

# Mayor and Council Communication

**DATE:** 03/09/21

**M&C FILE NUMBER:** M&C 21-0182

**LOG NAME:** 55FTW AREA 51 LEASE 42N CONSENT TO LEASEHOLD DEED OF TRUST

**SUBJECT**

(CD 2) Authorize Execution of a Consent to Leasehold Deed of Trust to Facilitate New Hangar Construction for Lease Site 42N with Area 51 Hangar, LLC and Frost Bank at Fort Worth Meacham International Airport

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**RECOMMENDATION:**

It is recommended that the City Council authorize execution of a consent to leasehold deed of trust to facilitate new hangar construction for lease site 42N with Area 51 Hangar, LLC and Frost Bank at Fort Worth Meacham International Airport.

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**DISCUSSION:**

On or about April 2, 2020, by Mayor and Council Communication (M&C 20-0201), City Council approved City Secretary Contract No. 53774, a Ground Lease Agreement with Area 51 Hangars, LLC (Area 51), for Lease Site 42N, at Fort Worth Meacham International Airport.

Since October, 2020, Area 51 has been working with their lender, Frost Bank, to secure a loan for construction of mandatory improvements for Lease Site 42N, which consists of a 21,000 square foot hangar as well as a ramp and apron to connect to the taxiway. The hangar is to be used for aeronautical purposes in accordance with City and Aviation Department policies and annual revenue from the ground lease is \$37,541.25.

On or about February 2, 2021, Frost Bank requested a deed of trust on its leasehold interest. The consent to leasehold deed of trust will grant Area 51's lender, Frost Bank the right, subject to the previous lien, to operate as Lessee or secure another tenant in place of Area 51, if previously approved by the City Council, in the event Area 51 defaults on its loan or its lease with the City of Fort Worth. The lease agreement prohibits Area 51 from making any assignment of 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 Area 51's request.

Fort Worth Meacham International Airport is located in COUNCIL DISTRICT 2.

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**FISCAL INFORMATION / CERTIFICATION:**

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

**Submitted for City Manager's Office by:** Fernando Costa 6122

**Originating Business Unit Head:** Roger Venables 5402

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