



William M. Dyer  
Real Estate Manager  
16051 Addison Road  
Suite #220  
Addison, Texas 75001

Main: 972-392-4850  
Direct: 972-392-4856  
Fax: 972-788-9334  
bill.dyer@addisonairport.net

**- MEMORANDUM -**

To: Lisa Pyles, Director of Infrastructure and Operation Services  
From: Bill Dyer, Airport Real Estate Manager  
CC: Joel Jenkinson, Airport Director  
Date: September 2, 2014  
Re: Proposed Airport Management Office Lease Extension

---

Airport Management's office lease with Concourse Plaza II, Ltd. expires September 30, 2014. We are requesting the Town's approval of an Third Amendment to Lease Agreement wherein the lease is extended for a period of 36 months, or to September 30, 2017. Aside from the Basic Rent being adjusted per the terms of the Amendment, all other provisions of the original lease remain unchanged. To ensure an uninterrupted work environment, and to avoid the additional costs associated with relocation, we recommend the Town approve this Amendment. The City Attorney has reviewed the Amendment and finds it acceptable for the Town's use.

**Background Information**

In September 2003, the Town of Addison approved and executed a five-year Lease Agreement with Concourse Plaza II, Ltd. (Landlord) for 4,240 square feet of office space at 16051 Addison Road, Suite 220 (Addison Airport Office Center) to be used as airport management's business office, which originally was scheduled to expire August 31, 2008:

- the lease term was then extended an additional 25 months, or to September 30, 2010, by the [First] Amendment to Lease Agreement dated August 25, 2008;
- the lease term was then further extended an additional 48 months, or to September 30, 2014.

### **Financial Impact**

Currently, rent is \$6,196.66 per month or \$74,360 per year, which equates to \$16.42 per rentable square foot. Per the terms of the Third Amendment, rent for the 36-month period, subject to the Base Rent Adjustment provided under the terms and conditions of the Lease, is anticipated to be \$236,565. The following chart depicts rent by lease year:

<b>Period</b>	<b>Basic Rental</b>	<b>Total Annual Cost</b>	<b>Annual Rent/RSF</b>
10/1/14-9/30/15 Months 1-12	\$6,382.60	\$76,591.20	\$16.98
10/1/15-9/30/16 Months 13-24	\$6,571.27	\$78,855.24	\$17.42
10/1/16-9/30/17 Month 25-36	\$6,759.94	\$81,119.28	\$17.92

The above rates are considered to fall within the mid-market range for similar full-service buildings in the immediate market area.

### **Early Termination Option**

If so desired, the Third Amendment to Lease Agreement grants the Town the option to early terminate the Lease Agreement, as propose, anytime during the second lease-year subject to the equivalent of a two-month rental early termination fee provided the Landlord is given 5-months prior written notice. A second option to early terminate the Lease Agreement anytime during the third lease-year subject to the equivalent of a one-month early termination fee provided Landlord is given 5-month prior written notice of the Town's desire to early terminate the Lease Agreement.

### **Conclusion and Recommendation of Airport Manager**

Airport Management's office lease with Concourse Plaza II, Ltd. expires September 30, 2014. To ensure an uninterrupted work environment and to avoid the additional costs associated with relocation, we recommend the Town give consent to the City Manager to execute the Third Amendment to Lease Agreement on behalf of the Town. The City Attorney has reviewed the Amendment and finds it acceptable for the Town's use.

### **Attachments**

- Exhibit 1 - Original Lease Agreement (available upon request)
- Exhibit 2 - Location Map and Aerial View of Subject Property
- Exhibit 3 – Third Amendment to Lease Agreement

## **Exhibit 1**

Original Lease Agreement is available upon request  
of Airport Management

# Exhibit 2

## Location Map of Subject Property



## Aerial View of Subject Property - 16051 Addison Road



**Exhibit 3**

Proposed Amendment to Lease Agreement

## THIRD AMENDMENT TO LEASE AGREEMENT

THIS THIRD AMENDMENT TO LEASE AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, 2014 (the "Third Amendment Date"), by and between **CONCOURSE PLAZA II, Ltd.**, as Landlord (the "**Landlord**"), and **TOWN OF ADDISON, TX**, as Tenant (the "**Tenant**").

### W I T N E S S E T H

#### Recitals

- A. Reference is made to the Lease Agreement dated September 1, 2003 (the "Original Lease"), as amended by Amendment to Lease Agreement dated August 25, 2008 and a Second Amendment to Lease Agreement dated October 12, 2010 (collectively the "Lease"), executed by and between Landlord and Tenant, covering 4,528 square feet in Landlord's project located at 16051 Addison Road, Suite 220, Addison, Dallas County, Texas 75001 (the "Leased Premises" and so called in the Original Lease), known as "**Addison Airport Office Center**" (formerly known as "Concourse Plaza").
- B. Landlord and Tenant desire to amend the Lease as hereinafter set forth.

**NOW, THEREFORE**, in consideration of the Recitals and the consideration as set forth herein, the parties hereby agree as follows:

1. Extension of Lease Term.

The current term of the Lease expires on September 30, 2014. The parties agree that the term of the Lease is hereby renewed and extended for a period of 36 months, so that the term of the Lease shall expire on September 30, 2017.

2. Early Termination.

Tenant shall have two one-time options to terminate the Lease, subject to Landlord receiving five months advance written notice of the termination and receipt with the notice of an early lease termination fee as follows: 1) The first right of early termination shall be effective upon the first anniversary date of the lease renewal and the payment of an early lease termination fee equal to two months of current rent and 2) the second right of early termination shall be effective upon the second anniversary date of the lease and the payment of an early lease termination fee equal to one month of current rent.

3. Rental Adjustment.

Effective October 1, 2014, the "Base Rental" shall be revised to the sum of \$6,382.60 per month through September 30, 2015, \$6,571.27 per month through September 30, 2016 and revised to \$6,759.94 per month through September 30, 2017 (unless otherwise terminated as provided for in Paragraph 2).

Notwithstanding the foregoing, the other rental provisions of the Lease, including the provisions regarding additional rent on account of pass-through of a proportionate share of Basic Costs (as described in Paragraphs 4 and 5 of the Lease) shall remain unchanged. The Total Basic Costs as discussed in Paragraph 4(a) of the Lease shall be revised to a 2014 Base Year.

4. Effective Date.

This Amendment shall be effective upon the full execution hereof by both parties.

5. Condition of Premises.

Tenant has accepted the Leased Premises in its "as is" condition, and any changes or modifications to the Leased Premises shall be at the Tenant's sole cost and expense with prior written approval from Landlord (excluding, however, any changes, modifications or repairs to the Leased Premises required to be performed by Landlord as set forth in the Lease).

6. Reaffirmation; Binding Agreement; Capitalized Terms; No Third Party Beneficiaries.

Except as specifically modified by this Third Amendment, all other terms and conditions of the Lease are hereby ratified and confirmed shall remain unmodified and in full force and effect. In the event of a conflict between the terms of the Lease and this Third Amendment, the terms of this Third Amendment shall prevail. This Third Amendment is and shall be for the benefit of, and binding upon, the parties hereto and their respective successors and assigns. Capitalized terms used and not defined herein are used with the meanings set forth in the Lease. The provisions of this Third Amendment and the Lease paragraph are solely for the benefit of the parties hereto and do not and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

8. Authorized Persons.

The undersigned officers and/or agents of the parties hereto are properly authorized and have the necessary authority to execute this Third Amendment on behalf of the parties hereto.

This Third Amendment is executed as of the day and year first above written.

**LANDLORD: CONCOURSE PLAZA II, LTD.**

By: \_\_\_\_\_

Name: William J. Harkinson, President

Title: Harkinson Investment Corp., General Partner

**TENANT: TOWN OF ADDISON, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_