

Mayor and Council Communication

DATE: 04/12/22

M&C FILE NUMBER: M&C 22-0283

LOG NAME: 55FWS CONSENTASSIGNMENT GRND LEASE 20E, AIR CENTER

SUBJECT

(CD 6) Authorize Execution of a Consent to Assignment of City Secretary Contract 48506, a Ground Lease Agreement for Lease Site 20E by Dumont Group Properties VI, LLC to Air Center Helicopters, Inc. at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council authorize execution of a consent to assignment of City Secretary Contract 48506, a ground lease agreement for lease site 20E by Dumont Group Properties VI, LLC to Air Center Helicopters, Inc. at Fort Worth Spinks Airport.

DISCUSSION:

On December 13, 2016, through Mayor and Council Communication (M&C) C-28043, City Council authorized Lessor to execute an unimproved ground lease agreement under City Secretary (CSC) 48506 with Dumont Group Properties VI, LLC (Dumont), dated December 23, 2016, for lease and use of real property known as lease site 20E and any improvements and facilities thereon, consisting of 158,735 square feet of ground space and a 51,300 square foot hangar (Lease Premises) at Fort Worth Spinks Airport (Airport). There were no mandatory improvements required.

On March 24, 2020, through Mayor and Council Communication (M&C) 20-0202, City Council authorized Lessor to execute a Consent to Leasehold Deed of Trust with Dumont in favor of Group Piraino, LLC and Deak Companies, LLC to refinance a business loan to facilitate development at lease site 20E. On February 22, 2022, through Mayor and Council Communication (M&C) 22-0124, City Council authorized Lessor to execute a Consent to Leasehold Deed of Trust with Dumont in favor of Cortland Credit Lending Corporation to obtain an additional business loan, using as collateral, improvements on lease site 20E.

Dumont recently notified the Aviation Department of a request for a consent to assignment of the lease to Air Center Helicopters, Inc. (Air Center) due to a pending sale of its leasehold interest to Air Center. The lease will expire on December 31, 2056, with no options to renew. On January 1, 2049, a hangar rate will be added to the lease agreement to be included with the ground rate. The hangar rate will be determined in a uniform non-discriminatory manner in accordance with all laws, rules and regulations applicable to the Airport.

Annual revenue from the lease is approximately \$46,807.81 payable in monthly installments of \$3,900.65. 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 then current rate published in the Schedule of Rates and Charges. Five-year rate adjustments are applied to the ground rate with the next scheduled adjustment on October 1, 2022 and every fifth year thereafter.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 6

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation 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.

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