

Mayor and Council Communication

DATE: 12/09/25

M&C FILE NUMBER: M&C 25-1170

LOG NAME: 55FTW SHSLA LLC NEW GRND LSE FOR LEASE SITE 7C - 10C

SUBJECT

(CD 2) Authorize Execution of a New Ground Lease Agreement Including Mandatory Improvements with SHSLA LLC, for Lease Sites 7C - 10C at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a new ground lease agreement including mandatory improvements with SHSLA LLC, for Lease Sites 7C - 10C at Fort Worth Meacham International Airport.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to recommend that the City Council authorize execution of a new thirty (30) year ground lease agreement including mandatory improvements with SHSLA LLC (SHSLA) for Lease Sites 7C - 10C at Fort Worth Meacham International Airport.

On or about February 14, 2025, Aviation staff received a proposal submission in response to a Request for Expressions of Interest (RFEI) from SHSLA for Lease Sites 7C - 10C located at Fort Worth Meacham International Airport. The total amount of ground space for Lease Sites 7C - 10C is 228,240 square feet, of which 195,359 square feet is immediately developable.

The mandatory improvements for Lease Sites 7C – 10C include construction of approximately 74,560 square feet of hangar improvements, to include office space, and required associated apron and vehicle parking spaces. Construction timelines will be in accordance with Aviation Leasing Policy and agreed upon by all parties to the ground lease agreement. Hangars, aprons, ramps and other auxiliary areas will be constructed in compliance with the Aviation Minimum Standards. Annual revenue generated from the ground lease is approximately \$95,725.91, payable in monthly installments of \$7,977.16. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges. The term of the new ground lease will be thirty (30) years, effective upon execution of the ground lease agreement, with one ten (10) year option to renew, bringing the lease term to a total of forty (40) years. All terms and conditions of the lease agreement will be in accordance with City of Fort Worth and Aviation Department policies.

Due to a required stormwater study, the City has reserved the far western portion of Lease Site 10C for anticipated drainage improvements. The RFEI and SHSLA's proposal included the far western portion of 10C and SHSLA has requested a right of first refusal (ROFR) for the reserved portion. The property identified in the agreement for the ROFR includes the 32,881 square feet of vacant land identified above as the far western portion of Lease Site 10C (Remainder of Lease Site 10C) that has been reserved for the stormwater study. At such time that the Remainder of Lease Site 10C is no longer subject to drainage improvements by the Airport, SHSLA will have the opportunity under the terms of the Lease to exercise the ROFR and an amendment to the Lease will be filed. The proposed amendment will require mandatory improvements to be agreed upon by the parties at the time of execution, with such mandatory improvements to begin within the timeframes laid out in the Lessor's Leasing Policy.

Additionally, the ROFR will be assessed at a rate of \$0.01 per square foot for a total of \$328.81 annually, paid in monthly installments of \$27.40. The total annual revenue received from the proposed lease will be approximately \$96,054.72, paid in monthly installments of \$8,004.56. With the exception of the ROFR, 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. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2032, and every fifth year thereafter.

ADVISORY BOARD APPROVAL: On October 23, 2025, the Aviation Advisory Board voted to recommend that the City Council approve the ground lease agreement.

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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