

Mayor and Council Communication

DATE: 08/13/24

M&C FILE NUMBER: M&C 24-0671

LOG NAME: 55FWS CONSENTASSIGNMENT LSE STE TERMINAL RAMP, FWS FBO LLC

SUBJECT

(CD 8) Authorize Execution of a Consent to Assignment of a Ground Lease Agreement for Terminal Ramp Space by Harrison Aviation, LTD to FWS Hangar LLC and FWS FBO, LLC at Fort Worth Spinks Airport and a Consent to Leasehold Deed of Trust with FWS Hangar LLC and FWS FBO LLC and Signature Bank for a Ground Lease Agreement for Terminal Ramp Space, to Facilitate the Purchase of the Leasehold Interest

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a consent to assignment of a ground lease agreement for terminal ramp space by Harrison Aviation, LTD to FWS Hangar LLC and FWS FBO, LLC at Fort Worth Spinks Airport; and
2. Authorize a consent to leasehold deed of trust with FWS Hangar LLC and FWS FBO LLC and Signature Bank for a ground lease agreement for terminal ramp space, to facilitate the purchase of the leasehold interest.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to recommend that City Council authorize execution of a consent to assignment for a ground lease agreement for terminal ramp space at Fort Worth Spinks Airport by Harrison Aviation, LTD (Harrison Aviation) to FWS Hangar LLC and FWS FBO, LLC (collectively, Assignees).

On September 27, 2022 through M&C 22-0766, City Council authorized the City of Fort Worth (City) to execute a ground lease agreement for terminal ramp space (Agreement) under City Secretary Contract (CSC) 58145 with Harrison Aviation. The leased premises consist of 42,201 square feet of improved terminal ramp space to accommodate customer aircraft parking at Fort Worth Spinks Airport.

The initial term of the Agreement commenced on September 29, 2022 and expires on September 30, 2041, with two (2) options to renew for additional successive terms of five (5) years each.

On September 19, 2023, staff received a request from Harrison Aviation to consent to an assignment of the Agreement to Assignees. Upon City Council approval, Assignees will assume the leasehold interest and obligations associated with the Agreement. The Agreement prohibits any assignment of the Agreement 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.

Under the current Agreement, Harrison Aviation remits to the City \$13,082.31 annually, paid in monthly installments of \$1,090.19. Rates are in accordance with the Aviation Department's current Schedule of Rates and Charges. 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. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2027, and every fifth year thereafter.

The Consent to Leasehold Deed of Trust will grant Assignees' lender, Signature Bank, the right, subject to the previous lien, to operate as Lessee or secure another tenant in place of Assignees, if previously approved by City Council, in the event Assignees defaults on the loan or the lease with the City of Fort Worth. The lease agreement prohibits Assignees from assigning 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 Assignees' request.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 8.

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 Municipal Airport Fund. The Aviation Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

Submitted for City Manager's Office by: Valerie Washington 6199

Originating Business Unit Head: Roger Venables 5402

Expedited