

Mayor and Council Communication

DATE: 10/15/24

M&C FILE NUMBER: M&C 24-0876

LOG NAME: 55FTW CONSENT TO ASSIGN FTW HANGAR 51S TO FTW HOLDINGS, STE51S

SUBJECT

(CD 2) Authorize Execution of Amendment No. 1 to City Secretary Contract No. 46439, a Hangar and Ground Lease Agreement known as Lease Site 51-S with FTW Hangar 51-S, LLC at Fort Worth Meacham International Airport and a Consent to Assignment of a Hangar and Ground Lease Agreement for Lease Site 51S by FTW Hangar 51-S, LLC to FTW Holdings, LLC

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of Amendment No. 1 to City Secretary Contract No. 46439, a hangar and ground lease agreement known as Lease Site 51-S with FTW Hangar 51-S, LLC at Fort Worth Meacham International Airport; and
 2. Authorize execution of a consent to assignment of a hangar and ground lease agreement for lease site 51S by FTW Hangar 51-S, LLC to FTW Holdings, LLC.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to recommend that City Council authorize execution of Amendment No. 1 to City Secretary Contract No. (CSC) 46439, a hangar and ground lease agreement known as 51-S located at Fort Worth Meacham International Airport and a consent to assignment for Lease Site 51S by FTW Hangar 51-S, LLC to FTW Holdings, LLC.

On February 16, 2015, the City (Lessor) and Epic Helicopters, LLC, a Texas limited liability company (Former Lessee) entered into City Secretary Contract (CSC) 46439, a Hangar and Ground Lease Agreement for Lease Site 51S at Fort Worth Meacham International Airport (Lease).

Lease Site 51S consists of a 22,500 square foot hangar, 6,900 square foot office, and 124,015 square feet of ground space. The initial term of the Lease commenced on March 1, 2015 and expires on February 28, 2025. In addition to the initial term, the Lease provides the option to renew upon expiration of the initial term. Renewal options allow Lessee three (3) consecutive options to renew for successive terms of ten (10) years each.

On September 26, 2023, at the request of Lessee, and through Mayor and Council Communications (M&C) 23-0822, City Council, authorized execution of CSC 46439 CA1, a consent to assignment of the Lease from Former Lessee to FTW Hangar 51-S, LLC (Lessee) and Lessee assumed all of Former Lessee's leasehold interest and obligations under the Lease.

On or about August 6, 2024, Lessor performed an inspection of Lease Site 51-S to approve mandatory improvements required by the Lease. It was during this inspection that staff, through the Aviation Systems Director, determined that item "b) Remove wood between hangar door tracks, replace with concrete," listed on Exhibit B of the Lease, is unnecessary; thereby is recommending to City Council to release Lessee of this mandatory improvement obligation through Amendment No. 1. Amendment No. 1 would replace Exhibit B, in its entirety, with a revised Exhibit B.

On August 28, 2024, staff received a request from Lessee to consent to an assignment of the Lease to FTW Holdings, LLC. Upon City Council approval, FTW Holdings, LLC will assume the leasehold interest and obligations associated with the Lease. The Lease prohibits any assignment of the lease or causing any lien to be made on improvements constructed on the leased premises without City Council approval. These types of transactions are routine for airport tenants and staff has no objection to this request.

Under the current agreement, Lessee remits the amount of \$92,366.85 annually to the City, payable in monthly installments of \$7,697.24 for the hangar, \$64,680.33, payable in monthly installments of \$5,390.03 for the office and \$58,287.05, payable in monthly installments of \$4,857.25 for the ground. After the assignment, FTW Holdings, LLC will remit the same amount and be subject to the provisions contained within the original agreement.

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

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and execution of the lease agreement, funds will be deposited into the Municipal Airport Fund. The Aviation Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

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