

Mayor and Council Communication

DATE: 06/23/20

M&C FILE NUMBER: M&C 20-0451

LOG NAME: 21HILLWOOD TUSIMPLE LEASE

SUBJECT

Authorize the Execution of a Lease Agreement with Hillwood AI No.1, LLC for Approximately 2.5 Acres of Land at Fort Worth Alliance Maintenance Base Located 2000 Eagle Parkway, Fort Worth, Texas to Construct and Maintain a Facility to Support Innovative Mobility and Transportation Solutions (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a lease agreement with Hillwood AI No.1, LLC for approximately 2.5 Acres of land at Fort Worth Alliance Maintenance Base located at 2000 Eagle Parkway, Fort Worth, Texas, to construct and maintain a facility to support innovative mobility and transportation solutions.

DISCUSSION:

The purpose of this Mayor and Council Communication is to authorize the execution of a lease agreement with Hillwood AI No.1, LLC ("Hillwood"), for the use of 2.5 acres of land to construct a 9,800 square foot truck maintenance facility to sublease to TuSimple, Incorporated ("TuSimple"). TuSimple is the leader in the creation and implementation of self-driving technology making it possible for long-haul heavy-duty trucks to operate autonomously on both highways and surface streets.

Hillwood has been working with TuSimple to locate a property that provides approximately 2.5 acres of land to facilitate the construction of a truck maintenance facility for their operations. Hillwood and TuSimple identified ground space at the Fort Worth Alliance Maintenance Base for TuSimple's operations and Hillwood agreed to fund the cost to construct the facility to be used by TuSimple.

Hillwood and the City of Fort Worth Property Management Department have negotiated and agreed on a lease agreement with Hillwood, to sublease the property to TuSimple, with the following terms:

Lease Premises:

- Approximately 2.5 acres of land

Expansion Property Option:

- Approximately 2.8 acres of land

Term: Primary term of five (5) years with one extension option of five (5) years

Base rent for Lease Premises:

Time Period	Yearly Ground Rate Per Square Foot	Monthly Rent
July 1, 2020 - June 30, 2021	\$0.44	\$3,993.00
July 1, 2021 - June 30, 2022	\$0.50	\$4,537.50
July 1, 2022 - June 30, 2023	\$0.58	\$5,263.50
July 1, 2023 - June 30, 2024	\$0.65	\$5,898.75
July 1, 2024 - June 30, 2025	\$1.18	\$10,708.50

Other Terms:

1. Five (5) year lease extension at market rate to be determined based on an appraisal of the property commissioned on behalf of the City. In no instance will the annual rent amount during the extension period be less than \$0.95 per SF.
2. City receives ownership of the building improvements at end of lease term.
3. Actual value of building improvements must meet or exceed \$1.25M.

4. Hillwood shall have the right to expand the leased premises to include an adjoining 2.8 acres during the primary term of the lease. If a third party presents an offer to the City to lease the expansion area, Hillwood will have 30 days to exercise their option to expand the leased premises.

5. Subleases other than to TuSimple will require consent of the City Council.

6. Hillwood is responsible for all costs associated with the installation of the office and truck maintenance building to be used by TuSimple, including permitting, infrastructure improvements and connection of utilities and utility services.

This property is located in Council District 7.

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 Alliance Maintenance Facility Fund. The Property Management Department (and Financial Management Services) are responsible for the collection and deposit of funds due to the City.

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