



MEMORANDUM

March 12, 2018

Mr. Tony Montgomery
GAhangars, LLC
826 George Street
Lantana, TX 76226

RE: Denton Enterprise Airport Lease Agreement – Conditions Precedent Notice

Dear Mr. Montgomery,

The purpose of this letter is to provide notice of your failure to comply with a deadline associated with your lease agreement for the development of hangars at Denton Enterprise Airport. Specifically, you have failed to meet the Conditions Precedent deadline of February 11, 2018, identified in Section II. Leased Premises, D. Improvements Provided by Lessee:

In addition, as a condition precedent to the effectiveness of this Lease Agreement, within 180 days after the Effective Date of this Lease Agreement, Lessee shall provide to Lessor (i) a written estimate to construct Lessee Improvements certified by the design architect or engineer and prepared by a contractor who has demonstrated experience in the successful construction of improvements similar to the Lessee Improvements (the “Construction Cost Estimate”); (ii) a written schedule of construction to complete Lessee Improvements; and, (iii) a written loan commitment from a lending institution providing for funding to cover the Construction Cost Estimate (collectively, “Conditions Precedent”). Should the Conditions Precedent not be met, either party may terminate this Lease Agreement by giving the other party written notice, in which case this Lease Agreement shall be null and void and of no further force and effect. Such termination shall not prevent the Lessee from submitting a new proposed lease request at a later date. The parties may extend the 60 day time period if agreed to by Lessor and Lessee, as evidenced in writing duly authorized and executed by both parties. Lessee is not entitled to take possession of the Leased Premises under this Lease Agreement until the Conditions Precedent have been fulfilled.

Because the lease was signed on August 15, 2017, the material specified above should have been supplied to the City by February 11, 2018. To date, the City has not received any of the material listed.

We have met on numerous occasions since November 2017 and I have indicated your responsibility to ensure that you not only meet this deadline, but also the construction deadlines identified in the same section. While I have tried to provide you an opportunity to finalize your financing options given some of the circumstances that you have faced, unfortunately based on our most recent conversations and that with Green Bank, it would appear that you will likely have additional delays in finalizing financing for this project. This anticipated delay will also likely result in not meeting the construction deadline of May 12, 2018 as outlined in the lease agreement.

In order to determine options moving forward, I am requesting that you provide a detailed written response by Friday, March 19, 2018, indicating your expected timeline needed to address both deadline provisions. Upon receipt, the City will determine the options to move forward, including, but not limited to, a possible amendment to your existing lease agreement or the termination of this lease agreement and starting a new development application and approval process for your project.

Thank you for your attention to this matter.

Sincerely,



Scott T. Gray, C.M., C.A.E.
Airport Manager

- c. Mario Canizares, Assistant City Manager
- Mark Nelson, Transportation Director
- Trey Lansford, Deputy City Attorney