



17-1199

TITLE: Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Ground Lease at McKinney National Airport Between the City of McKinney, Texas and Westerntkileasing Inc.

COUNCIL GOAL: Maximize the Development Potential of the McKinney National Airport

MEETING DATE: December 5, 2017

DEPARTMENT: McKinney National Airport

CONTACT: Jose Madrigal, Deputy City Manager

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of the resolution.

ITEM SUMMARY:

- The City of McKinney's McKinney National Airport has the opportunity to enter into a Ground Lease at the McKinney National Airport with Westerntkileasing Inc.
- Upon execution of the Ground Lease at the McKinney National Airport, Westerntkileasing Inc. will be developing airport land described within the agreement.
- The City of McKinney will sublease the developed land and improvements back from Westerntkileasing Inc. upon the completion of the mentioned development.
- The term of the proposed Ground Lease between the City of McKinney and Westerntkileasing Inc. at the McKinney National Airport is set to begin on a future commencement date that will correspond with the rent commencement date outlined in a future Sublease Agreement between Westerntkileasing Inc. and the City of McKinney.

BACKGROUND INFORMATION:

- Throughout FY 2017 the City of McKinney's McKinney National Airport has worked with the McKinney Economic Development Corporation, McKinney Community Development Corporation, and private developers to create a plan to develop a New Fixed Base Operator Terminal, Expanded Parking, Upgraded

U.S. Customs Facility, 40,000 Square Foot Common Hangar at the McKinney National Airport.

- McKinney National Airport staff initially presented to City Council a plan to develop the airport further on October 3rd, 2016. City Council was supportive of further development at McKinney National Airport, and directed staff to evaluate more options, including the private sector participation.
- During the spring and summer of 2017, the City of McKinney secured project grant funding in the amount of \$4 million from the McKinney Economic Development Corporation and \$4 million from the McKinney Community Development Corporation. These funds were added to a financial commitment from the private sector of \$8 million in construction financing and construction to develop a New Fixed Base Operator Terminal, Expanded Parking, Upgraded U.S. Customs Facility, 40,000 Square Foot Common Hangar at the McKinney National Airport.
- The presented Ground Lease agreement will allow the process of the mentioned development project to begin at McKinney National Airport.

FINANCIAL SUMMARY:

- The rent collected associated with the Ground Lease will initially be an annual cost of fifty cents (\$.50) per square foot. This rate is subject to adjustment as outlined within the agreement. Rent collection will occur on a monthly basis.

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[Resolution](#)