

Mayor and Council Communication

DATE: 10/12/21

M&C FILE NUMBER: M&C 21-0799

LOG NAME: 55FTW CONSENT TO LEASEHOLD DEED OF TRUST, POLLARD, HGR 9S

SUBJECT

(CD 2) Authorize the Execution of a Consent to Leasehold Deed of Trust with Legend Bank N.A. to Enable Pollard Aircraft Sales, Inc. to Finance a Business Loan to Purchase the Leasehold Interest at Lease Site 10, Hangar 9S Located at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Consent to Leasehold Deed of Trust with Legend Bank N.A. to enable Pollard Aircraft Sales, Inc. to finance a business loan to purchase the leasehold interest at Lease Site 10, Hangar 9S located at Fort Worth Meacham International Airport.

DISCUSSION:

On September 14, 2021, Mayor and Council Communication (M&C) 21-0684 City Council approved City Secretary Contract (CSC) 41118-CA2, a Consent to Assignment between Sandpiper Operating, LLC, (Sandpiper) and Pollard Aircraft Sales, Inc. (Pollard) for CSC 41118, known as Lease Site 10, Hangar 9S at Fort Worth Meacham International Airport.

Pollard has been working with their lender, Legend Bank N.A. (Legend Bank), to secure a loan to finance the purchase of the leasehold interest of Lease Site 10, Hangar 9S, which consists of a 23,500 square foot hangar as well as 100,324.08 square feet of ground space. The initial term of the lease commenced on November 11, 2010 and expires on May 31, 2026. In addition to the initial term, Lease 41118 provides the option to renew upon expiration of the initial term. Renewal options allow Lessee two (2) consecutive options to renew for successive terms of five (5) years each. The hangar is to be used for aeronautical purposes in accordance with City and Aviation Department policies. Beginning October 1, 2021, annual revenue from the ground lease is \$47,152.32.

On or about September 2, 2021, Legend Bank requested a deed of trust on its leasehold interest. The consent to leasehold deed of trust will grant Pollard's lender, Legend Bank the right, subject to the previous lien, to operate as Lessee or secure another tenant in place of Pollard, if previously approved by the City Council, in the event Pollard defaults on its loan or its lease with the City of Fort Worth. The lease agreement prohibits Pollard from making any assignment of the lease or causing a lien to be made on improvements constructed on the leased premises without City Council approval. This type of transaction is routine for airport tenants and staff has no objection to Legend Bank's request.

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 recommendation and execution of the lease, 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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