

**City Council Airport Committee**  
**Tuesday July 25, 2017**  
**DRAFT Meeting Minutes**

After determining that a quorum is present, the Council Airport Committee of the Denton City Council convened in a regular meeting on Monday July 25, 2017, at 10:12 a.m. in the City Hall, City Hall Conference Room at 215 E. McKinney St., Denton, Texas to consider the specific agenda items listed below:

**PRESENT:** Mayor Chris Watts, Councilman John Ryan and Councilman Don Duff (arriving at 10:21 am).

**ABSENT:** None

**STAFF PRESENT:** Mario Canizares, Assistant City Manager, Mark Nelson, Transportation Director, Trey Lansford, Deputy City Attorney, Scott Gray, Airport Manager, and Julie Mullins, Administrative Assistant and Recording Secretary.

**OTHERS PRESENT:** Tony Montgomery, GAhangars, LLC.

**1. REGULAR MEETING**

**A. CAC17-002** Consider appointment of a Council Airport Committee Chairman.

Mr. Gray requested nominations for the appointment of a Chairman. Mayor Watts nominates Councilman Ryan as Chairman. Councilman Ryan second the motion. The motion carried 2-0.

**B. CAC17-003** Consider approval of minutes from the meeting held on June 5, 2017.

Mayor Watts made a motion to approve the minutes followed by a second from Councilman Ryan. The motion carried 2-0.

**C. CAC17-004** Receive a report, hold a discussion and consider a recommendation regarding an Ordinance of the City of Denton, Texas, authorizing the City Manager, or his designee, to execute on behalf of the City of Denton a Collateral Assignment of Leases between the City of Denton and Sykes-Vaughan Investments, to Compass Bank; and providing an effective date.

Mr. Gray provided a recap of the lease assignment from Business Air to Sykes-Vaughan which was approved by City Council on June 20, 2017. Following the lease approval, Compass Bank requested from the City a Collateral Assignment of Leases for securing financing for the acquisition. Airport staff received the Collateral Assignment after the lease transfer went through City Council.

Mayor Watts ask if this was for additional financing or for the financing for \$6 million acquisition. Mr. Gray indicated that this was for the previous lease assignment and should have normally come with the lease transfer to Council. Mr. Nelson commented, the tenant never ask for the Collateral Assignment before the lease transfer went to Council and Compass Bank requested it after the lease transfer was approved by City Council.

Mayor Watts made a motion to recommend to City Council the approval of the Collateral Assignment of Leases. Councilman Ryan seconded the motion. Motion carried 2-0.

**D. CAC17-005** Receive a report, hold a discussion and provide a recommendation regarding an Ordinance authorizing the City Manager, or his designee, to execute on behalf of the City of Denton a Commercial Operator Airport Lease Agreement between the City of Denton and James W. Huff and Nancy C. Huff.

Mr. Gray provided a diagram of the Airport property illustrating where the development was proposed. The proposal includes a 60' x 50' hangar under a 30 year lease agreement with two, five year options. Lease fees would be adjusted every two years using the Consumer Price Index (CPI).

Mayor Watts ask if this lease will still have the right of reversion. Mr. Gray indicated that the lease language includes the reversionary clause.

Mr. Nelson provided some history on Denton Enterprise Airports lease agreements. In 2011, SAMI Management looked at the Denton Airport lease agreements and recommended beginning with a 40 year lease. Depending on the total investment, a development may not receive a 40 year lease.

Mayor Watts made a motion to recommend to City Council the approval of the Commercial Operator Airport Lease Agreement with James W. Huff and Nancy C. Huff. Councilman Ryan second the motion.

Councilmember Don Duff arrived at 10:21 am.

The motion carried 3-0.

**E. CAC17-006** Receive a report, hold a discussion and provide a recommendation regarding an Ordinance authorizing the City Manager, or his designee, to execute on behalf of the City of Denton a Commercial Operator Airport Lease Agreement between the City of Denton and GAhangars, LLC.

Mr. Gray presented an illustration of the GAhangars development which includes 19-23 hangars on approximately three acres under a 40 year lease agreement with no option. Lease fees would be adjusted every two years using the Consumer Price Index (CPI). Mr. Gray indicated that the developer was present for any questions.

Mayor Watts ask for clarification from the last meeting on self-sustaining goals. Mayor Watts indicated concern with this large of a lease at 40 years at \$0.27. Mayor Watts was hesitant on approving anymore leases without comprehensive self-sustaining goals.

Mr. Gray commented that monthly financials were recently provided to the Airport Advisory Board at the July meeting, which indicated that the Airport was right above the break-even point.

Mayor Watts ask if it included debt services. Mr. Gray indicated that debt service was not included.

Mr. Gray informed the Committee that Staff would be bringing a Leasing Policy, Reversion Clause and Financial Analysis to a future committee meeting.

Mayor Watts ask Mr. Montgomery how long this lease has been in negotiations. Mr. Montgomery indicated that it has been nearly a year working with Quentin Hix, Mark Nelson, and now Scott Gray.

Mayor Watts voiced his concerns on leasing this much land to one developer without seeing additional financial analysis prior to the item going to Council on August 15, 2017. Mayor Watts requested that an informal staff report be prepared and sent to Council before this item goes to Council for consideration which includes information on the airport budget, self-sufficiency, and reversionary clause issues. Mayor Watts further requested that this topic be placed on the next Committee agenda for further discussion.

Mayor Watts made a motion to recommend to City Council to consider the approval of the Commercial Operator Airport Lease Agreement with the GAhangars, LLC. Second by Councilman Duff.

Motion carried 3-0

**F. CAC17-007** Consider establishing a meeting schedule for future regular meetings of the Council Airport Committee.

Mr. Gray requested that a set meeting day and time every month to bring items for considerations by the Committee. Providing a set meeting date and time would provide Staff and tenants with more consistent scheduling of items. Mayor Watts requested that Airport Staff work with Council Staff and Members in determining a mutually acceptable day and time to bring back at the next meeting.

With no further business, the meeting was adjourned at 10:30 a.m.

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JOHN RYAN  
COMMITTEE CHAIRMAN  
CITY OF DENTON, TEXAS

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JULIE MULLINS  
RECORDING SECRETARY