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- MEMORANDUM -

To: John Crawford
From: Bill Dyer
cc: Joel Jenkinson
Date: May 11, 2021
Re: **Proposed Sale and Assignment of Ground Leasehold 0950-5101
16051 Addison Road at Addison Airport; Concourse Plaza II, LTD., as Tenant**

Concourse Plaza II, LTD., the ground tenant of the above referenced ground leasehold, is requesting the Town's consent to the proposed sale and assignment of their building improvements and remaining leasehold interest to 16051 Addison, LLC, a Texas limited liability company. The proposed sale and assignment are subject to and on the condition the Town gives its consent to a leasehold mortgage created through Independent Bank, the mortgagee for the



purpose of financing the transaction. Section 9 of the Ground Lease, as amended and modified, grants the Town the right to consent to the conveyance of the leasehold interest, which conveyance will be subject to, the terms of the proposed Assignment of Ground Lease Agreement ("Exhibit 1") and proposed Bank Estoppel Letter Agreement ("Exhibit 2"). Airport staff recommends the Town give its consent to the proposed transaction. The City Attorney has reviewed the aforementioned documents and finds them acceptable for the Town's purposes.

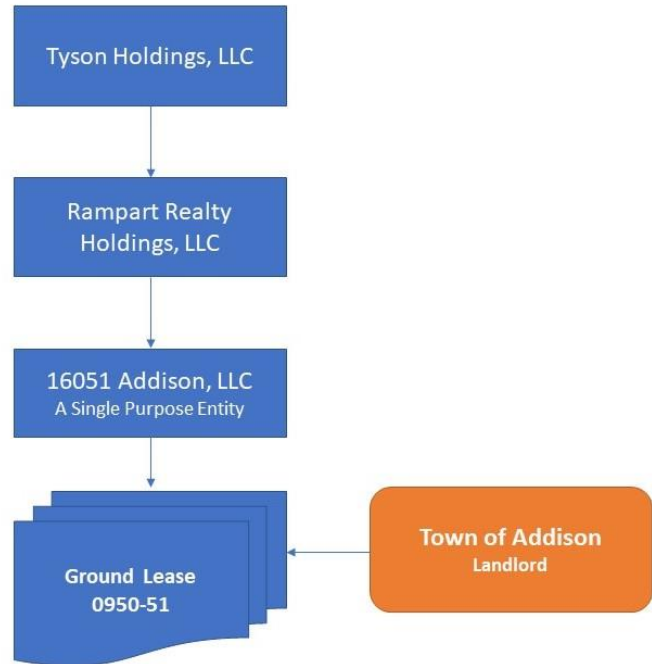


Background Information: The 40-year ground lease was first entered into in October 1983 with Brunnell Properties, Inc. who subsequently sold and assigned its leasehold interest to Concourse Plaza, LTD. in December 1983. The ground lease was modified by that Settlement and First Amendment to Lease Agreement dated April 22, 1997, which, among other things, modified the leasehold premises to accommodate the widening of Keller Springs and the future Addison Airport Toll Tunnel. In 1997, the ground lease was sold and assigned from Concourse Plaza, LTD. to Concourse Plaza II, LTD., a Texas limited partnership, the current Tenant.

In 2018, the Town entered into a Second Amendment to Ground Lease with Tenant which, among other things, extended the lease term 30 years, or to September 30, 2054, in consideration of a market rental adjustment and \$1.5M in capital repairs and improvements to be completed by Tenant at its sole cost and expense. A Third Amendment to Ground Lease was entered into by the parties effective September 2020, extending the lease term an additional six years, or to September 30, 2060, in consideration of an additional \$500,000 in capital repairs and improvements that were completed by Tenant.

The leased premises consist of 1.8 acres of airport land located at the southwest corner of Keller Springs Drive and Addison Road. The site is improved with a 43,000 square-foot, three-story, multi-tenant office building with five executive hangars at the rear of the building. In 2019, tenant completed extensive capital improvements throughout the complex including updating all restrooms, common hallways, building entry, adding exterior windows, HVAC smart system upgrades, landscape improvements, and various other improvements.

About 16051 Addison, LLC: The assignee of the proposed transaction is 16051 Addison, LLC, a Texas limited liability company (“Assignee”); it is, a single-purpose entity intended to hold only the assets of the assigned leasehold interests and title to the building improvements now or in the future constructed upon the leased premises. The Assignee is a wholly owned subsidiary of Rampart Realty Holdings, LLC, which both companies are managed, and majority owned by Christopher Frain of Little Colorado. Christopher Frain is also the founder and CEO of Tyton Holdings, Inc, an investment, and private equity firm founded in 2011.



16051 Addison, LLC intends to sublease nearly 25,000 rental square feet of the leased premises to its parent company, Tyton Holdings, Inc. (“Tyton”), who intends to relocate its corporate headquarters and its affiliates’ general corporate administration services (including business development, finance, human resources, and legal) from Littleton, Colorado. In doing so, Tyton anticipates relocating 35 full-time employees to Addison this year and projects to expand to 100 full-time employees within the next three years. Tyton also intends to base its two corporate aircraft - a 2018 Cirrus SR22T and 2016 Honda Jet - at Addison Airport. In 2019, Tyton Holdings, Inc. and its related companies generated over \$500M in revenue.

Leasehold Mortgage: The proposed transaction is subject to the Town’s consent to the creation of a \$4.5M leasehold mortgage to acquire the property secured by, among other things, a lien against the leasehold interest of the Assignee in the real property created pursuant to a leasehold deed of trust. The Deed of Trust will be subordinate and inferior to the Ground Lease and Landlord’s lien (contractual and statutory) and other rights under the Ground Lease. The Town’s consent to this leasehold mortgage is to be evidenced by the Bank Estoppel Letter, attached hereto as **Exhibit 2** from Independent Bank and acknowledged by the Town. The Bank Estoppel Letter sets forth the terms and conditions under which the Town recognizes the Bank’s lien and, in the event of default, the Bank as Tenant should it foreclose or take possession of the property by deed-in-lieu of foreclosure.

Conclusion and Recommendation: Concourse Plaza II, LTD., tenant of the above- referenced ground leasehold, is requesting the Town’s consideration and consent to their proposed sale and assignment of their building improvements and the remaining leasehold interests to 16051 Addison, LLC, a Texas limited liability company, subject to a leasehold mortgage created through Independent Bank, the mortgagee. 16051 Addison, LLC intends to sublease 25,000 rental square feet to its parent company Tyton Holdings Inc. Tyton is relocating its corporate headquarters and thirty-five staff personnel to Addison from Littleton, Colorado.

The proposed transaction is beneficial to the airport and the Town. Tyton will base its two aircraft at Addison Airport. It will also absorb 25,000 rentable square feet of current vacant office space, without displacing any current tenants. Their relocation to Addison will contribute to the Town's tax base and benefit other local businesses.

Airport staff recommends the town council give its consent and authorize the city manager to execute the Assignment of Ground Lease Agreement ("**Exhibit 1**") and Bank Estoppel Letter ("**Exhibit 2**") on behalf of the Town, and any subsequent documents that may necessitate the city attorney's review. The city attorney has reviewed the aforementioned documents and finds them acceptable for the Town's purposes.