

Mayor and Council Communication

DATE: 05/05/20

M&C FILE NUMBER: M&C 20-0307

LOG NAME: 55FWS LEASE AMEND GRIFFITH HGR 32

SUBJECT

Authorize the Execution of an Extension of the Lease Terms of a Hangar and Ground Lease Agreement with Daniel Griffith for Lease Site 32 at Fort Worth Spinks Airport (COUNCIL DISTRICT 6)

RECOMMENDATION:

It is recommended that the City Council authorize the extension of the lease terms of a Hangar and Ground Lease Agreement with Daniel Griffith at Lease Site 32 at Fort Worth Spinks Airport.

DISCUSSION:

On or about April 13, 2018, the City of Fort Worth (City) and The Myers Investment Group, LLC (Myers) entered into City Secretary Contract (CSC) No. 50636, a Lease of real property consisting of 20,145 square feet of ground space (Lease), including a 9,240 square foot hangar at Fort Worth Spinks Airport (Airport) known as Lease Site 32 (Leased Premises).

On or about September 4, 2019, Myers entered into an assignment of the Lease with Daniel Griffith (Lessee) where Myers relinquished all rights, title, and interest in the Leased Premises and assigned those interests to the Lessee.

On August 27, 2019, (M&C19-0073), City Council authorized the execution of a Consent to Assignment of the Lease. The original term of the Lease commenced on April 1, 2018 at 12:00 AM and expires at 11:59 PM on March 31, 2023. In addition to the initial term, the Lease currently provides Lessee two (2) consecutive options to renew this Lease for successive terms of five (5) years each.

On September 1, 2019, staff received a request from Daniel Griffith to extend the initial term of the Lease to align lease terms with Lease Site 31 for which the tenant also has a lease agreement located at Fort Worth Spinks Airport. Upon City Council approval, the initial term of the Lease will be extended to June 12, 2048.

Under the current Lease, Daniel Griffith remits the amount of \$18,999.60 annually to the City, payable in monthly installments of \$1,583.30. Rental rates are subject to increase on October 1st of any subsequent year during the Initial Term, to reflect any upward change in the Consumer Price Index for the Dallas/Fort Worth Metropolitan Area, as announced by the United States Department of Labor or successor agency.

The lease provides for five-year adjustments beginning October 1, 2023 and every fifth (5th) year thereafter (October 1, 2028, 2033) for the remainder of the initial term. Upon approval of the lease term extension, the five-year adjustments will include the remainder five year periods through June 12, 2048 (October 1, 2038, 2043).

In addition, every tenth (10th) year under the Lease, the hangar rate shall automatically be adjusted to equal the then Fair Market Value, as prescribed by the Schedule of Rates and Charges for the type or types of property at the Airport similar to the type or types of property that comprise the Premises.

The Lease Extension for Lease Site 32 was included as a discussion item at the September 12, 2019 Aviation Advisory Board Meeting agenda.

Fort Worth Spinks Airport is located in COUNCIL DISTRICT 6.

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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