

MEETING DATE/TYPE: VOTING MEETING 9-10-19

DEPARTMENT: Airport

AGENDA ITEM: Approval of Lease Amendment 1993-067A2 with Guidance Helicopters, Inc., which revises terms contained within the original lease sections pertaining to lease payment, lease adjustments, and duration.

FUNDING SOURCE: Airport Fund

Approved By: Michael Lamar, City Manager

Item Summary

This Council item approves an amendment (A2) to the City Facilities Commercial Premises lease on City Contract 1993-067 with Guidance Helicopters Inc. This amendment allows restoration of a lease option, coupled with future adjustments to the lease rate and a City option for early lease termination for future airport development.

Background

On May 31, 2000; City Contract 1993-067 Commercial Premises lease was assigned to Guidance Helicopters Inc. The original lease agreement was for a twenty-five (25) year term with two five-year options to extend the term, with the initial term expiring on November 30, 2018. Due to lack of timely notification for the renewal option, the lease reverted to a month-to-month holdover tenancy.

This contract amendment allows the lessee to restore the renewal options contained within the original lease terms, with the following revisions:

- 1) Establish an initial lease payment amount, which includes a Consumer Price Index payment adjustment.
- 2) Revise the terms of the duration of the lease agreement authorizing the first renewal option (December 01, 2018 - November 30, 2023) contained in the original lease, and allows a second five-year option to renew.
- 3) Allow for early termination of the lease (with six-month notice) during the second five-year renewal option term, as need for airport/terminal expansion without penalty or liability to the City for early termination.
- 4) Revise future lease payments to fair market value in a graduated fashion, should the Lessee exercise the second five-year option.

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Financial Impact

In addition to the annual lease payment adjustments, approval of this lease amendment will increase Airport revenues in years 8-10 of the agreement, should lessee exercise the renewal option within this amendment.

Attachments

1. City Contract 1993-067A2

Recommended Action: MOVE to approve Lease Amendment 1993-067A2 with Guidance Helicopters, Inc., which revises terms contained within the original lease sections pertaining to lease payment, lease adjustments, and duration.