



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Transportation

CM/ DCM/ ACM: Mario Canizares

DATE: June 20, 2017

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas approving a consent to assignment of an Airport Lease Agreement between BAM Denton Management Ventures, LLC and Sykes-Vaughan Investments, LLC.; and providing an effective date. Council Airport Committee recommends (2-0).

BACKGROUND

The BAM Denton Management Ventures lease agreement is a 40-year agreement dated August 4, 2015, effective September 1, 2015 to August 31, 2055. The lease has an option to negotiate an amendment, modification or enter into a new agreement, prior to the expiration of this agreement. The 137,473.86 square foot leasehold includes seven (7) parcels comprised of the Fixed Based Operator (FBO) four (4) hangars, forty-six (46) T-hangars, and an aircraft parking ramp located at 5007 Airport Road, two (2) hangars and aircraft parking ramp at 5050 Warbird, three (3) hangars on Lots 104-105 east of the FBO facilities, Terminal area tie down ramp, and the self-service fuel facility.

Sykes-Vaughan Investments currently operates the US Aviation FBO and Flight Academy at the Denton Airport. Sykes-Vaughan Investments has operated the FBO business since 2009. Sykes-Vaughan Investments has indicated they wish to expand their presence at the Denton Airport. BAM Denton Management Ventures desires to remain on the Denton Enterprise Airport, but focus on expansion of their aircraft charter operations through a sublease from Sykes-Vaughan Investments. This assignment will result in providing one (1) full-service FBO at the Airport. The proposed assignment does not include any renegotiated terms or conditions.

OPTIONS

1. Approve the proposed ordinance to assign the lease agreement as requested by BAM and assignee Sykes-Vaughan Investments, LLC.
2. Assign BAM lease to Sykes-Vaughn with additional direction.
3. Take no action at this time.

ESTIMATED SCHEDULE OF PROJECT

The assignment will take effect June 30, 2017, as part of the Asset Purchase Agreement between the two parties referenced in Exhibit 4.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Council approved the BAM lease agreement on September 1, 2015, Ordinance 2015-259.

The Council Airport Committee considered this item on June 5, 2017 and recommends approval of the proposed assignment 2-0.

FISCAL INFORMATION

This property lease is for 707,048.24 square feet of land originally leased in 2015 for an annual lease rate of \$137,473.86. The current annual lease rate, which includes annual Consumer Price Index adjustment, will be adjusted on August 1, 2017.

A transfer fee of \$500 will be required by Assignor.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Economic Development

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Agenda Information Sheet
2. BAM site map
3. Request to assign May 22, 2017
4. Council Airport Committee Draft Minutes Dated June 5, 2017
5. Ordinance - Assignment and Assumption Agreement

Respectfully submitted:
Mark Nelson
Transportation Director