

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 06/24/25 M&C FILE NUMBER: M&C 25-0617

LOG NAME: 21MTU LEASE EXTENSION

SUBJECT

(CD 10) Authorize the Execution of a Lease Amendment with MTU Maintenance Dallas, Incorporated to Extend the Current Lease Term For Thirty (30) Years, Effective July 1, 2025 and Expiring June 30, 2054

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a lease amendment with MTU Maintenance Dallas, Incorporated to extend the current lease term for thirty (30) years, effective July 1, 2025 and expiring June 30, 2054.

DISCUSSION:

On January 25, 2023, the City entered into a Facilities Lease Agreement (Agreement) with MTU Maintenance Dallas, Inc. (MTU) (City Secretary Contract No. 58786 and Mayor & Council Communication 22-1058) for MTU's use of the Jet Engine Overhaul and Maintenance Building #12, Heat, Treat and Blast Building #13 and the Jet Engine Test Cell Building #12, all totaling approximately 423,840 square feet of space, located at the Alliance Maintenance Base (Base).

The current term is for ten (10) years; commencing on January 1, 2023 and due to expire on December 31, 2033.

In 2024, due to new contracts MTU has entered into for testing, repairs and maintenance of new jet engines types, MTU requested to extend the lease term for thirty (30) years to accommodate the increase of their business.

Through discussions and negotiations with the Property Management Department (PMD) and City Management (CMO), the parties agreed to amend the lease with the following terms:

- Lease extension term:
 - Thirty (30) years, commencing on July 1, 2025 and expiring June 30, 2054.
- Base rent schedule:
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Years	Price per Square foot
July 2025 - June 2034	\$1.25
July 2034 - June 2039	\$1.29
July 2039 - June 2044	\$1.33
July 2044 - June 2049	\$1.37
July 2049 - June 2054	\$1.41

MTU will also be responsible for their operating expenses, which include their pro rate share of utilities, capital reserve contributions and common area fees throughout the thirty (30) year term.

City Manager or his designee may negotiate adjustments to the base rent schedule.

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 amendment, funds will be deposited into the Alliance Maintenance Fund. The Property Management Department and Financial Management Services is responsible for the collection and deposit of funds due to the City.

Submitted for City Manager's Office by: Valerie Washington 6199

Originating Business Unit Head: Marilyn Marvin 7708

Expedited