

Mayor and Council Communication

DATE: 03/29/22

M&C FILE NUMBER: M&C 22-0236

LOG NAME: 55FWS CONSENT ASSIGNMENT GRND LEASE W3, AIR CENTER HELICOPT

SUBJECT

(CD 6) Authorize Execution of a Consent to Assignment of a Ground Lease Agreement for Lease Site W3 by Marline Aviation, LLC to Air Center Helicopters, Inc. and a Consent to Leasehold Deed of Trust with Air Center Helicopters, Inc. and Independent Financial for the Purpose of Financing the Purchase of the Leasehold Interest of Lease Site W3, Located at Fort Worth Spinks Airport

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a consent to assignment of a ground lease agreement for lease site W3 by Marline Aviation, LLC to Air Center Helicopters, Inc. at Fort Worth Spinks Airport; and
2. Authorize the execution of a consent to leasehold deed of trust with Air Center Helicopters, Inc. and Independent Financial for the purpose of financing the purchase of the leasehold interest of Lease Site W3, located at Fort Worth Spinks Airport.

DISCUSSION:

On September 13, 2016, through Mayor and Council Communication (M&C) C-27907, City Council authorized Lessor to execute an unimproved Ground Lease Agreement and associated mandatory improvements under City Secretary Contract (CSC) 48209 with Marline Aviation, LLC (Marline Aviation), dated September 26, 2016, for the lease and use of real property known as Lease Site W3 and any improvements and facilities thereon, consisting of 42,992 square feet of ground space, 49,992 square feet of shared aircraft parking and 3,923 square feet of shared access easement (Leased Premises) at Fort Worth Spinks Airport (Airport). Mandatory improvements included a 16,000 square foot hangar and associated office space on the site.

On November 2, 2016, the Lessor and Marline Aviation entered into CSC 48209-A1 to correct a monthly rental payment calculation.

On June 13, 2017, through Mayor and Council Communication (M&C) C-28273, City Council authorized Lessor to execute a Consent to Leasehold Deed of Trust with Marline Aviation in favor of PlainsCapital Bank to finance the construction of improvements at lease site W3. The loan will be satisfied and the lien removed upon a sale of the leasehold interest of lease site W3 located at Fort Worth Spinks Airport.

On or about January 24, 2022, Marline Aviation notified the Aviation Department of a request for a consent to assignment of the lease to Air Center Helicopters, Inc. (Air Center Helicopters) due to a pending sale of its leasehold interest. The mandatory improvements required under the Lease have been completed and now include a 19,723 square foot hangar which includes office space. The lease will expire on August 31, 2046, with two consecutive options to renew for two additional successive terms of five years each.

Annual revenue from the lease is approximately \$21,866.16 payable in monthly installments of \$1,822.18. 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, 2026, and every fifth year thereafter.

The Consent to Leasehold Deed of Trust will grant Air Center Helicopters' lender, Independent Financial, the right, subject to the previous lien, to operate as Lessee or secure another tenant in place of Air Center Helicopters, if previously approved by City Council, in the event Air Center Helicopters defaults on the loan or the lease with the City of Fort Worth. The Ground Lease Agreement prohibits Air Center Helicopters 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 Air Center Helicopters' request.

Fort Worth Spinks Airport is located in Council District 6.

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.

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