

Mayor and Council Communication

DATE: 09/10/19

M&C FILE NUMBER: M&C 19-0128

LOG NAME: 55IRVIN TECH ADMIN BLDG

SUBJECT

Authorize Execution of an Administration Building Office Lease Agreement with Irvin Technologies, Inc. for Suite 320 at Fort Worth Meacham International Airport (COUNCIL DISTRICT 2)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of an Administration Building Office Lease Agreement with Irvin Technologies, Inc. for Suite 320 at Fort Worth Meacham International Airport.

DISCUSSION:

On June 13, 2019, staff received a request from Irvin Technologies, Inc. to lease approximately 1,137 square feet of third level office space and 204 square feet of balcony space at the Meacham Administration Building located at Fort Worth Meacham International Airport.

Irvin Technologies, Inc. has agreed to execute a new 3-year Lease Agreement. If Irvin Technologies, Inc. performs and abides by all provisions and conditions of the Lease, upon expiration of the Initial Term of this Lease, Irvin Technologies, Inc. shall have three consecutive options to renew this Lease, each option for an additional successive term of one year each, bringing the total Lease term to 6 years. The initial term of the Lease shall commence on September 15, 2019 (Effective Date). Suite 320, consists of approximately 1,137 square feet of third level office space and 204 square feet of balcony space at a rate of \$18.00 per square foot. Total revenue received from the Lease will be in the amount of \$20,466.00 per year for office space and \$3,672.00 per year for balcony space, payable in monthly payments of \$1,705.50 per month for office space and \$306.00 per month for balcony space. On October 1, 2020, and on October 1st of each year thereafter during both the initial term and any renewal term, Irvin Technologies, Inc.'s rental rate will be adjusted to comply with the rates prescribed for the premises by the City's Schedule of Rates and Charges in effect at the respective time.

Irvin Technologies, Inc. has elected to perform, at its sole cost, the tenant finish-out of Suite 320. In recognition and consideration of the initial Office Space base finish-out costs by Irvin Technologies, Inc. of approximately 1,137 square feet, which is currently estimated at approximately \$113,700.00, the City has agreed to a rent abatement period not to exceed 36 months for an amount not to exceed 50% of the monthly rent for the Office Space portion of the lease only, (excluding the Balcony Space) commencing on the Effective Date and ending at the end of the Initial Term. (the "Tenant Improvement Period"). During The Tenant Improvement Period the City will only recognize up to \$50,000 of the Estimated Finish-Out Cost of the Office Space. At issue of the Certificate of Occupancy (CO) all actual finish-out construction costs will be reviewed and evaluated for possible adjustments downward of the rent-abatement period. The Tenant Improvement Period will not exceed the Initial Term of the Agreement. Irvin Technologies, Inc. shall commence the payment of rent for the Premises beginning on the Effective Date. Tenant incentives have no cash value and are forfeited if not used during the rent-abatement period.

Further, Irvin Technologies has requested to be notified if inquiries are made on two separate lease sites within the Meacham Administration Building, those being lease site 340 and 345, and to be given a right of first refusal to lease out those lease sites in the event an offer to lease has been made on them by another party. The Aviation Department is amenable to add this language to this lease. If Irvin Technologies elects to enter into those separate leases, the authorization to enter into those leases will be brought to council for approval at that time.

Fort Worth Meacham International Airport is located in COUNCIL DISTRICT 2.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that the Aviation Department is responsible for the collection and deposit of funds due to the City. Upon receipt, these funds will be deposited into the Municipal Airports Fund. The total annual revenue for the Lease of Suite 320 is \$24,138.00. On October 1, 2020 and on October 1st of each year thereafter during both the Initial Lease Term and any Renewal Term. Rental rate shall be adjusted to comply with the rates prescribed for the Premises by Lessor's Schedule of Rates and Charges in effect at the respective time. In no event shall Lessee's monthly rental rate exceed the then-current rates prescribed by Lessor's published Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises.

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