

Mayor and Council Communication

DATE: 08/13/24

M&C FILE NUMBER: M&C 24-0673

LOG NAME: 55FWS GRND AND BLDG LEASE. FWS HANGAR AND FWS FBO, LSE STE W1

SUBJECT

(CD 8) Authorize Execution of a New Ground and Building Lease Agreement for Approximately 10,000 Square Foot of Hangar Space Known as Lease Site W1 with FWS Hangar LLC and FWS FBO LLC at Fort Worth Spinks Airport, an Agreement to Terminate City Secretary Contract No. 32148, a Ground and Building Lease Agreement with FWS Realty, Ltd., and a Consent to Leasehold Deed of Trust with FWS Hangar LLC and FWS FBO LLC and Signature Bank to Facilitate the Purchase of the Leasehold Interest in the Fixed Base Operator Business at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a new ground and building lease agreement for approximately 10,000 square feet of hangar space known as Lease Site W1 with FWS Hangar LLC and FWS FBO LLC at Fort Worth Spinks Airport;
 2. Authorize execution of an agreement to terminate City Secretary Contract No. 32148, a ground and building lease agreement for Lease Site W1 with FWS Realty, Ltd.; and
 3. Authorize execution of a consent to leasehold deed of trust with FWS Hangar LLC and FWS FBO LLC and Signature Bank to facilitate the purchase of the fixed base operator business at Fort Worth Spinks Airport.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to recommend that the City Council authorize the following actions:

1. Authorize execution of a new ground and building lease agreement for approximately 10,000 square feet of hangar space known as Lease Site W1 with FWS Hangar LLC and FWS FBO LLC at Fort Worth Spinks Airport.
2. Authorize execution of an agreement to terminate City Secretary Contract (CSC) No. 32148, a ground and building lease agreement for Lease Site W1 with FWS Realty, Ltd.
3. Authorize execution of a consent to leasehold deed of trust with FWS Hangar LLC (FWS Hangar) and FWS FBO LLC (FWS FBO) and Signature Bank to facilitate the purchase of the fixed base operator business at Fort Worth Spinks Airport.

On or about September, 2023, staff received a request from FWS Hangar and FWS FBO to enter into a lease agreement for Lease Site W1 to use as additional aircraft storage in support of its fixed base operator (FBO) business at the Airport. Lease Site W1 is currently leased through City Secretary Contract (CSC) No. 32148 by FWS Realty, Ltd., the current FBO operating out of the Airport. CSC No. 32148 will terminate upon execution of a termination agreement and execution of a new ground and building lease agreement with the City of Fort Worth and FWS Hangar and FWS FBO.

The City and FWS Hangar and FWS FBO now wish to enter into a new ground and building lease agreement for Lease Site W1 that will commence upon the date of execution of the Lease and expire at 11:59 PM ten (10) years from the effective date with two (2) options to renew for an additional six (6) years each. Annual Revenue generated from the hangar is approximately \$24,052.44, paid in monthly installments of approximately \$2,004.37. Additionally, FWS Hangar and FWS FBO will be responsible for a utility charge of \$130.18 per month as pro rata share of the utility costs. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges and the Aviation Department's Leasing Policy.

All terms and conditions of the lease agreement will be in accordance with City of Fort Worth and Aviation Department policies.

Rental rates shall be subject to an increase on October 1st 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 will the adjusted rate exceed the rate that is current in the Schedule of Rates and Charges. If near the end of the ten (10) year term, (provided the renewal option is exercised), a new lease is requested by FWS Hangar and FWS FBO, the City will have an appraisal performed by a qualified third-party appraiser to establish the hangar rate to equal the then fair market value, for this type of property at airports similar to the type or types of property that comprise the Premises.

The Consent to Leasehold Deed of Trust will grant FWS Hangar and FWS FBO's lender, Signature Bank, the right to operate as Lessee or secure another tenant, subject to the previous lien, if FWS Hangar and FWS FBO defaults on the loan or the Agreement with the City of Fort Worth, provided City Council has approved the replacement tenant. The lease agreement prohibits FWS Hangar and FWS FBO 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 FWS Hangar and FWS FBO's 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, 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