

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 10/15/24 M&C FILE NUMBER: M&C 24-0871

LOG NAME: 55FTW TERMINATION AGRMNT FOR SUITE 340_WG HENSCHEN

SUBJECT

(CD 2) Authorize Execution of an Agreement Terminating City Secretary Contract No. 58013, an Administration Office Building Lease Agreement Including Mandatory Improvements with S & B Inc. (dba) WG Henschen for Suite 340 Located at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of an agreement terminating City Secretary Contract No. 58013, an administration office building lease agreement including mandatory improvements with S & B Inc. (dba) WG Henschen for Suite 340 located at Fort Worth Meacham International Airport.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize an agreement terminating City Secretary Contract (CSC) No. 58013, an administration office building lease agreement including mandatory improvements with S & B Inc. (dba) WG Henschen (Lessee) for Suite 340 located at Fort Worth Meacham International Airport.

On August 09, 2022, through M&C 22-0587 City Council authorized execution of CSC No. 58013, an administration building office lease agreement including mandatory improvements with Lessee for Suite 340 located at Fort Worth Meacham International Airport (Airport). The lease commenced on August 21, 2022 and will expire at 11:59 PM on August 20, 2027, with five (5) options to renew for one (1) year each. The lease required the Lessee to perform mandatory improvements, which included the finish-out of 1,036 square feet of office space according to the specifications submitted by the Lessee and approved by the Aviation Systems Director. In recognition and consideration of the Lessee's investment in the mandatory improvements, the lease provides for a rent abatement in the form of a Tenant Improvement Allowance (TIA) which commenced on the effective date of the initial term of the lease, not to exceed fifty percent (50%) of the monthly rent amount up to \$50,000.00. As of September 1, 2024, the Lessee received approximately \$19,964.75 of the TIA. Upon completion of the mandatory improvements, the total investment from the Lessee exceeded \$65,000.00. The actual rent remaining due in cash on the initial term of the lease minus the remaining TIA is \$24,268.53.

On or about July 25, 2024, the Lessee notified staff of its intent to vacate the property due to a sale of the business. It is recommended that in lieu of agreeing to a sublease, the City regain possession of the now finished-out suite and re-lease it directly. If terminated, the remaining TIA will be forfeited, as it has no cash value and the Lessee will be relieved of its obligation to pay the remaining balance on the lease. This is beneficial to both parties and the City will gain a finished-out suite to re-lease at the full rate as published in the Aviation Department's Schedule of Rates and Charges.

Fort Worth Meacham International Airport is located in Council District 2.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of the recommendation will have no material effect on City funds.

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

Originating Business Unit Head: Roger Venables 5402

Additional Information Contact: Ricardo Barcelo 5403