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DENTON ENTERPRISE AIRPORT • DTO

## ADMINISTRATIVE UPDATE February 2025

### **Lease Construction Requirements**

In the November 2024 AAB meeting, a member of the public spoke to express concern regarding the existing airport lease language pertaining to construction timelines. The existing lease language states that construction must take place within a certain period of time after a building permit is issued, but it does not specify that a building permit must be obtained within a specified period of time.

The speaker was concerned that this lack of deadline would enable someone to indefinitely hold a leasehold right to airport property without developing it. The speaker further stated that he felt this language was inequitable as compared to the requirements of other leases and could result in a complaint to the FAA. Staff shared with the Board that the language did not conflict with the adopted Leasing Policy and was also provided to the City by the aviation legal firm Kaplan Kirsch & Rockwell, LLP.

Several individual members of the AAB expressed their desire to see this issue brought back for a discussion. While Airport staff is confident that the language conforms to generally accepted practices and does not present an FAA compliance issue, it would not present a challenge to introduce greater specificity into airport leases regarding construction timelines. To maintain confidence in the leasing process and to ensure there is no perception that Airport property can be leased without short-term development plans, staff will endeavor to include language in future leases that specifies a deadline for building permits to be obtained. Staff will further consider including language to this effect in the leasing policy when it is next reviewed and updated.

### **Financial Updates and Metrics**

Beginning in April 2025, Airport staff will begin providing the Board with quarterly financial updates. These updates will include revenues collected, budget to actual spending, and select financial metrics and indicators to provide the Board with an ongoing outlook on the financial health of the Airport.