R-26-22

RESOLUTION NO. ________

A RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A LEASE AGREEMENT AND OPTION TO PURCHASE FOR CERTAIN REAL PROPERTY LOCATED AT 200 EAST WASHINGTON AVENUE IN THE CITY OF NORTH LITTLE ROCK, ARKANSAS, TO KAL MAKAN; AND FOR OTHER PURPOSES.

WHEREAS, Arkansas Code Ann. § 14-54-302 authorizes the City to enter into lease agreements when authorized by a resolution approved by a majority vote of the City Council present and participating; and

WHEREAS, the City of North Little Rock ("City") owns certain real property located at 200 East Washington Avenue; and

WHEREAS, Kal Makan wishes to lease the property from the City with an option to purchase, and it is in the best interest of the City and its residents to lease the property to Kal Makan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the Mayor and City Clerk are hereby authorized to execute a Lease Agreement and Option to Purchase (substantially similar to Exhibit A attached hereto) and to lease the premises at 200 East Washington Avenue with an option to purchase to Kal Makan.

SECTION 2: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

____

APPROVED:

____
Mayor Terry C. Hartwick

SPONSOR:

Terry C. Hartwick by AF
Mayor Terry C. Hartwick

ATTEST:

____
Diane Whitbey, City Clerk

APPROVED AS TO FORM:

____
Amy Beckman Fields, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY/mf

FILED 10:44 A.M. __ P.M.
By Amy Fields
DATE 2-3-26
Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas
RECEIVED BY ________

EXHIBIT
A

LEASE AGREEMENT
and
OPTION TO PURCHASE

This Lease Agreement and Option to Purchase is made and entered into by and between the City of North Little Rock, a municipal corporation organized and existing pursuant to the laws of the State of Arkansas (the "City"), and Kal Makan, an individual resident of the State of Arkansas ("Makan") (the City and Makan may be referred to collectively as the "Parties").

WITNESSETH:

WHEREAS, the City owns certain property located at 200 East Washington Avenue in the City of North Little Rock; and

WHEREAS, Makan owns certain property located at 200 East Second Street/200 Poplar Street in the City of North Little Rock that is suitable for a parking lot that he intends to use in connection with the construction and development of a hotel located at 118 East Washington Avenue; and

WHEREAS, Makan desires to lease the property owned by the City located at 200 East Washington Avenue.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and other good and valuable consideration, it is agreed by and between the parties as follows:

PART ONE – LEASE AGREEMENT

1. Leased Premises. For and in consideration of the rents, covenants and agreements herein entered into and agreed upon by the Makan as obligations to the City, the City lets, leases and demises unto Makan, subject to the terms and conditions contained herein, the premises located at 200 East Washington Avenue, more particularly described as

> Lots 1 and 2, Block 9, Argenta Addition to the City of North Little Rock, Arkansas (the "Leased Premises").

2. Term. This lease shall commence on the date this contract is executed and shall continue until February 28, 2027. Makan may elect to extend the lease for an additional twelve (12) month term upon giving thirty (30) days' prior written notice thereof.

3. Rent. Makan agrees to pay to the City the sum of $1,000 per month, with partial months' rent being prorated accordingly. Monthly rental payments shall be paid in advance beginning on the commencement date of this lease.

4. **Additional Consideration.** For and in additional consideration for this Lease Agreement and Option to Purchase herein, Makan grants to the City the use of the parking lot located at 200 East Second Street/200 Poplar Street, more particularly described as:

> Part of Lot A Market Plaza Renewal Replat East of Poplar Street and Lots 3, 4, 9 and 10 Block 12 Argenta Addition to the City of North Little Rock, Pulaski County, Arkansas, (the "Parking Lot Property").

This use shall be limited to the day of planned events at the North Little Rock Event Center, all day on the date of the event with fifteen (15) days prior written notice to Makan. If an event is scheduled less than fifteen (15) days prior to the event date, the Parties will make good faith efforts to arrange for parking on the Parking Lot Property on the day of the event.

This grant of use will continue until thirty (30) days before the hotel that is being constructed at 118 East Washington Avenue is opened to the public. In addition, Makan will provide arms for the parking lot within a reasonable time with controlled access.

5. **Repairs or Improvements to the Leased Premises.** Makan shall maintain the Leased Premises in a good state of repair. Makan has the authority to make improvements to the Leased Premises, provided that such improvements meet any and all City regulations. Any repairs or improvements to the Property shall be at the expense of Makan and will remain the property of the City at the termination of this agreement if Makan does not exercise his option to purchase the Property.

6. **Payment of Rent.** The rent payable hereunder shall be paid to the City at P.O. Box 5757, North Little Rock, Arkansas, 72119.

7. **Assignment.** Makan shall not assign this Lease Agreement or sublet the Leased Premises; provided, however, that Makan may assign the Lease Agreement to an entity in which Makan has an ownership interest.

8. **Holdover.** Makan hereby agrees that upon termination of this lease by expiration or by earlier termination for any reason whatsoever, Makan will peaceably deliver possession of the Property to the City, provided that Makan does not exercise his option to purchase the Property. In the event Makan shall be permitted by the City to hold over after the expiration or termination of this lease, or any extension thereof, said holding over (in the absence of any written agreement to the contrary) shall be construed as a tenancy from calendar month to calendar month and may be terminated by written notice from either party to the other party. In the event it should become necessary for the City to institute any action at law to recover possession at the time of termination, whenever and however termination may occur, Makan agrees that it will pay all costs and expenses of such action, including reasonable attorneys' fees.

9. **Insurance and Utilities.** Makan shall be solely responsible for maintaining insurance on the Property. Makan shall, as warranted during the term of this lease, maintain public liability insurance on the Property. Makan shall obtain in his name and at his own expense, all required utilities.

10. **Taxes.** Makan shall be reimburse the City for the payment of any ad valorem taxes and assessments of the Leased Premises during Makan's occupancy of the Leased Premises. The City agrees to make payment of all ad valorem taxes and assessments of the Property to such applicable authority prior to delinquency. The City will invoice Makan for any payments made by the City, with reimbursement to be made within thirty (30) days.

11. **Title and Quiet Enjoyment.** The City covenants and warrants that it is the owner in fee simple absolute title of the Property and may lease said Property as herein provided. Upon payment by Makan of the rents herein provided and upon the observance and performance of all the covenants, terms and conditions upon the City's part to be observed and performed, Makan shall peaceably and quietly hold and enjoy the demised premises for the term herein demised without hindrance or interruption by the City or any other person or persons lawfully or equitably claiming by, through or under the City, subject to the terms and conditions of this agreement.

PART TWO – OPTION TO PURCHASE

13. **Grant of Option.** For and in consideration of an Option Fee in the amount of $100.00, as well as the additional consideration set forth in Paragraph 4 of this Lease Agreement and Option to Purchase the City does hereby grant to Makan the exclusive right and option ("Option") to purchase the Property upon the terms and conditions as set forth in this Agreement for a purchase price of Two Hundred Thousand and 00/100 Dollars ($200,000.00).

14. **Payment of Option Fee.** Makan agrees to pay the City the Option Fee within five (5) business days after the Execution Date.

15. **Exercise of Option.** Makan may exercise its exclusive right to purchase the Property pursuant to this Agreement any time during the Option Term by giving written notice to the City. For purposes of this Agreement, the "Option Term" shall mean that period of time commencing on the commencement of the Lease Agreement, as set forth in Paragraph 2 above, and ending on or before 5 p.m. on the expiration date of the Lease Agreement, including the 12-month extension period if the term is extended pursuant to the provisions of Paragraph 2 herein.

16. **Conveyance/Warranty.** Upon Makan's exercise of the Option, the City agrees to grant, bargain, transfer and convey the above-described property unto Makan. The City covenants with Makan that it is the lawful owner of said property, that the property is free from liens and encumbrances, that the City has good right to sell the same; and that the City will warrant and defend the same against the lawful claims and demands of all persons or entities whomsoever. City will provide title insurance to Makan showing merchantable title; paying closing costs according to standard practices; provide an ALTA survey at City's expense and, prorate rent.

17. **Failure to Exercise Option.** In the event Makan does not exercise its exclusive right to purchase the Property granted the Option during the Option Term, the City shall be entitled to retain the Option Fee, and this Option shall become absolutely null and void. The City's right to the exclusive use of the Parking Lot Property will continue until thirty (30) days prior to the

opening of the Hotel Property irrespective of Makan's exercise or failure to exercise the option to purchase granted herein.

PART THREE – MISCELLANEOUS PROVISIONS

18. **Notices.** All notices and other communications required or permitted to be given hereunder shall be in writing and shall be personally delivered or mailed by certified or registered mail, postage prepaid, or by a nationally recognized overnight carrier, addressed as follows:

If to the City:

The City of North Little Rock
300 Main Street
North Little Rock, AR 72114
Attn: Mayor Terry C. Hartwick
(501) 975-8601

If to Makan:

Kal Makan
Makan Hospitality Management
15315 Kanis Road
Little Rock, AR 72223
(501) 772-0573

19. **Succession.** This agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

20. **Severability.** Each paragraph of this agreement is severable from all other paragraphs. In the event any court of competent jurisdiction determines that any paragraph or sub-paragraph is invalid or unenforceable for any reason, all remaining paragraphs and sub-paragraphs will remain in full force and effect.

21. **Interpretation.** This agreement shall be interpreted according to and enforced under the laws of the State of Arkansas.

22. **Entire Agreement.** This agreement contains the entire agreement of both parties hereto, and no other oral or written agreement shall be binding on the parties hereto. This agreement may be executed in all or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23. **Effective Date.** This agreement must be signed by both parties within five (5) business days of the first signature affixed hereto. The Effective Date shall be the date of the last signature affixed hereto.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals.

CITY OF NORTH LITTLE ROCK, AR	**KAL MAKAN**
By ______________________________ Terry C. Hartwick, Mayor	______________________________ Print Name: ____________________
Date: ____________________	Date: ____________________
ATTEST: ______________________________ Diane Whitbey, City Clerk	