

City of Fayetteville Staff Review Form

2018-0165

Legistar File ID

4/3/2018

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

Summer Fallen

3/13/2018

Aviation /
Transportation Services Department

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends approval and signature of the Mayor on agreement for an assignment of the Flying Investments ground lease to Walker Flight Services, LLC.

Budget Impact:

Account Number

Fund

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 # 71-02

Original Contract Number:

Approval Date:

Comments:



CITY COUNCIL AGENDA MEMO

MEETING OF APRIL 3, 2018

TO: Mayor Lioneld Jordan
Fayetteville City Council

THRU: Don Marr, Chief of Staff
Terry Gulley, Transportation Services Director

FROM: Summer Fallen, Airport Services Manager

DATE: March 13, 2018

SUBJECT: Walker Flight Services, LLC Agreement for Assignment

RECOMMENDATION:

Staff recommends approval and signature of the Mayor on agreement for an assignment of the Flying Investments ground lease to LC Joint Adventures, LLC.

BACKGROUND:

Flying Investments entered into a ground lease with the city on June 1, 2003, for property located at 4564 S. School Avenue, to construct a corporate hangar. The initial term of the lease runs through 2033 and has the sole option to extend an additional twenty years. Flying Investments paid \$780.00 for the first year's rent and the amount has been adjusted every five years.

Flying Investments is solely responsible for upkeep and maintenance of the leased property and its hangar. The City also agreed to provide a significant discount for the sale of fuel as described in Lease Attachment Number Two: First 100,000 gallons delivered in-to-plane \$.25 above cost per gallon; Second 100,000 gallons delivered in-to-plane \$.20 above cost per gallon; Third 100,000 gallons delivered in-to-plane \$.15 above cost per gallon; Fourth and Subsequent 100,000 gallons delivered in-to-plane \$.10 above cost per gallon.

DISCUSSION:

Walker Flight Services, LLC has made an offer to Flying Investments for the purchase of the hangar which will also require an assignment of the ground lease. Paragraph 11 of the ground lease requires the written permission of the City for an assignment to be effective. Walker Flight Services, LLC has agreed to take on all of the rights and responsibilities set forth in the ground lease and will also continue to receive the benefit of the fuel discount if the City agrees to the assignment.

BUDGET/STAFF IMPACT:

This lease will provide \$1,397.45 in revenue to the airport per year at the current rate.

Attachments:

SRF
Agreement for Assignment
Letter from Walker Flight Services with proposed assignment
Resolution 71-02 Ground Lease Agreement

AGREEMENT FOR ASSIGNMENT

Pursuant to the Fayetteville City Council Resolution approved on _____, 2018, I, Mayor Lioneld Jordan, do hereby consent on behalf of the City of Fayetteville to the assignment of the Ground Lease Agreement entered into between the City of Fayetteville and Flying Investments, LLC on May 7, 2002, for property located at 4564 S. School Avenue, to WALKER FLIGHT SERVICES, LLC, subject to WALKER FLIGHT SERVICES, LLC's complete and full acceptance of all of its responsibilities and duties within the Ground Lease Agreement and its consummation of its purchase agreement with Gerald Jones, Trustee of the Gerald B. Jones Revocable Trust, dated January 22, 2007.

ATTEST:

CITY OF FAYETTEVILLE

City Clerk Sondra E. Smith

Mayor Lioneld Jordan

Date: _____, 2018

WALKER FLIGHT SERVICES, LLC does hereby agree that it shall bound by all the rights, responsibilities and duties including the timely and complete payment of rent of the Ground Lease Agreement of May 7, 2002, entered into between the City of Fayetteville and Flying Investments, LLC, once it has consummated its purchase agreement with Gerald Jones, Trustee of the Gerald B. Jones Revocable Trust, dated January 22, 2007, and the Ground Lease Agreement has been assigned to WALKER FLIGHT SERVICES, LLC. I hereby certify that the below named person is authorized to sign for and bind WALKER FLIGHT SERVICES, LLC.

WITNESS:

WALKER FLIGHT SERVICES, LLC

Mandy Macke
Signature

Name: Mandy Macke

Title: _____

Date: 3/9/18

By: John M. Walker
John M. Walker, Managing Member

Date: 3.9.18



**BARBER
&
BARTZ**

ATTORNEYS AT LAW
a Professional Corporation

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WILLIAM CANDLER SEARCY
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525 S. MAIN STREET
SUITE 800
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74103-4511

TELEPHONE
918 599-7755

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918 599-7756

www.barberbartz.com

March 8, 2018

***Via Email Correspondence and U.S. Certified Mail, Return Receipt
Requested***

Blake E. Pennington
Assistant City Attorney
Office of the City Attorney of Fayetteville
113 W. Mountain Street, Suite 302
Fayetteville, AR 72701
bpennington@fayetteville-ar.gov

**RE: Assignment of Ground Lease from Flying Investments,
LLC to Walker Flight Services, LLC**

Dear Blake:

Flying Investments, LLC currently leases land from the City located at 4564 S. School Avenue at the City's Municipal Airport. A corporate-style hangar has been constructed on this property by Gerald Jones, Trustee of the Gerald B. Jones Revocable Trust, dated January 22, 2007. Mr. Jones is the owner of Flying Investments, LLC, and desires to sell the hangar to our Firm's client, Walker Flight Services, LLC. In connection with this proposed transaction, the parties are requesting that the City approve of the assignment of Flying Investment, LLC's lease to Walker Flight Services, LLC. The purchase and sale of the hangar will not occur without the assignment of this lease as requested.

Walker Flight Services, LLC is owned by Walker Properties II Limited Partnership and is managed by its Manager, John M. Walker. Mr. Walker is also owner of Sunrise Enterprises, LLC, which currently operates out of the hangar located at 4564 S. School Ave. at the City's Municipal Airport. Sunrise Enterprises, LLC has been a good operator and customer at the airport. Walker Flight Services, LLC will similarly be a responsible operator and customer, and will of course agree to be bound by all the rights, responsibilities and duties of tenant, including, but not limited to, the timely payment of all rent owed, under the current lease between Flying Investments, LLC and the City for the 4564 S. School Ave. property once said lease has been assigned to Walker Flight Services, LLC and its purchase of the associated hangar has been consummated.

Enclosed is a copy of the proposed Assignment we request the City to approve. I have also copied Tom Overbey, counsel for Flying Investments, LLC, Gerald Jones and Gerald Jones, Trustee of the Gerald B. Jones Revocable Trust, dated January 22, 2007. Thank you and please let me know if you need any additional information or documentation from our client.

Sincerely,

Barber & Bartz

A handwritten signature in blue ink, appearing to read "Ron B. Barber", is written over the printed name.

Ron B. Barber

RBB/aag
Enclosure

Cc: Tom Overbey (via email only to toverbey@artaxlaw.com)

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

KNOW ALL MEN BY THESE PRESENTS that Flying Investments, LLC, an Arkansas limited liability company (the “**Assignor**”), in consideration of the mutual promises, agreements and covenants contained in that particular Hangar Purchase Agreement executed by the parties hereto on March 2, 2018 (the “**Agreement**”), and for other good and valuable consideration given by WALKER FLIGHT SERVICES, LLC, an Arkansas limited liability company (the “**Assignee**”), the receipt and sufficiency of which is hereby acknowledged, does hereby, effective as of the date Assignor signs below (“**Effective Date**”), convey, transfer and assign unto the Assignee all of Assignor's right, title and interest in and to the Lease Agreement entered into on May 7, 2002 by and between Assignor and the City of Fayetteville, Arkansas (the “**City**”) attached hereto whereby Assignor leases certain real estate from the City located at 4564 S. School Avenue, Fayetteville, Arkansas (the “**Ground Lease**”),

TO HAVE AND TO HOLD the same unto the Assignee, its successors and assigns, from and after the Effective Date hereof, subject to the terms, covenants, conditions and provisions contained in the Ground Lease.

The Assignee hereby assumes, as of the Effective Date, the performance of all of the terms, covenants and conditions of the Ground Lease herein assigned by the Assignor to the Assignee from and after the Effective Date hereof and hereby agrees to perform all of the terms, covenants and conditions contained in the Ground Lease from and after the Effective Date hereof, all with the full force and effect as if Assignee had signed the Ground Lease originally as the tenant named therein.

This instrument may be executed in counterparts, which counterparts, when taken together, shall constitute a single agreement. This instrument may be executed and delivered by electronic and/or facsimile transmission.

IN WITNESS WHEREOF, the parties hereto have each set their hands as of the date indicated by each below but this Assignment and Assumption of Leases shall be effective as of the Effective Date set forth herein.

ASSIGNOR:

Flying Investments, LLC

By:_____

Name: Gerald Jones

Title: Managing Member

Date:_____

ASSIGNEE:

WALKER FLIGHT SERVICES, LLC

By:_____

Name: John M. Walker

Title: Managing Member

Date:_____

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RESOLUTION NO. 71-02

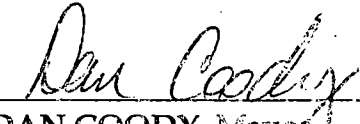
A RESOLUTION APPROVING A GROUND LEASE AGREEMENT
WITH FLYING INVESTMENTS, LLC FOR SPACE AT THE
FAYETTEVILLE MUNICIPAL AIRPORT TO CONSTRUCT A
CORPORATE HANGAR.

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
FAYETTEVILLE, ARKANSAS:**

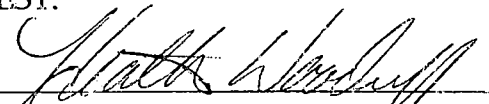
Section 1. That the City Council hereby approves a Ground Lease
Agreement with Flying Investments, LLC for space at the Fayetteville Municipal
Airport to construct a corporate hangar. A copy of the Lease Agreement marked
Exhibit "A" is attached hereto and made a part hereof.

PASSED and APPROVED this 7th day of May 2002.

APPROVED:

By: 
DAN CGODY, Mayor

ATTEST:

By: 
HEATHER WOODRUFF, City Clerk

MAY 03 980.00

MAY 08 1146.60

LEASE AGREEMENT

Ground Lease

This Lease Agreement entered into this 7 day of May, 2002, by and between the City of Fayetteville, Arkansas, hereinafter referred to as the "Lessor," and Flying Investments LLC, P. O. Box 8157, Fayetteville, Arkansas 72703 hereinafter referred to as "Tenant";

WHEREAS, the Lessor owns and operates an Airport known as Fayetteville Municipal Airport - Drake Field, situated in Washington County in the State of Arkansas; and

WHEREAS, Tenant desires to lease from Lessor certain space for the construction of an aircraft hangar and ramp as described below:

A CERTAIN TRACT OF LAND 140 FT. X 140 FT. LOCATED AT THE FAYETTEVILLE MUNICIPAL AIRPORT - DRAKE FIELD AND MORE PARTICULARLY SET FORTH AND SHOWN ON EXHIBIT "A", ATTACHED HERETO AND MADE A PART HEREOF, ONCE COMPLETED TO HAVE AN ADDRESS ON SOUTH SCHOOL AVENUE.

NOW, THEREFORE, the Parties hereto agree as follows:

1. **LEASEHOLD**. The Lessor does hereby grant, demise and lease unto Tenant certain premises situated in Washington County, Arkansas, within the boundaries of the Fayetteville Municipal Airport- Drake Field. Tenant will be responsible for all improvements to the Leased Premises.

2. **TERM**. The term of this lease is for thirty (30) years beginning on the first day of the next month following the date the occupancy permit is granted (1 day of JUNE, 2002), and ending at midnight the end of the previous month in the year 2032 (MAY 31, 2032), unless otherwise terminated, canceled or extended as set forth herein below. Lessor or Tenant may terminate this lease at any time by giving the other party thirty (30) days written notice of termination during the first six (6) months following the date of the lease and prior to the ground breaking for the new facility.

A. Option to Extend. Tenant Flying Investments LLC shall have the option to extend the Lease Term of this Lease for one (1) period of Twenty (20) years if Tenant Flying Investments LLC, has satisfied the following conditions (extensions beyond fifty (50) years must be renegotiated and approved by the City Council):

(1). Tenant has complied with and performed all conditions, covenants, and terms of the Agreement without any defaults known to Tenant, or any defaults that are not otherwise in the process of being resolved in the manner provided in this Agreement.

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(2). Notice of Flying Investments LLC's request to renew has been made and presented in writing to the City of Fayetteville at least one hundred twenty (120) days prior to the expiration of the term.

(3.) The amount of rental fees shall have been successfully negotiated and agreed to by the parties for the extended lease term.

3. **RENTAL FEES.** During the term of this lease, Tenant Flying Investments agrees to pay Lessor-City of Fayetteville an annual ground rental fee of five cents (\$.05) per square foot of total leased ground space. Leased ground space totals 19,600 square feet. Annual rental due the Lessor is Nine Hundred and Eighty Dollars (\$980.00). Said rental is to be paid in advance in yearly installments on the first day of the next month following the date the occupancy permit is granted (day of MAY, 2003).

If paid annually, or in increments of five (5) years or less, rental charges shall be reviewed every five (5) years and the rental charges for the next five (5) years of the lease term will be adjusted up to reflect the Consumer Price Index (CPI) plus one (1) percent, using the formula on Lease Attachment #1.

The parties agree that the rental to be effective as of the commencement of each period of the lease shall be equal to the rate set forth, as adjusted by the CPI, as defined to mean the monthly index published by the United States Department of Labor, Bureau of Labor Statistics and in no case shall be less than the amount paid for the previous period. Index utilized will be for the month nearest to the renewal date as published by the United States Department of Labor, Bureau of Labor Statistics prior to the renewal date.

A delinquency charge will be imposed on payments not received by the close of business on the tenth day after the due date. Such delinquency charge shall be the maximum amount allowable under Arkansas law. All payments shall be delivered or mailed to: City of Fayetteville, 113 West Mountain Street, Fayetteville, Arkansas 72701.

4. **UTILITIES AND JANITORIAL SERVICES.** Tenant shall be responsible for the payment of the utilities associated with any, but not limited to, electric, gas, heating, water/sewer, and trash removal to the leasehold.

The Lessor shall not be required to furnish to Tenant any facilities or services of any kind, such as, but not limited to, water/sewer, trash removal, electricity, or gas. Any such facilities or services required by Tenant for their use and purposes shall be their sole and exclusive responsibility and agree to hold Lessor harmless from any responsibility or liability therefore.

5. **TERMS AND CONDITIONS.** Tenant agrees to comply with and abide by all terms and conditions set forth in this original Agreement of Lease.

6. **USE OF THE PREMISES.** Tenant agrees that the leased premises shall be used and occupied only as an aircraft hangar and for related lawful purposes.

A. **Flammable Material.** Tenant further agrees not to store any flammable material on the demised premises other than a limited supply of oils and agents necessary for the operation of an aircraft hangar.

B. **Hazardous Substance.** Tenant shall not cause or permit any Hazardous Substance to be used or stored on or in the Leased Premises without first obtaining the Lessor'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 Tenant is responsible or legally liable, Tenant shall indemnify and hold harmless the Lessor from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation and decrease in value of the Lease Premises, damages caused by loss or restriction of rentable or usable space as part of the Leased Premises) arising during or after the term hereof and arising as a result of that contamination by Tenant, Tenant's agents, employees, and invitees. This indemnification includes, without limitation, and all costs incurred because of any investigation of the Airport or any cleanup, removal, or restoration mandated by a federal, state, local agency or political subdivision.

C. Tenant shall not start or operate aircraft engines within the facility leased hereby and shall not allow such operations by any other person.

7. **USE OF THE AIRPORT.** Tenant Flying Investments LLC is granted the use, in common, without charge, 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 takeoffs.

Tenant agrees to observe and obey Lessor's Ordinances and Regulations with respect to the use of the demised premises and Airport; provided, however, such Ordinances and Regulations shall be consistent with safety and with all city, county, state, and federal ordinances, rules and regulations. Tenant agrees to abide by the rulings of the Federal Aviation Administration with respect to the use of the Leased Premises. "*Airport Minimum Standards for Operations and Commercial Activities*" herein referred to as Airport Minimum Standards at Fayetteville Municipal Airport are made part of this lease by reference as if included word for word. Special provisions for the use of fuel storage facilities are at Lease Attachment #2.

8. **REPAIRS, MAINTENANCE AND APPEARANCE.**

A. Tenant shall at all times during the term of this Lease Agreement, at Tenant's expense,

keep and maintain in good repair and safe condition the leased premises and the equipment and appurtenances, both inside and outside, structural and non-structural, extraordinary and ordinary, whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise. When used herein, the term "repairs" shall include all necessary replacements, renewals, alterations, additions, and betterments. Tenant acknowledges that Tenant shall be responsible for the repairs and maintenance necessary to maintain the structural integrity of the hangar. Tenant will at all times maintain the Leased Premises in a clean, orderly, and attractive condition; not allow the accumulation of rubbish, trash, refuse and any unsightly conditions or fire hazards on the Leased Premises. Tenant shall be responsible for mowing and the upkeep of the outside grounds of the Leased Premises. Tenant shall be responsible for all janitorial services and trash removal from the Leased Premises.

B. The necessity for and adequacy of repair to the Lease Premises, pursuant to subparagraph (a.) hereof, shall be measured by the standard which is appropriate for improvements of similar construction and also shall meet the requirements and standards set out and promulgated by the City of Fayetteville pursuant to the primary lease referred to above.

C. Tenant agrees to reimburse Lessor for all sums and expenses incurred in the repairs or maintenance required or caused to be made pursuant to the regulations and rules of the Lessor mentioned in subparagraph (b) above as a result of failure by Tenant to maintain or repair the demised premises as required.

9. **ALTERATIONS AND IMPROVEMENTS.** Tenant shall have prior written consent from the Lessor, meeting all City requirements, to make any alterations, additions and improvements Tenant deems necessary and desirable to the interior of the leased premises. Tenant shall not be entitled to make any major or material alterations, additions or changes to the exterior of the leased premises without the Lessor's prior written consent. Tenant acknowledges and agrees that all such alterations, additions and improvements, including paneling, partitions, railings, floors, ceilings and the like, shall become the property of the Lessor upon the terminations of the Lease Agreement.

10. **INSURANCE.** Tenant shall obtain and maintain property insurance coverage for the repair or replacement of the leasehold and any adjacent improvements, with an insurance company licensed to do business in the State of Arkansas, naming the City of Fayetteville and the Fayetteville Municipal Airport and their trustees, agents, officers, and employees are named as an additional insured on the policy, and Tenant shall provide the Airport Administration Office with a Certificate of Insurance during the term of this Lease.

Tenant acknowledges that it is the Tenant's responsibility to maintain insurance on Tenant's personal property.

11. **SUB-LEASING AND ASSIGNMENT.** Tenant shall not be entitled to sub-lease or assign the Tenant's interest in this Lease Agreement without first obtaining the written permission of the Lessor, provided however, Tenant may assign Tenant's interest in this Lease Agreement for a One

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Hundred and Eighty (180) day period to Qualified Escrow, LLC, in order for Tenant to accomplish a tax deferred exchange under Section 1031 of the Internal Revenue Code. A request to sub-lease or an assignment of the lease will not be unreasonably withheld.

12. **EVENTS OF DEFAULT.** The following shall be "events of default" under this Agreement, and the terms "events of default" or "default" shall mean, whenever they are used herein, any one or more of the following.

A. Tenant shall fail to pay when due and owing any rentals hereunder and such nonpayment shall continue for twenty days after written notice thereof by the Airport;

B. Tenant voluntarily shall abandon, desert, or vacate the Leased Premises;

C. Tenant shall fail to comply with insurance requirements imposed hereunder;

D. Tenant shall fail to observe or perform any other of its obligation hereunder, and such failure shall continue unremedied for twenty (20) days after the Lessor shall have given to the Tenant written notice specifying such default. Provided, the Airport may grant Tenant such additional time as it's reasonably required to correct any such default if Tenant has instituted corrective action and diligently is pursuing the same;

E. Tenant shall fail to provide and maintain any security assurances required hereunder; or

13. **REMEDIES UPON Tenant'S DEFAULT.** Whenever an event of default of Tenant shall occur, the Lessor may pursue any available right or remedy at law or equity including:

A. Termination. At its exclusive option, the Lessor may deliver to Tenant written notice of termination, specifying the date upon which the Agreement will terminate. In the event of termination, Tenant's rights to possession of the Leased Premises immediately shall cease. The Lessor may then reenter and take possession of the Leased Premises and Tenant forthwith shall surrender possession of the Leased Premises. Upon termination of this Agreement, Tenant shall be liable for payment of:

(1.) All sums accrued through the date of termination.

(2.) The reasonable costs incurred by the Lessor to relet the Leased Premises, or any portion thereof; and

(3.) The reasonable cost incurred by the Lessor to restore the Leased Premised or any portion thereof to the condition in which they originally were leased, ordinary wear and tear excepted.

All rentals received by the Lessor from re-letting the Leased Premises after the termination of this

Agreement shall be credited against the Outstanding Rental Balance. The acceptance by the Lessor of any rentals from Tenant after the termination of this Agreement shall not reinstate this Agreement.

Upon such notice, Tenant agrees to vacate the premises immediately. Should it become necessary for Lessor to resort to judicial process to enforce the terms of this Agreement, or reclaim possession of the premises, Tenant agrees to pay a reasonable attorney's fee.

14. **EXPIRATION OR TERMINATION.** On the expiration or other termination of this Lease, Tenant's right to use the demised premises shall cease, and Tenant shall vacate the premises without unreasonable delay. All property installed, erected, or placed by Tenant in, on, or about the premises leased hereunder shall be deemed to remain the property of Lessor. Tenant 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 seven (7) days after the expiration or other termination of this agreement, to remove any or all of Tenant's property, subject, however to Tenant's obligation to repair all damage, if any, resulting from such removal. Any and all property not removed by Tenant prior to the expiration of the aforesaid seven (7) day period shall thereupon become a part of the land on which it is located and title hereto shall thereupon vest in Lessor.

15. **TERMINATION OF AIRPORT.** In the event that the Fayetteville Municipal Airport facility and property are no longer used for aviation purposes, the Tenant may remain in possession of the premises until the end of the lease term with the right to use the premises for any use allowable under Arkansas law.

16. **TAXES.** Tenant shall pay all ad valorem taxes and assessments upon the leased premises and upon all personal property located upon the leased premises which are assessed during the lease term.

17. **MORTGAGING OF LEASEHOLD.** Tenant is hereby given the absolute right without the Lessor's consent to mortgage his interest in the leased premises, provided that no such mortgage shall extend to or affect the fee, the reversionary interest, or the estate of Lessor in and to the land and building (hangar facility complex) erected thereon.

18. **INDEMNITY.** Tenant agrees to indemnify Lessor against any liability for injuries to persons or damage to property caused by Tenant's gross negligent use or occupancy of the leased premises; provided, however, that Tenant shall not be liable for any personal injury, damage or loss occasioned by the negligence of Lessor 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 asset forth under Arkansas Law.

19. **NON-WAIVER.** Neither the waiver by Lessor of any breach of Tenant of any provision hereof nor any forbearance by the Airport to seek a remedy for any such breach shall operate as a waiver of any other breach of Tenant.

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

LESSOR:

Airport Administration Office
4500 S. School Avenue, Suite F
Fayetteville, Arkansas 72701
PH: 479-718-7642
FAX: 479-718-7646

LESSOR:

Flying Investments LLC
P. O. Box 8157
Fayetteville, Arkansas 72703
PH: 479-530-4000
FAX: 479-443-9424

21. This Agreement shall be construed under the laws of the State of Arkansas.

22. All the covenants, conditions, and provisions under this agreement shall extend to and bind the legal representatives, successors, and assign of the respective parties hereof.

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

LESSOR:

CITY OF FAYETTEVILLE, ARKANSAS

By: _____

Dan Coody, Mayor

ATTEST:

By: _____

Heather Woodruff, City Clerk

LESSEE:

By: _____

DIRECTOR of AVIATION

Title

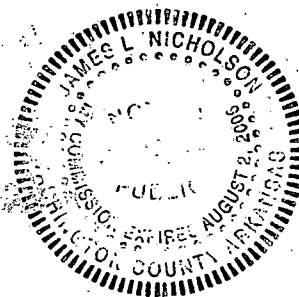
ATTEST:

By: _____

Title: _____

Financial Coordinator

Commission Expires
August 2, 2006-7.



LEASE ATTACHMENT NUMBER ONE

Rent adjustments shall be made as of the commencement of each of the Dates Upon Which Rent Increases Apply and shall be determined by the following formula:

Rent as last so increased under this Lease

multiplied by:

$1 + \frac{\text{Current Index} - \text{Base Index}}{\text{Base Index}}$

plus

one percent (1%) of the Rent as last so increased under this Lease

Where; "Current Index" shall be the CPI (*D-1 Consumer Price Index-All City Average,* "all items groups, subgroups and special groups," published monthly in the *Monthly Labor Review of the Bureau of Labor Statistics of the United States Department of Labor*) for the month immediately prior to the applicable Dates Upon Which Rent Increases Apply, and Base Index shall be the CPI for the month immediately prior to the Commencement Date or the most recent Dates Upon Which Rent Increases Apply, whichever is applicable. In no event, however, shall the Rent for any period be less than the Rent as last so increased under this Lease. In the event that such CPI is no longer published or otherwise available, the adjustment provided for herein shall be by the successor (or the most nearly comparable successor index) thereto, adjusted as appropriate to the applicable dates.

LEASE ATTACHMENT NUMBER TWO

Fuel stored in the Airport Fuel Storage Facility shall be coordinated with the Airport Administration Office and all fees and charges required by City Ordinance shall be remitted to the City of Fayetteville. Deliveries shall be coordinated so as not to overfill the fuel storage tanks. In addition to Buyer and Supplier Fees (Fuel Flowage Fees) charged by City of Fayetteville Ordinance, an In-To-Plane Fee shall be charged at the following rate schedule for each calendar year.

First:	100,000 gallons delivered in-to-plane	\$.25 per gallon
Second:	100,000 gallons delivered in-to-plane	\$.20 per gallon
Third:	100,000 gallons delivered in-to-plane	\$.15 per gallon
Fourth:		
And Subsequent:	100,000 gallons delivered in-to-plane	\$.10 per gallon

N 44° 05' 13.60" W

RUNWAY OBSTACLE FREE ZONE

RUNWAY SAFETY AREA

5-80' x 100' HANGARS
(8,000 S.F.)

100' x 200' HANG,
(20,000 S.F.)

6-100' x 100' H
(10,000 S.F.)

GRAVEL

FUTURE
PARKING

ENTRANCE SIGN

PL 12' W

FLYING INVESTMENTS LLC

Exhibit "A"

ADN