

Mayor and Council Communication

DATE: 01/25/22

M&C FILE NUMBER: M&C 22-0083

LOG NAME: 55FWS CONSENTASSIGNMENT GRND LEASE E5, DANIEL GRIFFITH

SUBJECT

(CD 6) Authorize Execution of a Consent to Assignment of a Ground Lease Agreement for Lease Site E5 by Billy W. Knight to Daniel W. Griffith and a Consent to Leasehold Deed of Trust with Daniel W. Griffith and Pinnacle Bank for the Purpose of Financing the Purchase of the Leasehold Interest of Lease Site E5, Located at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a consent to assignment of a ground lease agreement for lease site E5 by Billy W. Knight to Daniel W. Griffith at Fort Worth Spinks Airport; and
2. Authorize the execution of a consent to leasehold deed of trust with Daniel W. Griffith and Pinnacle Bank for the purpose of financing the purchase of the leasehold interest of Lease Site E5, located at Fort Worth Spinks Airport.

DISCUSSION:

On June 8, 2004, through Mayor and Council Communication (M&C) C-20105, City Council authorized Lessor to execute an unimproved Ground Lease Agreement and associated mandatory improvements City Secretary Contract (CSC) 30455 with Billy W. Knight, dated August 18, 2004, for the lease and use of real property known as Lease Site E5 and any improvements and facilities thereon (Leased Premises) at Fort Worth Spinks Airport (Airport). Mandatory improvements included a 9,500 square foot hangar and associated office space on the site.

On or about December 7, 2021, Billy W. Knight notified the Aviation Department of a request for a Consent to Assignment of the lease to Daniel W. Griffith due to a pending sale of its leasehold interest. The lease consists of 19,500 square feet of ground space with a 9,500 square foot hangar facility. The lease will expire on December 31, 2034, with two consecutive options to renew for two additional successive terms of five years each.

Annual revenue from the lease is approximately \$6,060.50 payable in monthly installments of \$505.04. 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 currently in the Schedule of Rates and Charges. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2025, and every fifth year thereafter.

The Consent to Leasehold Deed of Trust will grant Daniel W. Griffith's lender, Pinnacle Bank, the right, subject to the previous lien, to operate as Lessee or secure another tenant in place of Daniel W. Griffith, if previously approved by City Council, in the event Daniel W. Griffith defaults on the loan or the lease with the City of Fort Worth. The Ground Lease Agreement prohibits Daniel W. Griffith 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 Daniel W. Griffith's request.

Fort Worth Spinks Airport is located in Council District 6.

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.

Submitted for City Manager's Office by: Dana Burghoff 8018

Originating Business Unit Head: Roger Venables 5402

Additional Information Contact: Ricardo Barcelo 5403