



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Denton Enterprise Airport

ACM: Frank Dixon

DATE: June 17, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton approving an Airport Land Lease Agreement between the City of Denton, Texas and Hangar Club, LLC, at the Denton Enterprise Airport; authorizing the City Manager to execute the Airport Lease Agreement; and providing an effective date. Airport Advisory Board recommends approval (7-0).

BACKGROUND

In November 2024, the City of Denton released a Request for Proposals (RFP) for the development of airport property known as Sites 3 and 4. Two submissions were received and evaluated by a cross-departmental team of City staff including representatives from the Airport, Finance, Economic Development, Strategic Services, and Development Services. The RFP process was conducted following the City of Denton purchasing policy and evaluations were made on the basis of four criteria:

- Qualifications (i.e. Experience and Knowledge)
- Development Quality
- Airport Impact
- Financial Ability and Credit Worthiness

After evaluation and scoring, Hangar Club, LLC was awarded the right to enter into negotiations with the City for the development of Sites 3 and 4.

The airport has negotiated a land lease agreement with Hangar Club, LLC for a 7.91-acre site (344,687 sq ft). This lease is for the development of 44 hangar storage units, totaling a minimum of 129,000 square feet of aircraft storage space. Hangar Club, LLC will be responsible for constructing and extending Taxilane Hotel to serve its development, as well as providing vehicular parking that meets or exceeds local regulations. The completed hangar units will be sold by the Lessee through sublease agreements, with Hangar Club, LLC retaining responsibility for all direct rental payments and associated leasehold fees and obligations.

The capital investment for the overall leased premises shall be a minimum of \$15,000,000.00. The overall capital investment is commensurate with a forty (40) year term lease. The ownership of the buildings will revert to the City at the lease's end. The tenant shall be responsible for conducting a condition assessment report on their facilities during the term of the lease (the "Condition Assessment"). This shall be conducted in 5-year increments beginning at the 10th anniversary of the lease agreement.

STAFF RECOMMENDATION

Airport Staff recommends approval of the Ordinance (**Exhibit 3**).

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

June 11, 2025: Airport Advisory Board recommended approval of Lease Agreement (7-0).

FISCAL INFORMATION

The initial annual lease rate will be set at \$0.45 per square foot, amounting to \$155,109.15. Commencing on the second anniversary of the approved lease and every two years thereafter, the lease rate will be adjusted in accordance with any increases in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the U.S. Department of Labor Bureau of Labor Statistics, in accordance with the lease terms.

EXHIBITS

1. Agenda Information Sheet
2. Location Map
3. Ordinance – Hangar Club, LLC Lease Agreement
4. Lessee Information

Respectfully submitted:
Ryan Adams, C.M.
Airport Director