

# Mayor and Council Communication

**DATE:** 09/12/23

**M&C FILE NUMBER:** M&C 23-0763

**LOG NAME:** 21ALLIANCE AI NO1 LEASE AMENDMENT

**SUBJECT**

(CD 10) Authorize the Execution of an Amendment to the Lease Agreement with Alliance AI No.1, LLC to Extend the Lease Term and Allow for Subleasing the Leased Premises Located at the Alliance Fort Worth Maintenance Base to Any Entity with City of Fort Worth Approval

**RECOMMENDATION:**

It is recommended that the City Council authorize the execution of an amendment to the lease agreement with Alliance AI No.1, LLC to extend the lease term and allow for subleasing the leased premises located at the Alliance Fort Worth Maintenance Base to any entity with City of Fort Worth approval.

**DISCUSSION:**

On September 29, 2020, the City of Fort Worth (City) entered into a ground lease agreement (lease) (City Secretary Contract (CSC) # 54622) with Alliance AI No.1, LLC (Hillwood), to lease approximately 108,900 square feet of ground space located at the Alliance Fort Worth Maintenance Base (Base) for Hillwood to construct a 9,800 square foot truck maintenance facility to sublease to TuSimple, Incorporated (TuSimple) for their autonomous commercial trucking operations.

On January 15, 2022, the parties entered into the first amendment to the lease (CSC# 54622-A1) to add a certain piece of land, contiguous to the property, consisting of approximately 126,324 square feet of ground space to the property.

On May 16, 2023, Hillwood notified the City of TuSimple's termination of the sublease of the leased premises.

The original lease (CSC#46522) only allowed Hillwood to sublease to TuSimple and now Hillwood desires to sublease the leased premises to Gatik AI, LLC, another autonomous commercial trucking company.

Hillwood and the City of Fort Worth Property Management Department have negotiated and agreed on amending the lease with the following terms:

1. Sublease any or all portions of the leases premises to Gatik AI, LLC
2. Provide for the option to sublease to other entities with City approval
3. Extend the lease term to August 31, 2028 with one (1) five (5) year renewal option
4. Revise the early termination date to August 31, 2027
5. Revise the lease rental rates as follows:

**Base rent for Lease Premises:**

Time Period	Yearly Ground Rate Per Square Foot	Monthly Rent
9/1/2023 - 3/31/2024	\$0.75	\$14,632.53
4/1/2024 - 3/31/2025	\$0.80	\$15,583.59
4/1/2025 - 3/31/2026	\$0.90	\$17,641.80
4/1/2026 - 3/31/2027	\$0.95	\$18,621.90
4/1/2027 - 3/31/2028	\$1.00	\$19,602.00
4/1/2028 - 8/31/2028	\$1.05	\$20,582.10

The annual rent rate per square foot of ground space figures are rounded approximations, and the monthly rent amounts set forth above shall control.

This property is located in Council District 10.

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations and execution of the amendment to 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.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

**Originating Business Unit Head:** Ricardo Salazar 8379

**Additional Information Contact:** Mark Brown 5197  
Marilyn Schoening 7581