

10396. RESOLUTION 11-28 - LEASE AGREEMENT BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND HAWKER BEECHCRAFT CORPORATION.

WHEREAS, The Delaware River and Bay Authority (the "Authority"), is the operator of the New Castle Airport ("Airport"), New Castle, Delaware; and

WHEREAS, Hawker Beechcraft Corporation ("Hawker") desires to lease the hangar facility located at 142 Old Churchmans Rd. totaling approximately 48,760 sq.ft. of hangar, shop and office space; and

WHEREAS, Hawker has agreed to pay the Authority Four Hundred Eighty-Seven Thousand Six Hundred Dollars (\$487,600) annual rent during the initial year of the Lease Agreement; and

WHEREAS, the initial term of the Lease Agreement is for seven (7) years; and

WHEREAS, Hawker shall have the option of renewing the Lease Agreement for three periods of five (5) years; and

WHEREAS, during the initial and the renewal terms, rent shall be adjusted annually by the Consumer Price Index ("CPI"); and

WHEREAS, Hawker desires to do improvements to the facility which includes additional electrical wiring, lighting, IT wiring, parking, general flooring improvement and paint. The cost of this work is estimated to be \$235,000, one-half of which will be paid by the Authority and one-half will be paid by Hawker. Hawker also desires to construct an additional 7,000 sq.ft. of shop space. The cost of this work is estimated to be \$700,000. The Authority agrees to undertake this work, to be reimbursed by Hawker in equal monthly payments over the initial term of the lease at an interest rate of 2%; and

WHEREAS, this lease agreement shall be contingent upon the termination of the existing lease with the current tenant of the hangar at 142 Old Churchmans Rd.; and

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Agreement with Hawker Beechcraft Corporation and, with the advice and consent of counsel, to have such Lease Agreement executed by the Chairperson, Vice Chairperson, and the Executive Director.

A motion to approve Resolution 11-28 was made by Commissioner Green, seconded by Commissioner Favre, and approved by a roll call vote of 8-0.

Resolution 11-28 Executive Summary

Resolution: Authorizing the execution of Lease Agreement between the Delaware River and Bay Authority and Hawker Beechcraft Company.

Committee: Economic Development

Committee Date: June 7, 2011

Board Date: June 21, 2011

Purpose of Resolution:

To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a lease agreement for a hangar facility at the New Castle Airport.

Background for Resolution:

Hawker Beechcraft Corporation has been looking to open a Maintenance and Repair Operation in the North East. They visited 12 locations in the region. After reviewing all sites, the New Castle Airport location was selected.

Hawker plans to initially employ 24 people and by the end of 5 years employ 80 employees. They plan to expand and build a paint facility. If this should occur, they will need to hire additional 18-20 employees.

The Authority purchased this facility in 2007 from MBNA for \$5 million dollars. To date we have collected \$1,638,958.09 from XO Jet. Before the end of the initial seven year term of this lease with Hawker, the Authority will have recouped in rental payments more than their initial \$5 million dollar investment.