

# Mayor and Council Communication

**DATE:** 04/06/21

**M&C FILE NUMBER:** M&C 21-0252

**LOG NAME:** 55FTW CONSENTASSIGNMENT GRND LEASE 3W, SITKA AVIATION

## **SUBJECT**

(CD 2) Authorize Execution of a Consent to Assignment of a Ground Lease Agreement for Lease Site 3W by Tactical Aviation Services, LLC to Sitka Aviation, LLC and a Consent to Leasehold Deed of Trust with Sitka Aviation, LLC and Ciera Bank for the Purpose of Financing the Purchase of Improvements on Lease Site 3W, Located at Fort Worth Meacham International Airport

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## **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 3W by Tactical Aviation Services, LLC to Sitka Aviation, LLC at Fort Worth Meacham International Airport; and
2. Authorize the execution of a Consent to Leasehold Deed of Trust with Sitka Aviation, LLC and Ciera Bank for the purpose of financing the purchase of improvements on Lease Site 3W, located at Fort Worth Meacham International Airport.

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## **DISCUSSION:**

On May 13, 2008, through Mayor and Council Communication (M&C) C-22805 City Council authorized Lessor to execute an unimproved Ground Lease Agreement and associated mandatory improvements City Secretary Contract (CSC) 37288 with WTW Properties, Inc., dated July 7, 2008, as amended by Amendment No. 1 CSC 37288 A-1 dated April 25, 2017, (collectively referred to as Lease), for the lease and use of real property known as Lease Site 3W and any improvements and facilities thereon (Leased Premises) at Fort Worth Meacham International Airport (Airport).

On September 25, 2017, through Mayor and Council Communication (M&C) C-28382 City Council authorized Lessor to enter into CSC 37288 CA-1 a Consent to Assignment between WTW Properties, Inc. and Tactical Aviation Services, LLC. (Tactical Aviation) thereby assigning all WTW Properties, Inc.'s remaining right, title, and interest in the Leased Premises to Tactical Aviation. Additionally, City Council authorized CSC 37288 CD-1, a Consent to Leasehold Deed of Trust between Tactical Aviation and BOKF, NA Bank of Texas (Bank of Texas), which granted Bank of Texas the right, subject to the previous lien, to operate as Lessee or secure tenant in place of Tactical Aviation in the event Tactical Aviation defaults on the loan or the lease with the City of Fort Worth.

On or about February 12, 2021, Tactical Aviation notified the Aviation Department of a request for a Consent to Assignment of the lease to Sitka Aviation, LLC (Sitka Aviation) due to a pending sale of its leasehold interest. The lease consists of 25,266 square feet of ground space with a 11,986 square foot hangar facility. The lease will expire on September 30, 2038, with two consecutive options to renew for two additional successive terms of five years each. Upon execution of the Consent to Assignment, the loan between Tactical Aviation and Bank of Texas will be paid in full and Bank of Texas will release the lien on Lease Site 3W.

Annual revenue from the lease is approximately \$11,829.00 payable in monthly installments of \$985.75. 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 rate that is currently in the Schedule of Rates and Charges. Five-year rate adjustments will be applied to the ground rate starting on October 1, 2023, and every fifth year thereafter.

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

Fort Worth Meacham International Airport is located in Council District 2.

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## **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.

**Submitted for City Manager's Office by:** Fernando Costa 6122

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**Additional Information Contact:**