



Legislation Text

File #: 20-1937, **Version:** 1

STRATEGIC PRIORITY: Mobility Solutions, Infrastructure, and Sustainability

AGENDA DATE: December 9, 2020

COUNCIL DISTRICT(S): 2

DEPARTMENT: Department of Aviation

EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize **(1)** the termination of a lease of land and facilities at Dallas Love Field between the City of Dallas and Texas Industries Inc., dated August 1, 1985, as amended and assigned to TWG Aviation, Ltd., and upon termination of the lease, approximately 187,183 square feet of land with the existing facilities shall be annexed into a new Consolidated Lease of Land and Facilities with TWG Aviation, Ltd. - Estimated Revenue Foregone: Aviation Fund \$15,609,220.96; **(2)** the termination of a lease of land at Dallas Love Field between the City of Dallas and TXI Aviation I, LLC, dated May 1, 2007, as assigned to TWG Aviation, Ltd., and upon termination of the lease, approximately 104,832 square feet of land with an existing hangar shall be annexed into a new Consolidated Lease of Land and Facilities with TWG Aviation, Ltd. - Estimated Revenue Foregone: Aviation Fund \$3,110,865.30; and **(3)** a new Consolidated Lease of Land and Facilities with TWG Aviation, Ltd., for approximately 616,609 square feet of land and existing improvements and a minimum capital investment obligation of \$6,000,000.00 to be expended within the first thirty-six months after execution of the lease - Estimated Revenue: Aviation Fund \$35,098,532.71 (during the primary term of the new consolidated lease)

BACKGROUND

In September 2018, the City of Dallas, Office of Procurement Services advertised a Request for Competitive Sealed Proposals on behalf of the Department of Aviation for the lease and development of two parcels of land at Dallas Love Field Airport ("Airport") and various parcels of land at Dallas Executive Airport. The City received a total of four proposals for the two sites advertised at the Airport. Following formal presentations from the proposers and evaluations by the City's evaluation committee, TWG Aviation, Ltd. ("TWG") was deemed to be the most advantageous proposer for the south site at the Airport.

TWG currently leases approximately 187,183 square feet of land adjacent to the subject property pursuant to that certain lease dated August 1, 1985 ("1985 Lease") and approximately 104,832 square feet of land adjacent to the subject property pursuant to that certain lease dated May 1, 2007 ("2007 Lease"). The 1985 Lease and 2007 Lease are coterminous and will expire on March 31, 2048.

The City now desires to terminate the 1985 Lease and the 2007 Lease and consolidate them into a new Consolidated Lease of Land and Facilities for a total term of thirty-four years and five months with one five-year and two ten-year renewal options (the "Lease"). The leased premises shall consist of approximately 292,015 square feet annexed from the two existing TWG leases and approximately 324,594 square feet of additional land for a total of 616,609 square feet. The additional land added to the Consolidated Lease of Land and Facilities will be used for the development and construction of a new hangar and office complex. As a material term of the Lease, TWG will have a minimum capital investment obligation of \$6,000,000.00 in the construction of a new hangar, office space, vehicle parking area, and aircraft ramp areas as part of its Phase I improvements within thirty-six months of the effective date of the Lease. TWG will complete its Phase II and Phase III improvements within one hundred and twenty months from the effective date of the Lease.

Rent on the additional 324,594 square feet shall be abated for a period of three years commencing upon the effective date of the Lease and shall commence at the Airport's then-prevailing rates in year four of the Lease. Furthermore, TWG will make additional capital investments of no less than \$1,050,000.00 to the leased premises beginning in year eleven of the Lease through the end of the term.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On March 27, 1985, City Council authorized the original 1985 lease by Resolution No. 85-1033.

On April 11, 2007, City Council authorized a first amendment to the original 1985 lease and the new 2007 lease by Resolution No. 07-1134.

On April 16, 2008, City Council authorized a second amendment to the original 1985 lease and a first amendment to the 2007 lease by Resolution No. 08-1207.

On February 25, 2009, City Council authorized a third amendment to the original 1985 lease and a second amendment to the 2007 lease by Resolution No. 09-0581.

On April 28, 2010, City Council authorized a fourth amendment to the original 1985 lease and a third amendment to the 2007 lease by Resolution No. 10-1044.

On April 13, 2011, City Council authorized a fifth amendment to the original 1985 lease and a fourth amendment to the 2007 lease by Resolution No. 11-0904.

The Economic Development and Housing Committee was briefed on the Dallas Love Field General Aviation Development on May 20, 2019

FISCAL INFORMATION

Estimated Revenue Foregone:

Aviation Fund \$15,609,220.96

Aviation Fund \$3,110,865.30

Estimated Revenue:

Aviation Fund \$35,098,532.71 (during primary term of new consolidated lease)

OWNER

TWG Aviation, Ltd.

TWG, Inc., its General Partner
Michael G. Wright, President

MAP

Attached