

Mayor and Council Communication

DATE: 11/28/23

M&C FILE NUMBER: M&C 23-1004

LOG NAME: 55FTW FW AMERICAN AERO FBO ADMIN LEASE AMENDMENT NO. 2

SUBJECT

(CD 2) Authorize Execution of Amendment No. 2 to City Secretary Contract No. 46280, an Administration Building Office Lease Agreement with FW American Aero Operating Company LLC Located at Fort Worth Meacham International Airport to Correct an Overlap of Lease Lines with Group Holdings Aviation, LLC d/b/a GHA Terminal LLC and Refund Overpayments of Rent in the Amount of \$245,626.31

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of Amendment No. 2 to City Secretary Contract No. 46280, an administration building office lease agreement with FW American Aero Operating Company LLC located at Fort Worth Meacham International Airport to correct an overlap of lease lines with Group Holdings Aviation, LLC d/b/a GHA Terminal LLC's Lease Site 11N; and
 2. Authorize the refund of rent overpayment in the amount of \$245,626.31 due to the overlap of lease lines to FW American Aero Operating Company LLC.
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DISCUSSION:

On March 7, 2014, through Mayor and Council Communication (M&C) C-26639, The City, (Lessor) and Group Holdings Aviation, LLC d/b/a GHA Terminal, LLC (GHA) entered into City Secretary Contract (CSC) 28384 A-2, an amendment to expand the leased premises under that lease to include additional ramp space (GHA Amendment). The GHA Amendment increased the boundaries of the leased premises to 266,805 square feet of ground space and 32,380.58 hangar space known as 11N located at Fort Worth Meacham International Airport (GHA Leased Premises).

On or about December 15, 2014, through M&C C-26494, Lessor and FW American Aero Operating Company LLC (Lessee) entered into CSC No. 46280 (Lease), as amended, a thirty-year administration building office lease agreement with two (2), options to renew for five (5) years each for the lease and use of 125,000 square feet of apron space (Aircraft Parking), 8,080 square feet of office space, and 12,240 square feet of ground space for landside parking known as the FBO Suite and any improvements and facilities thereon (Original Leased Premises) at Fort Worth Meacham International Airport (Airport).

On February 6, 2017, through M&C C-28095, Lessor and Lessee entered into CSC 46280 A-1 (First Amendment), an amendment to expand the Leased Premises to include additional ramp space and parking that was intended to expand the lease boundary to 235,909 square feet of apron space, identified as Parking Area 1 and Parking Area 2 and 41,938 square feet of ground space identified as Landside Parking (New Leased Premises), which, incorrectly, overlapped with a majority of GHA's additional ramp space that was included as part of the GHA Leased Premises under the GHA Amendment.

On or about July 24, 2023, after receiving a request from GHA to add additional square footage to the GHA Leased Premises, Lessor identified an overlap of lease lines between the New Leased Premises and the GHA Leased Premises, totaling 92,085 square feet of overlap. Due to the overlap of lease lines, Lessee's First Amendment for CSC 46280 (CSC 46280 A-1) was never permitted due to GHA's previous lease of the additional space under the GHA Amendment and Lessee has provided an overpayment in an amount of \$245,626.31 from February 2017 until October 2023 in error.

Lessor and Lessee now wish to amend the Lease to (i) reflect the correct square footage of the Lease, which is a reversion back to the Original Leased Premises; and (ii) provide a refund to Lessee from Lessor in an amount of \$245,626.31 for overpaid rent. The lease amendment will delete Parking Area 2 and re-establish the square footage of Parking area 1 (Aircraft Parking) as 131,681.88 square feet, based on a new land survey. Annual revenue generated from the amendment will be \$61,890.48, payable in equal monthly installments of \$5,157.54. Square footage and rental rates for Landside Parking and FBO Suite will remain unchanged.

Funding is budgeted in the Misc & Other Operations Expense account within the Municipal Airport Fund for the purpose of refunding overpayment of rent to the lessee. Any additional revenue received will be deposited into the Municipal Airport Fund.

Fort Worth Meacham International Airport is located in COUNCIL DISTRICT 2.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the current operating budget, as previously appropriated, in the Municipal Airport Fund to support the approval of the above recommendations and execution of the lease amendment. The Aviation Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City. Prior to an expenditure being incurred, the Aviation Department has the responsibility of verifying the availability of funds.

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