

AN ORDINANCE 2018-08-30-0665

**AUTHORIZING AN AMENDMENT TO THE LEASE AGREEMENT WITH  
OCOTILLO AVIATION, LLC AT THE STINSON MUNICIPAL AIRPORT TO  
MODIFY THE LEASEHOLD AND TERM.**

\* \* \* \* \*

**WHEREAS** in 2007, City Council authorized an assignment of a lease agreement with Check-Six Aviation, Inc. to Ocotillo Aviation, LLC for Building 673 and Hangars 11 and 12 at Stinson Municipal Airport and now both parties wish to amend the lease to extend the term an additional two years to June 30, 2032; and

**WHEREAS**, Ocotillo will provide an additional minimum capital investment of at least \$300,000.00 for the construction of a new 8,500 square foot hangar, and in return shall retain title to Building 673, Hangar 11 and Hangar 12 through June 30, 2032; and

**WHEREAS**, this amendment will add 24,308 square feet of ground space adjacent to Hangars 11 and 12 at the annual rental rate of \$0.20; **NOW THEREFORE**,

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

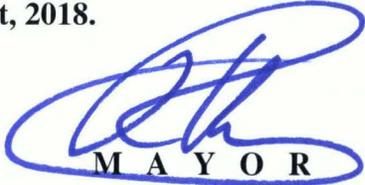
**SECTION 1.** The terms and conditions of the lease amendment with Ocotillo Aviation, LLC at Stinson Municipal Airport are approved. The City Manager or her designee is authorized to execute the Lease Agreement with Ocotillo Aviation, LLC, a copy of which is set out in **Attachment 1**.

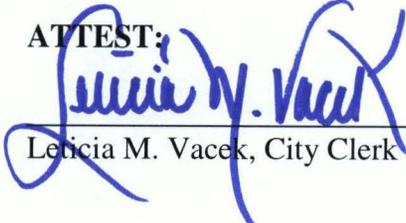
**SECTION 2.** Funds generated by this ordinance will be deposited into Fund 51001000, Internal Order 233000000014 and General Ledger 4405410.

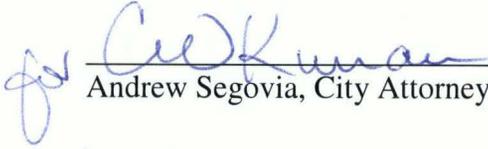
**SECTION 3.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager’s designee, correct allocations to specific Cost Centers, WBS Elements, Internal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

**SECTION 4.** This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

**PASSED and APPROVED this 30<sup>th</sup> day of August, 2018.**

  
**M A Y O R**  
Ron Nirenberg

**ATTEST:**  
  
Leticia M. Vacek, City Clerk

**APPROVED AS TO FORM:**  
  
Andrew Segovia, City Attorney

<b>Agenda Item:</b>	<b>14 ( in consent vote: 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 28, 29, 30 )</b>						
<b>Date:</b>	08/30/2018						
<b>Time:</b>	09:43:58 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	Ordinance amending the lease agreement with Ocotillo Aviation, LLC at the Stinson Municipal Airport to extend the term to June 30, 2032 and add ground space to the lease for an additional revenue of approximately \$4,861.60 per year. [Carlos Contreras, Assistant City Manager; Russell Handy, Director, Aviation]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

MAT  
08/30/18  
Item No. 14

**ATTACHMENT 1—OCOTILLO AVIATION LEASE AMENDMENT**

## STINSON MUNICIPAL AIRPORT AMENDMENT OF LEASE

**THIS AMENDMENT** is made in multiple originals and entered into by and between the City of San Antonio ("City" or "Lessor"), a Texas Municipal Corporation, acting by and through its City Manager pursuant to Ordinance No. \_\_\_\_\_, passed and approved on \_\_\_\_\_, and **Ocotillo Aviation, LLC**, a Texas limited liability company.

**WHEREAS**, an Agreement (the "Agreement") for Lease No. 200616 at Stinson Municipal Airport ("Stinson") between the T&M Aviation, Inc. and the City of San Antonio was entered into on February 27, 1997, pursuant to Ordinance No. 85662; and

**WHEREAS**, T&M Aviation, Inc. assigned its rights and obligations under the Agreement to Stinson Air Center, LLC pursuant to Ordinance No. 89353, passed and approved on March 4, 1999 and the Lease was collaterally assigned to Jefferson State Bank; and

**WHEREAS**, the Agreement was amended to add an additional twelve (12) years to the remaining eight (8) years under the Lease Agreement and add an additional 154,194 square feet of ground space to the Leased Premises, as authorized by Ordinance No. 89354 of March 4, 1999; and

**WHEREAS**, as part of the consideration for adding 154,194 square feet of ground space and the extension of the Lease Agreement for twelve (12) years, Stinson Air Center, L.L.C. made substantial improvements upon the Leased Premises in an amount of not less than \$250,000.00; and

**WHEREAS**, a default occurred under the Loan, Deed of Trust and the Note given to Jefferson State Bank by Stinson Air Center, L.L.C.; and Jefferson State Bank foreclosed upon the interest of Stinson Air Center, L.L.C. in the Lease; and

**WHEREAS**, Check-Six Aviation, Inc. ("Check-Six") succeeded to the interest of Stinson Air Center, L.L.C. in the lease via a Substitute Trustee's Deed; and

**WHEREAS**, Lease No. 200616 was amended to delete 42,025 square feet of ground space, Building 660A and 131,090 square feet of ground space adjacent thereto; and Building 660A and the 131,090 square feet of associated ground space were leased to U.S. Helicopters, Inc. via a separate agreement; said actions were authorized by Ordinance No. 99267 of June 3, 2004; and

**WHEREAS**, Check-Six assigned Lease 200616 to Ocotillo Aviation, LLC ("Lessee"), as authorized by Ordinance No. 2007-06-28-0781; and the Lease was amended to delete all but a 117,882 square feet tract on which a T-Hangar development is situated; and Sky Safety, Inc, by separate agreement, agreed to lease the premises that were deleted; and

**WHEREAS**, the Lease was amended to add a tract of land consisting of 60,181 square feet in area, as authorized by Ordinance No 2008-06-19-0574; and

**WHEREAS**, the Lease was amended to add 8,841 square feet of space adjacent to the Leased Premises, as authorized by Ordinance No. 2010-01-21-0055; and

**WHEREAS**, the Lease was amended to extend the term of the Lease and delay reversion of title of Building 673 through June 30, 2030, as authorized by Ordinance No.2014-0306-0134; and

**NOW THEREFORE:** In consideration of the terms, covenants and promises, agreements and demises herein contained, and for other good and valuable consideration, each to the other given, the receipt and sufficiency of which is hereby acknowledged, the City and Lessee agree as follows with respect to Lease No. 200616:

1. Section 3 of Lease No. 200616 is hereby amended by extending the term of the Lease for two years through June 30, 2032, unless sooner terminated in accordance with the provisions of the Lease. Title to Building 673 and all fixtures annexed thereto shall remain with Lessee through June 30, 2032, unless sooner terminated in accordance with the provisions of the Lease.
2. Title to Hangar 11 and Hangar 12 is set to transfer to and vest in the City on March 1, 2024 in accordance with the terms of the Lease. The transfer of title to Hangars 11 and 12 will be delayed until June 30, 2032. Lessee shall make an additional minimum capital investment of at least Three Hundred Thousand Dollars (\$300,000.00) for improvement to the leased property, including, but not limited to, construction of a new 8,500 SQ. FT. hangar facility. Construction of this facility shall commence within 12 months of the execution of this Lease Amendment. The dollar value of capital improvement Lessee is required to make in order to extend the transfer of title may be made through multiple projects or a single capital improvement project. Lessor reserves the right to ask for and Lessee shall provide such documentation as Lessor shall reasonably require to substantiate the amount of Lessee's minimum capital requirements.
3. Section 1 of Lease 200616 is amended by adding an additional 24,308 SQ. FT. of ground space adjacent to Hangars 11 and 12 to the existing leasehold located at 8619 Mission Road, San Antonio, Texas 78214, as depicted in **Exhibit 1**, ("Additional Ground Lease, 24,308 SQ. FT."), at an annual rate per square foot of \$0.20.
4. Upon transfer of title of all structures located on leasehold to City on June 30, 2032, Lessee shall commence to pay building rental on said structures, established by appraisal method. City shall commence appraisal proceedings approximately 6 months prior to reversion.
5. Section 2 of Lease No. 200616 is hereby amended by replacing the rental table with the following:

<u>Leased Premises</u>	<u>Sq. Ft.</u>	<u>Annual Rate Per Sq. Ft.</u>	<u>Annual Rental</u>	<u>Monthly Rental</u>
Hangars 11 & 12 Rental Ground	112,185	\$0.17	\$19,071.45	\$1,589.29
Rental Ground area, additional slab area	8,841	\$0.17	\$ 1,502.97	\$ 125.25
Rental Ground area, slab	60,181	\$0.17	\$10,230.77	\$ 852.56
New hangar ground	24,308	\$0.20	\$ 4,861.60	\$ 405.13
<b>TOTAL RENTAL</b>			<b>\$35,666.79</b>	<b>\$2,972.23</b>

6. Following execution of the Lease Amendment, but in no case later than 180 days, Lessee shall conduct a metes and bounds survey of the Leased Property.
7. The property rendering, attached hereto as **Exhibit 1**, ("Additional Ground Lease, 24,308 SQ. FT.") shall replace the existing exhibit of the Lease Agreement.

This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Except as amended herein, all of the terms and provisions of the Agreement between the parties shall remain in full force and effect. In case of any inconsistency between the provisions of the Agreement and this Amendment, the later provision shall govern and control.

This Amendment shall be effective the first day of the month following passage of an Ordinance by the City Council of San Antonio approving this Amendment.

**IN WITNESS WHEREOF**, the undersigned have duly executed this Amendment of Lease as of the dates set forth below.

CITY: CITY OF SAN ANTONIO

LESSEE: OCOTILLO AVIATION, LLC

By: \_\_\_\_\_  
Sheryl Sculley, City Manager

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

*James L. Martinson II - Mgr.*  
Printed Name & Title

ATTEST:

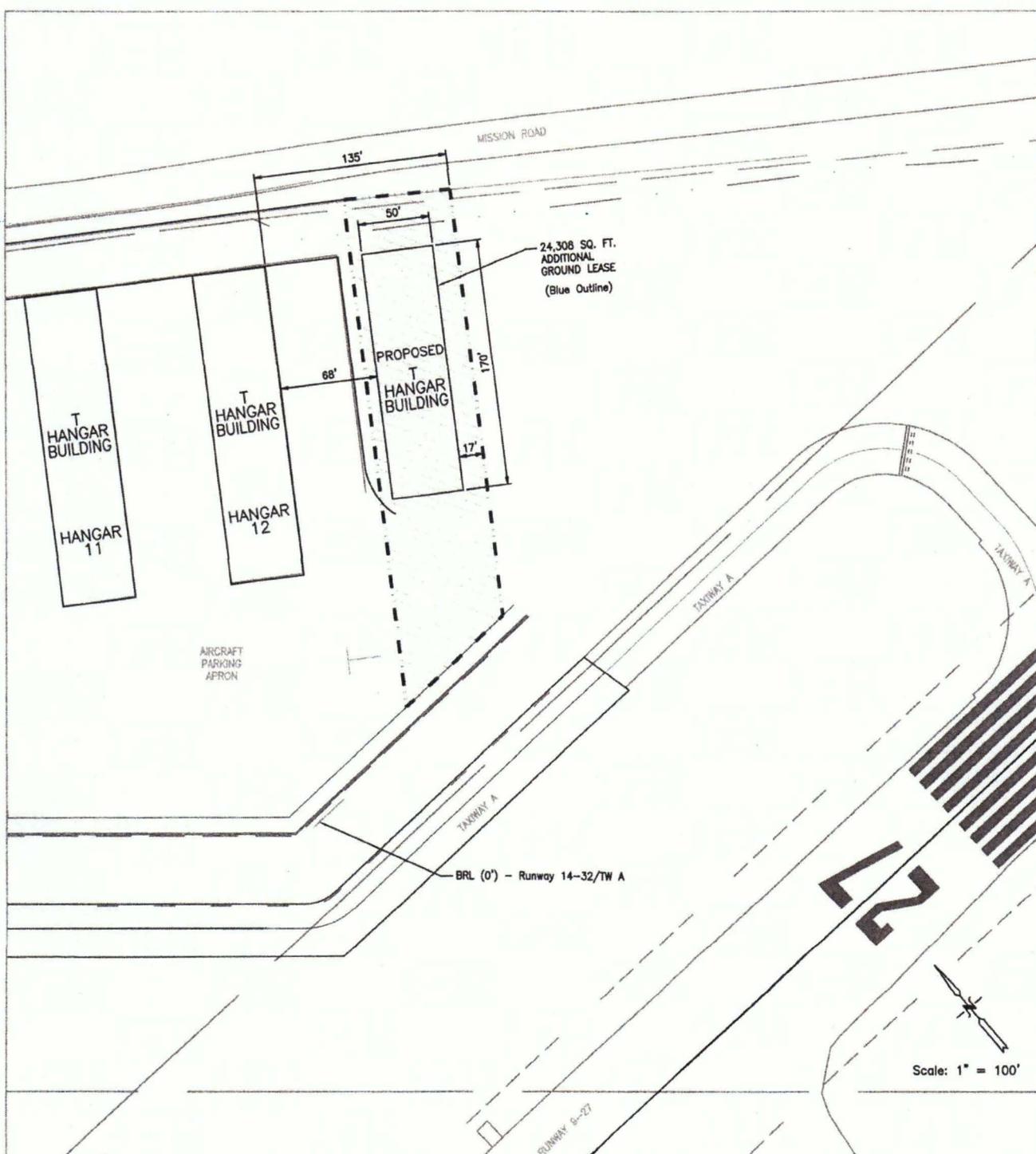
Date: 7-9-18

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**EXHIBIT 1—LEASED PREMISES**



**SAN ANTONIO AIRPORT SYSTEM**  
**STINSON MUNICIPAL AIRPORT**  
8535 MISSION ROAD  
SAN ANTONIO, TX 78214  
**ADDITIONAL GROUND LEASE**  
**24,308 SQ.FT.**

EXHIBIT \_\_\_\_, PAGE \_\_\_\_  
for premises leased to  
**OCOTILLO AVIATION**  
at  
STINSON MUNICIPAL  
AIRPORT  
LEASE No. \_\_\_\_\_