

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: February 3, 2012

TO: Supervisor Lee Holloway, Chairperson, County Board of Supervisors
Michael Mayo Sr., Chairperson, Transportation, Public Works & Transit Committee

FROM: Frank Busalacchi, Director, Department of Transportation

SUBJECT: **SALE OF HANGAR FROM MARSHALL & ILSLEY CORPORATION TO RITE-HITE CORPORATION, AND ENTER INTO A NEW LEASE AGREEMENT BETWEEN MILWAUKEE COUNTY AND RITE-HITE CORPORATION**

POLICY

County Board approval is required for hangar sales and hangar lease assignments at General Mitchell International Airport (GMIA).

BACKGROUND

On July 26, 2006, Milwaukee County entered into Lease Agreement No. HP-1549 with Marshall & Ilsley Corporation for the lease of approximately 21,500 square feet of land at GMIA on which to operate and maintain an aircraft hangar. The agreement was for an initial term of five (5) years, commencing June 1, 2006 and ending May 31, 2011, provided, however, that Lessee had the right to renew this Agreement for one (1) additional term of five (5) years upon the same terms and conditions. Marshall & Ilsley Corporation exercised the five (5) year renewal option in 2011.

Marshall & Ilsley Corporation is now requesting that Milwaukee County approve the sale of the hangar facilities to Rite-Hite Corporation and agree to terminate Lease Agreement No. HP-1549 between Milwaukee County and Marshall & Ilsley Corporation.

Rite-Hite Corporation is further requesting that Milwaukee County approve the purchase of the hangar from Marshall & Ilsley Corporation and agree to enter into a new lease agreement between Milwaukee County and Rite-Hite Corporation.

RECOMMENDATION

Airport staff recommends that Milwaukee County approve the sale of the Marshall & Ilsley Corporation hangar facilities to Rite-Hite Corporation, approve the termination of Lease Agreement No. HP-1549, and enter into a new lease agreement between Milwaukee County and Rite-Hite Corporation under the standard terms and conditions for corporate hangars of similar class and size at GMIA, under the standard terms and conditions for new corporate hangar construction of similar class and size, inclusive of the following:

1. The termination of Airport Agreement No. HP-1549 and the terms of a new agreement shall be binding and take effect upon the Date of Sale. The term and obligation to pay rent shall not commence until the Date of Sale.
2. The agreement shall be for an initial term that expires November 13, 2013, commencing on the Date of Sale, with one (1) additional renewal option term of five (5) years.

3. Commencing on the Date of Sale, Lessee agrees to pay Lessor the then-current land rental rate in effect for the approximate 21,500 square feet of land.
4. The rental rate shall be adjusted by Lessor each July 1, based on the percentage increase or decrease in the Consumer Price Index (All Urban Consumers) for the Milwaukee area as published by the U.S. Department of Labor, Bureau of Labor Statistics, or the generally accepted national replacement or successor index, as readjusted to the base month and computed by comparison of the then-current January index with the index of the preceding January.
5. The agreement shall contain the current standard insurance and environmental language for protection of the County as it pertains to hangar and lease agreements.


FISCAL NOTE

Land rental revenue will be approximately \$6,735.95 for the first year of the agreement.

Prepared by: Dan Huebner, Contract Payment Specialist

Approved by:

Frank Busalacchi, Director
Department of Transportation



C. Barry Bateman
Airport Director