

Mayor and Council Communication

DATE: 06/28/22

M&C FILE NUMBER: M&C 22-0491

LOG NAME: 55FTW ITI ENGINEERING, LLC ADMIN BLDG LEASE STE 320

SUBJECT

(CD 2) Authorize the Execution of a Three-Year Administration Building Office Lease Agreement Including Three One-Year Renewal Options with ITI Engineering, LLC for Suite 320 at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a three-year administration building office lease agreement, including three one-year renewal options, with ITI Engineering, LLC for Suite 320 located at Fort Worth Meacham International Airport.

DISCUSSION:

On or about September 17, 2019 City of Fort Worth (City) and Irvin Technologies, Inc (Current Lessee) entered into City Secretary Contract No. (CSC) 52820, an administration building office lease agreement (Current Lease) at Fort Worth Meacham International Airport. The Current Lease set to expire on September 30, 2022 and included three options to renew for one year each. On January 16, 2022, City received a notice of intent from the Current Lessee to exercise its option to renew the lease.

On or about March 8, 2022, as the City was preparing for the renewal of the Current Lease, the City was informed by the Current Lessee that in the latter part of 2021, the Current Lessee was acquired by Shoreview Industries, LLC, (Shoreview) a Minnesota investment firm, and that Shoreview had formed a new company; ITI Engineering, LLC. (ITI Engineering) in which the Current Lessee's operations were to be under. Due to this entity change, the City and Current Lessee, through mutual agreement, desire to terminate the Current Lease and the City intends to enter into a new lease agreement with ITI Engineering, as the new tenant.

The City and ITI Engineering now would like to enter into a new three (3) year lease agreement for Suite 320, consisting of approximately 1,137 square feet of office space with an additional 204 square feet of balcony space. In recognition of the initial office space base finish-out costs by Current Lessee as agreed upon in the Current Lease, from the effective date through September 30, 2022, ITI Engineering shall pay City monthly installments of \$1,190.98 for an annual rental rate of \$14,291.76 (Fourteen Thousand, Two Hundred Ninety-One and 76/100 Dollars). Rental rates during this period are based on fifty percent (50%) of \$18.50 per square foot for the Office Space (1,137 square feet) and \$18.50 per square foot for the Balcony Space (204 square feet). Beginning October 1, 2022 ITI Engineering shall pay Lessor rent for Suite 320, Third Level (1,341 square feet) based on a rental rate of \$18.50 per square foot which will be payable in monthly installments of \$2,067.38 (rounded), for an annual rental rate of \$24,808.56 (Twenty-Four Thousand Eight Hundred Eight and 56/100 dollars).

The initial term of this new lease shall commence upon execution of the agreement (Effective Date) and expire at 11:59 PM three (3) years following the Effective Date and will include three one-year options to renew bringing the total potential lease term to six (6) years. On October 1, 2023, and on October 1st of each year thereafter in which this Lease is still in effect, Lessee's rental rate shall be adjusted to comply with the rates prescribed for the Premises by Lessor's Schedule of Rates and Charges in effect at the respective time.

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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