arnold L. Hollingsworth**. **Arnold L. Hollingsworth** shall have the right at any time during the term of this agreement, or any renewal or extension hereof, and for an additional period of fourteen (14) days after the expiration or other termination of this agreement, to remove any or all of such property, subject, however, to **Arnold L. Hollingsworth**'s obligation to repair all damage, if any, resulting from such removal. Any and all property not removed by **Arnold L. Hollingsworth** prior to the expiration of the aforesaid fourteen (14) day period shall thereupon become a part of the land on which it is located and title hereto shall thereupon vest in City.

19. City may enter the premises leased to **Arnold L. Hollingsworth** at any reasonable time for any purpose necessary or incidental to the performance of its obligations or **Arnold L. Hollingsworth**'s obligations hereunder.

20. **Arnold L. Hollingsworth** shall maintain the demised premises in a clean and orderly fashion at all times. **Arnold L. Hollingsworth** shall be responsible for the upkeep and mowing of the leased property.

21. **Arnold L. Hollingsworth** shall not start or operate aircraft engines within the aircraft hangar leased hereby and shall not allow such operations by any other person.

22. **Arnold L. Hollingsworth** agrees that habitation of the hangar building or offices as a residence is prohibited.

23. Any notice or consent required by this Agreement shall be sufficient if sent by Certified Mail, return receipt requested, postage paid, to the following address:

CITY OF FAYETTEVILLE

Airport Administration Office
4500 S. School Avenue, Suite F
Fayetteville, Arkansas, 72701

Phone: (479) 718 -7642

ARNOLD L HOLLINGSWORTH

Arnold L. Hollingsworth
C/O Arnold L. Hollingsworth
PO Box 31
Greenland, Arkansas, 72737
Phone: (479)-366-8040

24. This agreement shall be construed under the laws of the State of Arkansas.

25. All the covenants, conditions, and provisions under this agreement shall extend to and bind the legal representative, successors, and assigns of the respective parties hereof.

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

CITY OF FAYETTEVILLE, ARKANSAS

By: _____
Lioneld Jordan, Mayor

ATTEST
By: _____
Sondra Smith, City Clerk and Treasurer

Arnold L. Hollingsworth

By: _____

_____
Title

ATTEST:

_____

AIRPORT DIRECTOR
Title

Exhibit A
4568 S School Ave
4500 S School Offices