

Mayor and Council Communication

DATE: 08/13/24

M&C FILE NUMBER: M&C 24-0672

LOG NAME: 55FWS CONSENTASSIGNMENT TANK FARM AGRMNT, FWS FBO LLC

SUBJECT

(CD 8) Authorize Execution of a Consent to Assignment of a Tank Farm and Public Fueling Agreement, Including Self-Serve Units by Harrison Aviation, LTD to FWS Hangar LLC and FWS FBO, LLC at Fort Worth Spinks Airport and a Consent to Leasehold Deed of Trust with FWS Hangar LLC and FWS FBO LLC and Signature Bank for Tank Farm and Public Fueling Agreement, to Facilitate the Purchase of the Leasehold Interest

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a consent to assignment of a tank farm and public fueling agreement, including self-serve units by Harrison Aviation, LTD to FWS Hangar LLC and FWS FBO, LLC at Fort Worth Spinks Airport; and
 2. Authorize execution of a consent to leasehold deed of trust for a tank farm and public fueling agreement, including self-serve units, with FWS Hangar LLC and FWS FBO LLC and Signature Bank at Fort Worth Spinks Airport to facilitate the purchase of the leasehold interest.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to recommend that City Council authorize execution of a consent to assignment for a tank farm agreement, including self-serve units at Fort Worth Spinks Airport by Harrison Aviation, LTD (Harrison Aviation) to FWS Hangar LLC and FWS FBO, LLC (collectively, Assignees)

On May 17, 2023, through M&C 23-0334, City Council authorized the City of Fort Worth (City) to execute a Tank Farm and Public Fueling Agreement (Agreement), including self-serve units under City Secretary Contract (CSC) 59426 with Harrison Aviation. The Agreement provides authorization for Harrison to lease a tank farm for the purpose of dispensing fuel to public users of the airport and manage the self-serve units located at Spinks Airport. The fuel flowage fees and tank farm lease rates are published in the Aviation Department's Schedule of Rates and Charges.

The initial term of the Agreement commenced on May 18, 2023 and expires on September 30, 2025, which renews automatically for subsequent terms of five (5) years each until the final term expiring June 30, 2045, provided that Harrison Aviation meets the terms and conditions of the agreement.

On September 19, 2023, staff received a request from Harrison Aviation to consent to an assignment of the agreement to Assignees. Upon City Council approval, Assignees will assume the leasehold interest and obligations associated with the Agreement. The Agreement prohibits any assignment of the Agreement 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.

Under the current agreement, Harrison Aviation remits to the City \$0.18 per gallon of fuel delivered monthly, based off of monthly reports submitted to the Aviation Department and \$400 per month for the lease of the tank farm. After the assignment, Assignees will remit the same amount and be subject to the provisions contained within the original agreement.

The Consent to Leasehold Deed of Trust will grant Assignees' lender, Signature Bank, the right, subject to the previous lien, to operate as Lessee or secure another tenant in place of Assignees, if previously approved by City Council, in the event FWS FBO defaults on the loan or the lease with the City of Fort Worth. The lease agreement prohibits Assignees from assigning 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 Assignees' request.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 8.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and execution of the lease agreement, 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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Expedited