



City of San Antonio

Agenda Memorandum

File Number:20-6133

Agenda Item Number: 16.

Agenda Date: 12/3/2020

In Control: 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 Hangar at the San Antonio International Airport.