



# City of San Antonio

## Legislation Details (With Text)

**File #:** 20-6133

**Type:** Real Property Lease

**In control:** City Council A Session

**On agenda:** 12/3/2020

**Title:** 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]

**Sponsors:**

**Indexes:** Aviation Lease Agreements, Aviation Other

**Code sections:**

**Attachments:** 1. SB Hangar LLC Disclosure Form, 2. Agreement, 3. Ordinance 2020-12-03-0850

Date	Ver.	Action By	Action	Result
12/3/2020	1	City Council A Session		

**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Jesus H. Saenz, Jr., IAP

**COUNCIL DISTRICTS IMPACTED:** Citywide

### SUBJECT:

Assignment and Assumption of a Lease Agreement at the San Antonio International Airport

### SUMMARY:

This ordinance consents to the assignment and assumption agreement of the lease agreement with 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.

### BACKGROUND INFORMATION:

In November 2007, City Council authorized a 25-year lease agreement with Tesoro for approximately 170,494

square feet of ground space through Ordinance 2007-11-01-1156 for the firm to build a new hangar facility for its aviation operations on airport property. In 2019, the company informed the Aviation Department of its intention to sell its interest in the property. In 2020, Tesoro informed the Department that SB Hangar had purchased the interest and agreed to assume the rights and obligations of the current agreement.

### **ISSUE:**

This ordinance consents to the assignment and assumption agreement of the lease agreement from Tesoro to SB Hangar. SB Hangar will accept the assignment and assume all of Tesoro's duties, liabilities, and obligations under the lease agreement from Ordinance No. 2007-11-01-1156. The expiration date of the lease agreement remains January 1, 2033.

### **ALTERNATIVES:**

City Council can choose not to consent to the assignment of the lease agreement. However, this would be inconsistent with the City policy to consent to the assignment of lease agreements when the current lessee is in good standing and the prospective tenant is qualified.

### **FISCAL IMPACT:**

This ordinance consents to the assignment and assumption agreement of the lease agreement with 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.

### **RECOMMENDATION:**

Staff recommends the approval of the assignment and assumption of this lease agreement from Tesoro to SB Hanger at the San Antonio International Airport.