



# City of San Antonio

## Agenda Memorandum

**File Number:**15-2792

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**Agenda Item Number:** 19B.

**Agenda Date:** 4/30/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation

**DEPARTMENT HEAD:** Frank Miller

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Fixed-Based Operations at Stinson Municipal Airport

### **SUMMARY:**

Consideration of two Ordinances related to fixed-based operations (FBO) at Stinson Municipal Airport:

- A. An Ordinance consenting to the assignment and assumption agreement between Stinson Jet Center, LLC and Imperial Aviation, LLC and authorizing an amendment to the agreement for the addition of an option of a five-year extension to the term.
- B. An Ordinance consenting to the assignment and assumption agreement between San Antonio Aviation, LLC and Imperial Aviation, LLC and authorizing an amendment to the agreement for the rental of 1,981 square feet of office space within the Terminal Building and extension of the term to January 31, 2024 with an option of a five-year extension. The rental of Suites 108 and 109 will generate \$25,178.51 in annual rental.

### **BACKGROUND INFORMATION:**

J. R. Bean, operating as San Antonio Aviation, Inc. and as Stinson Jet Center, LLC, holds two lease agreements at Stinson Municipal Airport which includes the FBO at the airport.

The Stinson Jet Center leasehold includes the FBO and 130,663 square feet, including:

- 21,222 square feet for Hangar 1
- 689 square feet for Building 659

- 9,337 square feet for parking
- 99,415 square feet for ground area

The San Antonio Aviation leasehold includes two hangars, 21,000 square feet and 6,100 square feet.

Mr. Bean has asked the City to consent to the assignment of both lease agreements to Imperial Aviation, LLC. The principal of Imperial Aviation, LLC is Thomas Mathew. Mr. Bean will transfer and convey all of the rights, obligations, title, interest and liabilities in and to the lease agreements to Imperial Aviation, commencing upon approval by City Council. Imperial Aviation agrees to perform all the terms, provisions, covenants and conditions in the original lease agreements.

#### *Amendments*

The amendment to the lease agreement originally with Stinson Jet Center adds an option to extend for an additional five years, until January 31, 2029.

The amendment to the lease agreement originally with San Antonio Aviation will extend the term to January 31, 2024 with an option for an additional five years, until January 31, 2029. The amendment will also include following to the leasehold:

- The rental of Suite 108, consisting of 1,477 square feet, and Suite 109, consisting of 504 square feet, within the Terminal Building.
- During the first year of the lease amendment, Imperial Aviation shall have the right of first refusal to lease Hangar 4, including parking and ground space, for the remainder of the lease term. If the right is exercised, the Aviation Director may enter into an amendment of the lease to include Hangar 4 in the leased remises for the remainder of the term at the then-market rate per square foot per appraisal.

#### **ISSUE:**

The assignment and amendment of these two lease agreements requires the approval of City Council.

#### **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:**

The assignment and assumption agreement will not change the current rental rates. The firm has requested 1,981 square feet of office space in the Terminal Building. The rental rate is \$11.00 per square foot. The firm agrees to pay the Common Area Maintenance (CAM) Fee of \$1.71 per square foot. The CAM is subject to adjustment with the approval of the Budget each year. Total annual rental revenue generated is \$25,178.51.

Leased Premises	Sq. Ft.	Annual Rate/sq ft	Annual Rental
Suite 108	1,477	\$11.00	\$16,247.00
Suite 109	504	\$11.00	\$5,544.00

CAM for Suites 108 and 109	1,981	\$ 1.71	\$3,387.51
<b>Total Rental</b>			<b>\$25,178.51</b>

**RECOMMENDATION:**

Staff recommends the consenting to the assignment and assumption agreements of two lease agreement with Stinson Jet Center and San Antonio Aviation to Imperial Aviation, LLC and the authorization of amendments to both lease agreements.