



TO: Honorable Mayor & Members
Fort Lauderdale City Commission

FROM: Lee Feldman, City Manager

DATE: October 16, 2012

TITLE: Consent Resolution – Executive Airport Parcel 18 Lease with RLO, Inc. –
Fourth Amendment to Lease Agreement

Recommendation

It is recommended that the City Commission authorize the City Manager to enter into a Fourth Amendment to Lease Agreement for Executive Airport Parcel 18 extending the lease term from November 1, 2012 to December 31, 2012 subject to payment of past due rent and late fees totaling \$50,865.97; prepayment of two months' rent totaling \$14,192.08; submittal of a fuel tank remediation plan to Broward County, removal and remediation of the fuel tanks; and placement of funds in escrow equal to the cost of tank removal and remediation.

It is further recommended that the City Commission authorize the initiation of legal action to recover the past due rent amounts and all costs associated with the fuel tank removal and remediation if the conditions are not met and the lease terminates.

Background

RLO, Inc. (RLO) (an Illinois corporation authorized to transact business in the state of Florida under the name Flight Operations, Inc.) leases Parcel 18 at Executive Airport as a result of an Assignment of Lease from Makaero, Inc. Parcel 18 consists of 3.626 acres of aviation property and has been improved with the construction of two aircraft hangars and associated office space totaling 41,300 square feet and an aviation fuel farm. Personal Jet, Inc. is the Fixed Base Operator on the Parcel. The annual rent on this Parcel is \$80,332.61.

The original lease term commenced in 1977 and was 25 years in length with five-year Consumer Price Index adjustments. The Lease was extended in 1999 for an additional five years ending on October 31, 2007 with annual CPI adjustments. The lease was further amended on March 21, 2006 extending the term by an additional five years to October 31, 2012.

RLO is currently in arrears for the months of April, May, June, July, August, September,

and October 2012, including sales tax, for a total of \$49,667.18. The Lessee has been notified that the failure to pay the past due rent constitutes a default of the terms of the lease. Additionally, there is an environmental issue with fuel tanks on the leased property that Broward County expects to be remediated.

At the September 27, 2012 Aviation Advisory Board meeting, Mr. Louis N. Scholnik, attorney for the lessee, stated that the lessee intends to cure the default, remove the fuel tanks and implement a remediation plan, however, additional time is needed in order to secure the necessary funding. As a result, the lessee has requested that the lease agreement be extended for two months, subject to certain conditions.

Prior to the commencement of the two month lease extension, the lessee will submit payment to the City for the past due rent totaling \$50,865.97, which includes late fees through October 16, 2012; late fees will continue to accrue at a rate of \$10.98 per day up to including the date payment is received. The lessee will also prepay the rent for the additional two months totaling \$14,192.08. Additionally, the lessee will submit a remediation plan for the fuel tanks acceptable to Broward County and the City and place funds in escrow equal to the cost of the tank removal and remediation.

If these conditions are not met, the lease would terminate on October 31, 2012 and City would have the option to initiate legal action to recover the past due amounts as well as costs associated with the fuel tank remediation.

Resource Impact

There is a positive fiscal impact to the city in the amount of \$65,058.05.

Attachment(s)

Exhibit 1 – Fourth Amendment to Lease Agreement

Exhibit 2 – Resolution

Prepared By: Clara Bennett, Acting Deputy Director Transportation & Mobility

Department Director: Diana Alarcon, Director Transportation & Mobility