

Mayor and Council Communication

DATE: 03/29/22

M&C FILE NUMBER: M&C 22-0235

LOG NAME: 55FTW HELICOPTER INSTITUTE ADMIN BUILDING LEASE SUITE L40

SUBJECT

(CD 2) Authorize the Execution of an Administration Building Office Lease Agreement with Helicopter Institute, Inc. for Suite L40 at Fort Worth Meacham International Airport

RECOMMENDATION:

It is recommended that the City Council authorize the execution of an administration building office lease agreement with Helicopter Institute, Inc. for Suite L40 at Fort Worth Meacham International Airport.

DISCUSSION:

Staff received a request from Helicopter Institute, Inc. (Helicopter Institute) to lease approximately 1723 square feet of lower level office space at Meacham Administration Building located at Fort Worth Meacham International Airport.

Helicopter Institute has agreed to execute a lease agreement with an initial term of five (5) years. If Helicopter Institute performs and abides by all provisions and conditions of the Lease, upon expiration of the initial term of this Lease, Helicopter Institute shall have two consecutive options to renew the Lease, each option for an additional successive term of five (5) years, bringing the total lease term to fifteen (15) years. The initial term of the Lease shall commence upon execution of the lease document by all parties (Effective Date).

Helicopter Institute has elected to perform, at its sole cost, the tenant finish-out of Suite L40. In recognition and consideration of the initial office space base finish-out costs by Helicopter Institute of approximately 1,723 square feet, which is currently estimated at approximately \$172,300.00, the City has agreed to a one-time incentive for the cost of the finish out expenses with a rent-abatement for the initial term not to exceed fifty percent (50%) of the monthly rent for the office space commencing on the effective date and ending at the end of the initial term or when agreed upon rent-abatement amount is recovered (whichever comes first) (the Tenant Improvement Period). During the Tenant Improvement Period the City will recognize up to Fifty Thousand Dollars (\$50,000.00) of the estimated finish-out cost of the office space performed by a licensed contractor. At issue of the Certificate of Occupancy (CO) all actual finish-out construction costs will be reviewed and evaluated for possible adjustments downward of the rent-abatement period. Under no circumstances shall the Tenant Improvement Period exceed the initial term of the agreement. Helicopter Institute shall commence the payment of rent for the premises beginning on the effective date. Tenant incentives have no cash value and are forfeited if not used during the Tenant Improvement Period.

The rental rate is based on \$14.50 per square foot. Total revenue received from the Lease will be in the amount of \$24,983.52 per year for office space, payable in monthly installments of \$2,081.96 per month. On October 1, 2022, and on October 1st of each year thereafter during both the initial term and any renewal term, Helicopter Institute's rental rate will be adjusted to comply with the rates prescribed for the premises by the City's Schedule of Rates and Charges in effect at the respective time.

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

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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