

# Mayor and Council Communication

**DATE:** 04/11/23

**M&C FILE NUMBER:** M&C 23-0262

**LOG NAME:** 55FTW OV-10 BRONCO ASSOC. NEW LEASE AGRMNT, LEASE SITE 35S

**SUBJECT**

(CD 2 / Future CD 2) Authorize Execution of a Ground and Building Lease Agreement with OV-10 Bronco Association, Inc. d/b/a Fort Worth Aviation Museum, for Lease Site 35S at Fort Worth Meacham International Airport

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**RECOMMENDATION:**

It is recommended that the City Council authorize execution of a ground and building lease agreement with OV-10 Bronco Association, Inc. d/b/a Fort Worth Aviation Museum, for lease site 35S at Fort Worth Meacham International Airport.

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**DISCUSSION:**

On April 11, 2013, City of Fort Worth (Lessor) and OV-10 Bronco Association, Inc. (Lessee) entered into City Secretary Number (CSC) No. 44364, a new ground and building lease (Original Lease) for Lease Site 35S, consisting of 179,536 square feet of ground space (Ground), which includes 3,925 square feet of storage space and 3,157 square feet of office space (Building) at Fort Worth Meacham International Airport (Airport). The initial term of the Original Lease expired on April 9, 2018.

On April 13, 2018, Lessor and Lessee, exercising the option to renew as provided for in the Original Lease, entered into CSC No. 44364-R1 to renew and extend the first and final renewal term of five years. The final renewal period is to expire on April 9, 2023.

The Aviation Department has now received a request from Lessee to enter into a new ground and building lease agreement (Lease) with the lease term to expire April 9, 2038 with two (2) options to renew for an additional five (5) years each. As a result of the most recent land survey, the leased premises in the proposed Lease is approximately 179,282 square feet (Ground), which includes 3,925 square feet of storage space and 3,157 square feet of office space (Building).

Due to expansion plans for the museum and in effort to obtain funding future museum expansion and improvements, Lessee has also requested a Right of First Refusal on property adjacent to the existing leased premises. The property identified in the agreement for the Right of First Refusal will include 169,716 square feet of vacant land and an additional 18,000 square feet of ground space currently platted as a portion of 34th Street to be abandoned upon replat (Additional Property) which is adjacent to the leased premises under the proposed new Lease. The Right of First Refusal will expire after five (5) years from the effective date of the Lease if the Lessee does not exercise its option. If at any time during the five-year term the Lessee exercises its option to lease the Additional Property, Lessor and Lessee will negotiate an amendment to the Lease with deadlines for mandatory improvements. If during the five-year term, the City receives a bona fide offer from a third-party to lease the Additional Property, the Lessee will have thirty (30) days to exercise its option to enter into a lease amendment to lease the Additional Property or release its Right of First Refusal. Staff is in favor of this request and feels this partnership will be beneficial for both the Airport and OV-10 Bronco Association in preserving and promoting the history of aviation in Fort Worth and the North Texas region.

The Lessee covenants and agrees that it will maintain its certification as a non-profit organization, pursuant to 26 U.S.C. 501 (c)(3). As long as the 501 (c)(3) status is maintained, the ground rate, as per the current Schedule of Rates and Charges of \$0.47 per square foot, will be assessed at a reduced rate of \$0.0375 per square foot for a total of \$6,737.36 annually, paid in monthly installments of \$561.45 in accordance with the Aviation Department's Leasing Policy regarding non-profits. Additionally, the Right of First Refusal will be assessed at a rate of \$.01 per square foot for a total of \$1,877.16 annually, paid in monthly installments of \$156.43. The total annual revenue received from the proposed lease will be approximately \$8,614.52, paid in monthly installments of \$717.88. Rental rates shall be subject to an increase on October 1<sup>st</sup> 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, however, will the adjusted rate exceed that which is in the Schedule of Rates and Charges in effect at that time.

Fort Worth Meacham International Airport is located in COUNCIL DISTRICT 2/FUTURE 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:** Dana Burghdoff 8018

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