

# Mayor and Council Communication

**DATE:** 06/16/20

**M&C FILE NUMBER:** M&C 20-0407

**LOG NAME:** 55FTW LEASE AMEND 3 FOR TEXAS JET BUNDLE LEASE

## **SUBJECT**

Authorize the Execution of an Amendment No. 3 to City Secretary Contract No. 33809, an Unimproved Ground Lease Agreement, known as the Texas Jet Bundle, with Texas Jet Partners, LP, to include 7,847 Square Feet of Land Adjacent to Hangar 29N at Fort Worth Meacham International Airport (COUNCIL DISTRICT 2)

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## **RECOMMENDATION:**

It is recommended that the City Council authorize the execution of Amendment No. 3 to City Secretary Contract No. 33809, an Unimproved Ground Lease Agreement, known as the Texas Jet Bundle, with Texas Jet Partners, LP, to include 7,847 square feet of land adjacent to Hangar 29N at Fort Worth Meacham International Airport.

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## **DISCUSSION:**

On April 11, 2006, the City (Lessor) and Texas Jet Partners, LP (Lessee) entered into City Secretary Contract (CSC) No. 33809, a Ground Lease Agreement for the lease and use of real property known as Lease Sites 18N, 23N, 24N, 36N, and 25N-30N (Texas Jet Bundle), consisting of a total of 719,341.52 square feet of ground space at Fort Worth Meacham International Airport. CSC No. 33809 contains a 25-year lease term that would expire on September 30, 2031 and did not include provisions for renewal terms.

On November 12, 2012, (M&C C-25973), Amendment No. 1 to CSC No. 33809 was approved (CSC No. 33809-A1) to remove Lease Site 24N, comprised of 41,139 square feet of ground space. The remaining sites total 678,202.52 square feet of ground space.

On January 28, 2014, (M&C C-26651), Amendment No. 2 to CSC No. 33809 was approved (CSC No. 33809-A2) to make significant improvements to Lease Sites 18N, 23N and 27N. In consideration of these improvements, Texas Jet requested that a renewal term equal to 15 years be added to the Agreement in order to bring it to an aggregate total of 40 years, as allowed under Chapter 22 of the Texas Transportation Code.

Lessor and Lessee now wish to amend the lease to include an additional 7,847 square feet of land consisting of a helipad and surrounding apron adjacent to Hangar 29N. If approved, the total square footage of the Texas Jet Bundle will be increased to 686,049.52.

If approved, beginning the first day of the first month following the Effective Date of the amended lease until September 30, 2021, Lessee shall pay Lessor annual rent in the amount of One Hundred Twenty-Two Thousand Seven-Hundred Sixty-Eight and 88/100 Dollars (\$122,768.88), which will be payable in twelve monthly installments of Ten Thousand Two Hundred Thirty and 74/100 Dollars (\$10,230.74). Beginning October 1, 2021, Lessee's rental rate shall be adjusted to equal the then current unimproved ground rental rate prescribed by the Schedule of Rates and Charges. On October 1, 2022, and on October 1 each year thereafter, rental rates shall be subject to an increase 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 rate that is current in the Schedule of Rates and Charges.

If approved, all terms and conditions of the lease agreement will be in accordance with City of Fort Worth and Aviation Department policies.

**ADVISORY BOARD APPROVAL:** On May 21, 2020, the Aviation Advisory Board voted to recommend that the City Council approve this action.

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

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## **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.

**Submitted for City Manager's Office by:** Fernando Costa 6122

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