

Mayor and Council Communication

DATE: 08/27/19

M&C FILE NUMBER: M&C 19-0073

LOG NAME: 55FWS CONSENTASSIGNMENT HNCR32

SUBJECT

Authorize Execution of Consent to Assignment of a Hangar and Ground Lease Agreement for Lease Site 32 at Fort Worth Spinks Airport by the Myers Investment Group, LLC, to Daniel Griffith. (COUNCIL DISTRICT 6)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Consent to Assignment of a Hangar and Ground Lease Agreement for Lease Site 32 at Fort Worth Spinks Airport by The Myers Investment Group, LLC to Daniel Griffith.

DISCUSSION:

On March 27, 2018, (M&C C-28646), City Council approved City Secretary Contract No. 50636, a Hangar and Ground Lease Agreement with Doug Myers of the The Myers Investment Group, LLC, for Lease Site 32, at Fort Worth Spinks Airport. Lease Site 32 consists of a 9,240 square feet Hangar and 20,145 square feet of Ground Space. The initial term of the lease commenced on April 1, 2018 at 12:00 AM and expires at 11:59 PM on March 31, 2023. In addition to the "Initial Term" the lease provides the option to renew upon expiration of the initial term. Renewal options allow Lessee two (2) consecutive options to renew this Lease for two (2) additional successive terms of five (5) years.

At commencement of the original lease, the total revenue received from this lease was approximately \$18,190.00 annually or \$1,515.86 per month. Revenue was based on a hangar rate of approximately \$1.38 per square foot and a ground rental rate of \$0.27 per square foot, in accordance with the Aviation Department's Schedule of Rates and Charges and Lessor's market analysis. 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. After a subsequent Consumer Price Index rate adjustment, the current rate is \$18,590.16 annually or \$1,549.18 per month. Current revenue is based on a hangar rate of \$1.41 per square foot and a ground rental rate of \$0.28 per square foot.

In addition to the Annual Rent Adjustments, on October 1, 2023, and every fifth (5th) year thereafter for the remainder of the Initial Term (i.e. on October 1st of 2028, 2033, and 2038), rent shall automatically be adjusted to equal the then-current rates prescribed by the Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises.

Every tenth (10th) year for each Initial and Renewal term of the lease, the Hangar rate shall automatically be adjusted to equal the then Fair Market Value, as prescribed by the Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises.

On May 31, 2019, Staff received a request from The Myers Investment Group, LLC to assign the Hangar and Ground Lease Agreement to Daniel Griffith. Upon City Council approval, Daniel Griffith will assume the leasehold interest and obligations associated with the lease.

The Hangar and Ground Lease Agreement prohibits any assignment of the lease or causing any lien to be made on improvements constructed on the leased premises without City Council approval. These types of transactions are routine for airport tenants and Staff has no objection to this request.

This Consent to Assignment was included as a discussion item at the July 11, 2019 Aviation Advisory Board meeting agenda.

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, this action will have no material affect on City funds. Under the current Lease Agreement, Myers Investment Group, remits the amount of \$18,590.16 annually to the City. After assignment, Daniel Griffith will remit the same amount and be subject to the provisions contained within the original lease.

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

Originating Business Unit Head: Bill Welstead 5402

Additional Information Contact:

Barbara Goodwin 5415