

# Mayor and Council Communication

**DATE:** 06/14/22

**M&C FILE NUMBER:** M&C 22-0415

**LOG NAME:** 55FWS AIR CENTER CONSENT TO LEASEHOLD DEED OF TRUST, 20E

## **SUBJECT**

(CD 6) Authorize the Execution of a Consent to Leasehold Deed of Trust With Air Center Helicopters, Inc. and Deerwood Bank to Enable Air Center Helicopters, Inc. to Obtain Financing to Purchase the Leasehold Interest for Lease Site 20E Located at Fort Worth Spinks Airport

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## **RECOMMENDATION:**

It is recommended that the City Council authorize the execution of a consent to leasehold deed of trust with Air Center Helicopters, Inc. and Deerwood Bank to enable Air Center Helicopters, Inc. to obtain financing to purchase the leasehold interest for lease site 20E located at Fort Worth Spinks Airport.

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## **DISCUSSION:**

On December 27, 2016, Mayor and Council Communication (M&C) C-28043, City Council approved City Secretary Contract No. 48506, a Hangar and Ground Lease Agreement with Dumont Group Properties VI, LLC, (Dumont), for Lease Site 20E at Fort Worth Spinks Airport.

On April 12, 2022, (M&C 22-0283) City Council approved City Secretary Contract No. 48506-CA1, a Consent to Assignment made between the City of Fort Worth (City), Dumont (Assignor) and Air Center Helicopters, Inc. (Air Center) (Assignee).

Air Center has been working with their lender, Deerwood Bank to secure a loan to finance the purchase of the leasehold interest of Lease Site 20E, which consists of 158,735 square feet of ground space and a 51,300 square foot hangar. The initial term of the lease commenced on January 17, 2017 and expires on December 31, 2056 at 11:59 PM. On January 1, 2049, a hangar rate will be added to the lease agreement and included with the ground rate. The hangar rate will be equal to the then fair market value, as determined by Lessor's market analysis and will expire with the ground rate on December 31, 2056. The hangar is to be used for aeronautical purposes in accordance with City and Aviation Department policies. Annual revenue from the ground lease is \$46,807.81.

The Consent to Leasehold Deed of Trust will grant Air Center's lenders, Deerwood Bank, the right, subject to any superior lien, to operate as Lessee or secure another tenant in place of Air Center, if previously approved by the City Council, in the event Air Center defaults on its loan or its lease with the City of Fort Worth. The lease agreement prohibits Air Center 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 Air Center's request.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 6

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

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

**Originating Business Unit Head:** Roger Venables 5402

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