

Mayor and Council Communication

DATE: 06/11/24

M&C FILE NUMBER: M&C 24-0507

LOG NAME: 55FTW CONSENT TO ASSIGNMENT TO R&S ACQUISITIONS, LEASE STE 23S

SUBJECT

(CD 2) Authorize Execution of a Consent to Assignment of City Secretary Contract 50584, a Hangar and Ground Lease Agreement for Lease Site 23S, by the Current Tenant, American Pilot Academy, Inc., to R&S Acquisitions, LLC, at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a consent to assignment of City Secretary Contract 50584, a hangar and ground lease agreement for Lease Site 23S, by the current tenant, American Pilot Academy, Inc. to R&S Acquisitions, LLC, at Fort Worth Meacham International Airport.

DISCUSSION:

On March 20, 2018, through Mayor and Council Communication (M&C) C-28626, City Council authorized Lessor to execute a hangar and ground lease agreement under City Secretary Contract (CSC) 50584 (Lease) with American Pilot Academy, Inc (APA), with an effective date of March 20, 2018 for lease and use of real property known as Lease Site 23S and any improvements and facilities thereon.

On April 26, 2024, staff received a request from APA to consent to an assignment of the Lease to R&S Acquisitions, LLC (R&S). Upon City Council approval, R&S will assume the leasehold interest and obligations associated with the Lease. The Lease consists of 4,500 square feet of ground space. Existing improvements include a 4,300 square foot hangar. The lease expires on March 19, 2028 with two (2) options to renew for an additional ten (10) year term each.

Annual revenue from the lease is approximately \$17,238.18 payable in monthly installments of \$1,436.52. Rental rates shall be subject to an increase on October 1st of any given year, based on the upward percentage change in the Consumer Price Index for the Dallas-Fort Worth Metropolitan area. At no time will the adjusted rate exceed the then current rate published in the Aviation Department's Schedule of Rates and Charges. Rate adjustments are applied to the ground rate every five years, with the next scheduled adjustment set for October 1, 2028, and subsequent adjustments following every fifth year thereafter. Moreover, in addition to annual rent adjustments, every tenth year throughout each initial and renewal lease term, the hangar rate will automatically be adjusted to equal the prevailing fair market value for properties similar to those at the Airport, as determined by a licensed third-party appraiser.

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.

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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