



# City of San Antonio

## Agenda Memorandum

**File Number:**15-2756

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**Agenda Item Number:** 13.

**Agenda Date:** 5/14/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Frank Miller

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Lease Agreement with The Fidelia Limited Partnership dba Hallmark at the San Antonio International Airport

### **SUMMARY:**

This Ordinance authorizes a lease agreement with The Fidelia Limited Partnership dba Hallmark at 8901 Wetmore Road at the San Antonio International Airport. The leasehold includes Building 1540, Hangar 1541, Hangar 1542 and ground space and will generate \$385,138.15 in annual revenue. The term of the lease agreement is ten years and has the option to extend an additional 10 years following \$1,000,000.00 in capital investment by Hallmark.

### **BACKGROUND INFORMATION:**

Hallmark has two universities in San Antonio including an aeronautics campus at 8901 Wetmore Road. The school provides students with an opportunity to obtain a Bachelor's in Aviation Maintenance Management and Associate Degrees. The leasehold includes a 10,665 square foot Building 1540, 31,600 square foot Hangar 1541 and 24,000 square foot Hangar 1542. It also includes 394,109 square feet of ground space.

The term of the agreement is 10 years. The lease agreement can be extended for an additional 10 years if Hallmark expends \$1,000,000.00 in capital investments during the original lease term.

### **ISSUE:**

City Council approval is required to authorize lease agreements.

**ALTERNATIVES:**

City Council could elect to not authorize the lease agreement with Hallmark; however, the firm requires the building, hangars and ground space for their operations.

**FISCAL IMPACT:**

The lease agreement will generate \$385,138.15 annually, which will be deposited into the Airport Operating and Maintenance Fund. The rental amount will increase 15% every five years.

	<b>Square Footage</b>	<b>Rental Rate per Square Foot</b>	<b>Annual Rental</b>
Building 1540	10,665	\$4.48	\$47,800.00
Hangar 1541	31,600	3.52	\$111,100.00
Hangar 1542	24,000	3.68	\$88,300.00
Ground Space	394,109	0.35	\$137,938.15
			<b>\$385,138.15</b>

**RECOMMENDATION:**

Staff recommends authorizing a lease agreement with The Fidelia Limited Partnership dba Hallmark.