

Mayor and Council Communication

DATE: 02/22/22

M&C FILE NUMBER: M&C 22-0124

LOG NAME: 55FWS DUMONT CONSENT TO LEASEHOLD DEED OF TRUST, SITE E20

SUBJECT

(CD 6) Authorize the Execution of a Consent to Leasehold Deed of Trust to Enable Dumont Group Properties VI, LLC to Obtain an Additional Business Loan, Using as Collateral, Improvements on Lease Site E20 Located at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a consent to leasehold deed of trust to enable Dumont Group Properties VI, LLC to obtain an additional business loan, using as collateral, improvements on lease site E20 located at Fort Worth Spinks Airport.

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. Lease Site 20E consists of 158,735 square feet of ground space and a 51,300 square foot hangar.

On March 24, 2020, (M&C C-20-0202) City Council approved City Secretary Contract No. 48506-CD1EC1, a Consent to Leasehold Deed of Trust made between the City of Fort Worth (City), Dumont, and Deak Companies, LLC and Grupo Piraino, LLC (Initial Lender). Pursuant to a financing agreement between the Dumont and Initial Lender, Dumont granted a lien on all personal property of Dumont and a lien on Dumont's leasehold interest in the leased premises, pursuant to a certain Deed of Trust, Security Agreement and Fixture Filing in favor of the Initial Lender.

On December 8, 2021, Dumont informed the City it is now seeking additional financing from Cortland Credit Lending Corporation (Cortland) and as a condition to providing the requested additional financing to Dumont, Cortland required, and Initial Lender has agreed, for the Initial Lender's original deed of trust to be subordinate to a new deed of trust in favor of Cortland. Additionally, Dumont's leasehold located at Lease Site 20E at Fort Worth Spinks Airport is currently listed for sale. In the event a bona fide offer for the leasehold interest is accepted, the sale will be contingent on approval of a consent to assignment by City Council. Proceeds from the sale of the leasehold interest will be applied to financing and the liens will be removed.

The Consent to Leasehold Deed of Trust will grant Dumont's lenders, Cortland Credit Lending Corporation, the right, subject to any superior lien, to operate as Lessee or secure another tenant in place of Dumont, if previously approved by the City Council, in the event Dumont defaults on its loan or its lease with the City of Fort Worth. The Lease Agreement prohibits Dumont 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 Dumont's request.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 6

FISCAL INFORMATION / CERTIFICATION:

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

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