



# CITY OF MCKINNEY, TEXAS

## Legislation Text

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**File #:** 17-1199, **Version:** 1

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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 3<sup>rd</sup>, 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