

ORDINANCE 2020-12-03-0850

CONSENTING TO THE ASSIGNMENT AND ASSUMPTION OF THE LEASE AGREEMENT AT THE SAN ANTONIO INTERNATIONAL AIRPORT FROM TESORO COMPANIES, INC. TO SB HANGAR LLC EXPIRING JANUARY 1, 2033, FOR 170,494 SQUARE FEET OF GROUND SPACE LOCATED AT 10310 S. TERMINAL DRIVE, WITH \$188,732.88 IN ANNUAL RENTAL DEPOSITED INTO THE AIRPORT OPERATING AND MAINTENANCE FUND.

* * * * *

WHEREAS, in November 2007, through Ordinance 2007-11-01-1156 the City Council authorized a 25-year lease agreement with Tesoro Companies, Inc. for approximately 170,494 square feet of ground space for the firm to build a new hangar facility for its aviation operations on airport property; and

WHEREAS, in 2019, the company informed the Aviation Department of its intention to sell its interest in the property and in 2020 Tesoro informed the Department that SB Hangar LLC had purchased the interest and agreed to assume the rights and obligations of the current agreement; **NOW THEREFORE;**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

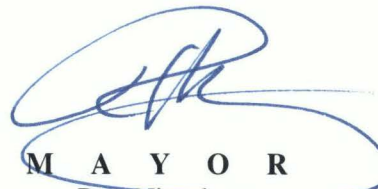
SECTION 1. This ordinance consents to the assignment and assumption of the lease agreement from Tesoro to SB Hangar, attached as **Exhibit 1**. SB Hangar accepts the assignment and assumes all of Tesoro’s duties, liabilities, and obligations under the lease agreement authorized by Ordinance No. 2007-11-01-1156. The expiration date of the lease agreement remains January 1, 2033.

SECTION 3. Funds generated by this ordinance will be deposited in Fund 51001000, Internal Order 233000000006, and General Ledger Account 4409040.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager’s designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 5. This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED and APPROVED this 3rd day of December, 2020.

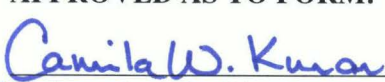

M A Y O R
Ron Nirenberg

ATTEST:



Tina J. Flores, City Clerk

APPROVED AS TO FORM:



for Andrew Segovia, City Attorney

MAT
12/3/2020
Item No. 16

5050-15-08-0020

EXHIBIT 1
ASSIGNMENT AND ASSUMPTION AGREEMENT



City of San Antonio

City Council

December 03, 2020

Item: 16

File Number: 20-6133

Enactment Number:

2020-12-03-0850

Ordinance consenting to the assignment and assumption agreement of the lease agreement from Tesoro Companies, Inc. to SB Hangar LLC at the San Antonio International Airport for 170,494 square feet of ground space located at 10310 S. Terminal Drive and will not change the current rental rates. Per the agreement SB Hangar LLC agrees to pay \$188,732.88 in annual rental until the lease expiration date of January 1, 2033. The rental fees will be deposited into the Airport Operating and Maintenance Fund. [Carlos Contreras, Assistant City Manager; Jesus Saenz, Director, Aviation]

Councilmember John Courage made a motion to approve. Councilmember Clayton H. Perry seconded the motion. The motion passed by the following vote:

Aye: 11 Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia, Gonzales, Cabello Havrda, Sandoval, Pelaez, Courage and Perry

ASSIGNMENT AND ASSUMPTION OF LEASE WITH LANDLORD CONSENT
(San Antonio International Airport)

This Assignment and Assumption of Lease with Landlord Consent (this "**Assignment**") is effective as of _____, 2020 (the "**Effective Date**"), which is the date of closing and funding of the Transaction further described in Recital B, and entered into between Tesoro Companies, Inc. ("**Assignor**"), and SB Hangar, LLC, a Delaware limited liability company ("**Assignee**"), and acknowledged, accepted, approved, and consented to by the CITY OF SAN ANTONIO, a municipal corporation of the State of Texas ("**Landlord**").

RECITALS

A. Landlord and Assignor entered into that certain San Antonio International Airport Lease Agreement pursuant to Ordinance No. 2007-11-01-1156 executed by Landlord on November 1, 2007 and Assignor on November 26, 2007 (the "**Lease**"), pursuant to which Assignor leases 170,494 square feet of Ground Space and the Hangar Building situated upon this property (the "**Leased Premises**") at the San Antonio International Airport located at _____ John Saunders Road, San Antonio, TX 78216 (the "**Airport**") from Landlord.

B. Assignee has agreed to purchase from Assignor, and Assignor agreed to sell to Assignee, certain of Assignor's assets (the "**Transaction**"), including, but not limited to, all of Assignor's right, title, and interest in and to the Lease, pursuant to that certain Asset Purchase and Sale Agreement dated 10/14/2020 (the "**Purchase Agreement**").

C. Assignor desires to assign all of its right, title, and interest in and to the Lease to Assignee, Assignee desires to accept the assignment and assume all of Assignor's duties, liabilities, and obligations under the Lease from and after the Effective Date, and both Assignor and Assignee desire to obtain Landlord's consent to the assignment.

D. Landlord is willing to consent to the assignment and assumption subject to the terms and conditions of this Assignment.

AGREEMENT

Assignor and Assignee agree as follows:

1. **Recitals**. The recitals above are true and correct and are incorporated herein by reference.
2. **Assignment**. Assignor hereby unconditionally assigns, conveys, delivers, sells, and transfers all of its right, title, and interest in and to the Lease to Assignee.
3. **Assumption**. Assignee hereby accepts Assignor's assignment of all of Assignor's right, title, and interest in and to the Lease, unconditionally assumes all of Assignor's liabilities arising under the Lease to be performed from and after the Effective Date, and agrees to perform all of Assignor's duties and obligations under the Lease from and after the Effective Date (collectively, the "**Assumed Obligations**"). Assignee shall indemnify, defend and hold Assignor harmless from and against any loss or damage (including reasonable attorneys' fees and court costs) resulting from Assignee's failure to perform the Assumed Obligations. Assignor shall indemnify, defend and hold Assignee harmless from and against any loss or damage (including reasonable attorneys' fees and court costs) occurring or related to Assignor's failure

to perform its liabilities and obligations under the Lease prior to the Effective Date, subject to any limitations on Assignor's liability found in the Purchase Agreement.

4. Consent to Assignment. Landlord hereby consents to this Assignment, which consent shall become null and void if the closing and funding of Transaction does not occur after this Assignment is approved by City Council.

5. Assignor's Representations and Warranties. Assignor represents and warrants to Assignee and Landlord that: (a) the Lease constitutes the entire agreement between Assignor and Landlord concerning the Leased Premises and there are no other agreements between Assignor and Landlord relating to the Leased Premises or the Lease; (b) Assignor has complied with all terms and conditions of the Lease and the Lease is in full force and effect; (c) Landlord is not in default under any of the terms, conditions, or covenants of the Lease; (d) Assignor does not have any rights to any credit, claim, cause of action, offset, or similar charge against Landlord or the rent due under the Lease, or any setoffs, counterclaims, or defenses against Landlord with respect to any matter arising under or related to the Lease from the commencement of the Lease to the Effective Date of this Assignment; (e) Assignor has not encumbered, hypothecated, assigned, or otherwise transferred the Lease; (f) Assignor has not sublet the Leased Premises or any portion of the Leased Premises to any person or entity; (g) Assignor has not granted to any person or entity any use or occupancy rights regarding the Leased Premises other than any use or occupancy rights that Landlord may have under the Lease; (h) Assignor's execution and delivery of this Assignment has been fully authorized by all necessary corporate action; (i) Assignor is not in default under any of the terms, conditions, or covenants of the Lease; and (j) the person signing this Assignment on behalf of Assignor has the requisite authority to do so and the power and authority to bind Assignor.

6. Assignee's Representations and Warranties. Assignee represents and warrants to Assignor and Landlord that: (a) Assignee shall comply with all terms, covenants, and conditions of the Lease from and after the Effective Date; (b) Assignee does not have any setoffs, counterclaims, or defenses against Landlord with respect to any matter arising under or related to the Lease from the commencement of the Lease to the Effective Date of this Assignment; (c) Assignee's execution and delivery of this Assignment has been fully authorized by all necessary corporate action; and (d) the person signing this Assignment on behalf of Assignee has the requisite authority to do so and the authority and power to bind Assignee.

7. Third Party Beneficiary. Assignor and Assignee acknowledge and agree that Landlord is a third-party beneficiary of this Assignment and of each covenant, representation, and warranty made by Assignor or Assignee.

8. Release. As a material inducement for Landlord to consent to this Assignment, Assignor, on its own behalf and on behalf of its respective predecessors, hereby releases Landlord and its parents, subsidiaries and affiliated entities, its agents, partners, officers, directors and employees, and the heirs, executors, administrators, successors, and assigns of any of the foregoing (collectively, the "Landlord Parties") from any and all liabilities, claims, damages, causes of action, and any other form or relief, whether legal or equitable, that are, have been, or could have been asserted in any way against the Landlord Parties with respect to the Lease, Landlord's performance under the Lease, or the Leased Premises from the commencement of the Lease to the Effective Date of this Assignment; provided, however, that nothing in this Assignment shall release the Landlord Parties from their obligations to be performed under the Lease from and after the Effective Date.

9. Brokers. Assignor and Assignee agree that Landlord shall not be liable for any brokerage commission in connection with this Assignment and each agree to indemnify, defend, and hold Landlord harmless from and against any such claims for a commission and any costs or expenses incurred by Landlord defending any claim for such a commission.

10. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Texas without regard for conflict of laws principles.

11. Amendments. This Assignment shall not be amended or modified except by a written document signed by the parties and consented to by Landlord.

12. Entire Agreement. This Assignment, the Purchase Agreement, and the documents concerning the Transaction executed in connection with or contemplated by the Purchase Agreement constitute all of the agreements between Assignor and Assignee concerning the subject matter of this Assignment and supersede all prior agreements, whether written or oral, concerning the subject matter of this Assignment.

13. Conflicts. If this Assignment conflicts with the Lease, the conflicting provision of this Assignment shall control with respect to the conflicting matter.

14. Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

15. Further Assurances. In addition to this Assignment, promptly upon request from time to time, the parties shall execute and deliver such other documents and shall take such other actions as may be reasonably requested by the other parties to effectuate, carry out, and comply with all of the terms of this Assignment and to effectuate this Assignment.

16. Counterparts. This Assignment may be executed in any number of counterparts delivered by e-mail, fax, or other electronic means. Counterpart signature pages transmitted via e-mail, fax, or other electronic means shall be deemed to be originals and shall collectively constitute one, original Assignment for all purposes.

[Remainder of Page Intentionally Left Blank – Signatures Follow]

Assignor, Assignee, and Landlord have executed this Assignment and Assumption of Lease with Landlord Consent as of the Effective Date.

ATTEST:


By: _____

Name: _____


Title: _____

ASSIGNEE:

SB HANGAR, LLC
a Delaware Limited Liability Company


By: 
Name: Sardar Biglari
Title: Chairman

ATTEST:

By: 
Name: Austin Blaus
Title: Real Estate Coordinator

ASSIGNOR:

TESORO COMPANIES, INC.
a Delaware Corporation

By: 
Name: James M. Hedrick
Title: Real Estate Manager


MP

Approved As To Form

Landlord hereby consents to Assignor's assignment of the Lease to Assignee; provided, however, that Landlord's consent to this Assignment and acceptance of rent from Assignee shall not be construed as (1) Landlord's consent to any subsequent assignment or transfer of the Lease, (2) a waiver of any of the terms or conditions of the Lease, or (3) any release of Assignor from any of Assignor's obligations under the Lease.

ATTEST:

By: _____
City Clerk

LANDLORD:

CITY OF SAN ANTONIO, a municipal
corporation of the State of Texas

APPROVED AS TO FORM:

City Attorney

By: _____

Name: Erik J. Walsh
Title: City Manager