

Mayor and Council Communication

DATE: 12/03/19

M&C FILE NUMBER: M&C 19-0348

LOG NAME: 21PARAMOUNT AEROSPACE SYSTEMS

SUBJECT

Authorize the Execution of a Facility Lease Agreement with Paramount Aerospace Systems, USA, Incorporated of Approximately 22,000 Square Feet of Space in the Structures Building Located at 2070 Eagle Parkway, Fort Worth, Texas 76177 and a Ground Lease of Approximately 15,000 Square Feet of Land to Construct and Operate a Jet Engine Test Cell Facility at the Alliance Fort Worth Maintenance Facility (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council:

- 1) Authorize the execution of a facility lease agreement with Paramount Aerospace Systems, USA, Incorporated for use of up to 22,000 square feet of space in the Structures Building located at 2070 Eagle Parkway, Fort Worth, Texas 76177; and
 - 2) Authorize the execution of a ground lease up to 15,000 square feet of land to construct a jet engine test cell facility at the Alliance Fort Worth Maintenance Facility.
-

DISCUSSION:

Paramount Aerospace Systems USA, Inc. ("PAS") is an aerospace and defense company with a global industrial capability that support the United States Air Force ("USAF") Mirage F1 fighter jet.

Due to the growing need to support the multi-billion dollar training programs within the USAF, United States defense contractors have acquired hundreds of legacy fighter jets - particularly the Mirage F1 aircraft - in order to meet that demand.

To support the growth of these programs locally, PAS must rapidly expand its US headquarters and has identified the Alliance Maintenance Facility ("AMF") as the location to provide service, maintenance and jet engine testing of the Mirage F1 Aircraft.

PAS desires to lease up to 22,000 square feet of space in the Structures Building at the AMF for service and maintenance of the Mirage F1 fighter aircraft and to enter into a ground lease for up to 15,000 square feet of land to construct a Jet Engine Test Cell facility ("Hush House") for testing of the Mirage F1 fighter aircraft engines.

The Hush House must be constructed and operated to comply with all legal requirements related to acceptable noise levels. PAS will be responsible for all costs of connection of utilities to the Hush House.

The lease terms are as follows:

Term:

The leases will be coterminous with a primary term of five (5) years with two (2) successive five (5) year renewal options.

Base rent:

Structures Building:

Term	Base rent per SF
Year 1	\$1.00/SF
Year 2	\$1.06/SF
Year 3	\$1.12/SF
Year 4	\$1.18/SF
Year 5	\$1.18/SF

Ground Lease:

Term	Base rent per SF
Year 1	\$0.46/SF
Year 2	\$0.47/SF
Year 3	\$0.48/SF

Year 4	\$0.49/SF
Year 5	\$0.50/SF

Utilities, Common Area Fees and Capital Reserve Contribution:

PAS is responsible for payment of all direct and distributed utilities, common area fees and capital reserve contributions of the Hush House and leased premises in the Structures Building.

This property is located in Council District 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and execution of the lease(s), funds will be deposited into the Alliance Maintenance Facility Fund Lease Revenue Account. The Property Management Department (and Financial Management Services) are responsible for the collection and deposit of funds due to the City.

Submitted for City Manager's Office by: Kevin Gunn 2015

Originating Business Unit Head: Roger Venables 6334

Additional Information Contact: Jean Petr 8367
Mark Brown 5197