



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
From: Bill Dyer
CC: Joel Jenkinson
Date: November 13, 2014
Re: November 17, 2014 Agenda Items S2, S3, S4

Airport Management is requesting the Town Council's consideration and consent of the following matters relating to the Sky B&B, LLC ("Sky") ground lease relationship:

- **Development Participation Contract**: to authorize the city manager to execute on behalf of the Town the proposed Development Participation Contract (substantially in the form of the attached) with Sky relating to the relocation of city utilities and to authorize the Town's expenditure not to exceed thirty percent (30%) of the total contract price;
- **First Amendment to Ground Lease**: to authorize the city manager to execute on behalf of the Town the proposed First Amendment to the Sky B&B, LLC Ground Lease (substantially in the form of the attached);
- **Temporary Construction Easement**: to authorize the city manager to execute on behalf of the Town the proposed construction easement (substantially in the form of the attached) requested by Sky to facilitate the construction of the corporate hangar facility.

The city attorney has reviewed each of the proposed agreements and finds them acceptable for the Town's purposes.

Background Information:

The Town first entered into a ground lease arrangement with Sky B&B, LLC (“Sky”) in April of this year wherein Sky agrees, among other things, to construct a 33,000 square foot corporate hangar facility for their corporate fleet of aircraft on 3.03 acres west of the Airport Parkway/Eddie Rickenbacker Drive intersection at Addison Airport. The construction value of the building improvements are to be in excess of \$3 million dollars.

The Town agreed to relocate or cause to relocate the city’s utilities serving the site, in order to enter into the ground lease arrangement. After publically advertising solicitations for proposals to provide the materials and complete the scope of work, the Town was unsuccessful in attracting a qualified bidder. Because Sky has already commenced construction of their new hangar, time has become critical with any further delay relocating the utilities would likely interfere with Sky’s construction schedule.

To remedy the situation, Town staff has proposed and Sky has agreed, subject to the Town Council’s consent, to enter into the proposed Developer Participation Contract pursuant to Section 212.071 of Subchapter C of the Local Government Code. The Development Participation Contract allows the City to construct public improvements (e.g. utilities) without having to comply with the competitive bid procedures otherwise required by law. Under the contract, Sky will construct, at its expense, the necessary utility improvements provided the City shares in thirty percent (30%) of the total project cost, its statutory limit.

In consideration of Sky’s contribution towards improving the public utilities at the Airport, Airport Management and Town staff is recommending the Town execute the proposed First Amendment to Ground Lease. As proposed, the First Amendment amends certain key dates given in the ground lease agreement to offset the two-month delay attributed to FAA withholding their final determination of Sky’s Notice of Proposed Construction or Alteration (FAA Form 7460-2).

Finally, Sky has requested a temporary construction easement to help facilitate the construction of their corporate hangar facility and the safe keeping of materials and equipment during construction. Upon cessation of need and use, Sky is to return the land subject to the temporary easement to its pre-existing condition or as otherwise acceptable to the Town.

Conclusion and Recommendation:

Airport Management and Town’s staff recommends the Town give its consent to the aforementioned agreements as proposed subject to the city attorney’s review and oversight.