

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 04/09/24 M&C FILE NUMBER: M&C 24-0289

LOG NAME: 21GRIDIRONAIR

SUBJECT

(CD 10) Authorize the Execution of a Facilities Lease Agreement with Gridiron Air LLC For Approximately 42,139 Square Feet of Industrial and Warehouse Space Located at 2050 Eagle Parkway, Fort Worth, Texas, 76177 Within a Portion of what is Known as the Parts Building #11 at the Alliance Fort Worth Maintenance Facility

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a facilities lease agreement with Gridiron Air LLC for approximately 42,139 square feet of industrial and warehouse space located at 2050 Eagle Parkway, Fort Worth, Texas, 76177, within a portion of what is known as the Parts Building #11 at the Alliance Fort Worth Maintenance Facility.

DISCUSSION:

Gridiron Air LLC (Gridiron) provides wide-body air transportation to its customers and has requested use of approximately 42,139 square feet of space within the Parts Building #11 (Premises) at the Alliance Fort Worth Maintenance Facility (AMF) to be used as industrial warehouse space for the storage of airplane parts and materials for their local operations.

Gridiron is currently occupying the Premises under a month-to-month lease (City Secretary Number 60290) while a long-term lease is finalized.

As a result of negotiations between the City's Property Management Department (PMD), Hillwood Properties (AMF property manager) and Gridiron, the parties have agreed to a lease agreement under the following terms:

- Primary lease term of 5 years.
- One, five-year lease renewal option at then current market rate but not to exceed ten percent of primary term rate.
 - Base Rent and Rent Credits for Tenant Improvements are as follows:

Year	Months	Montly Rent	Annual Rent	Rent Credits
1	1-4	0	\$70,231.68	\$35,115.84
	5-12	\$8,778.96		
2	1-12	\$8,778.96	\$105,347.52	\$0.00
3	1-12	\$8,778.96	\$105,347.52	\$0.00
4	1-12	\$8,778.96	\$105,347.52	\$0.00
5	1-12	\$8,778.96	\$105,347.52	\$0.00

- Gridiron assumes all operating expenses for the premises during the term of the lease.
- Improvements to the Premises being made by Gridiron, at their sole cost and expense, are expected to be approximately \$34,957.40.
- As consideration for the improvements to the Premises, Gridiron will not pay rent during months 1 - 4 of the term, but will pay all operating expenses. The four (4) months of rent credits exceeds the expected improvements to the Premises in the amount of \$158.44. The cost of improvements totals \$34,957.40, whereas the City granted \$35,115.84 in rent credits, resulting in a difference of \$158.44. This appreciation of improvements over time contributes to the enhanced value of the rent credits, thereby accounting for the variance in the figures.
- Base rent, rent credits, and operating expenses reflect Fair Market Value for comparable leases at the AMF.
- Total base rent revenues resulting from the five (5) year primary term contribute a total of \$491,621.76 toward the Alliance Maintenance Facility Fund.

This property is located in Council District 10.

FISCAL INFORMATION / CERTIFICATION:

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

Originating Business Unit Head:

Ricardo Salazar 8379

Additional Information Contact: