Berry Lease Comparison

The proposed lease terms represent a good business arrangement for the City and its largest airport employer. The goal of the new leases is to align the expiration date with that of Berry's new maintenance facility currently under construction and to update the terms to be more in line with those offered to other FBOs.

Berry's original leases from 1993 had the City paying for all utilities and repairs and maintenance to the facilities. Additionally, the old leases reference underground storage tanks that have since been decommissioned and replaced by above ground tanks. The new leases include language to ensure the facilities are being maintained by the tenant and that the City's fuel tanks are being maintained by the tenant to EPA/TCEQ standards.

Additionally, there have been disagreements on numerous provisions in the existing lease including the ramp area around the hangars and who should maintain them. A new survey is being done to clarify the premises and to remove any question about what they are leasing and their responsibilities.

Texas Aviation Partners has been diligently negotiating these terms with Sonny Berry and his outside Counsel for almost two years.

	EXISTING LEASE TERMS	PROPOSED LEASE TERMS
Expiration	• FBO/Large Hangar: Dec. 21, 2032 (10-year extension available at new terms) • Small Hangar: April 11, 2029	April 18, 2057 (to coincide with new maintenance facility currently under construction)
Current Annual Rent	$46,950.96	$51,793.20
Revenue Sharing	4% of fuel delivered 1% gross revenue	$0.09 per gallon of fuel delivered No gross revenue (consistent with new airport leases)
Rent Escalations	None	10% every 5 years beginning in 2032 (Paying $91,735.33 per year by end of lease)
Remaining Rent Credits	$562,011.72 (credit balance $0.00 by mid-2031)	$562,011.72 (credit balance $0.00 by mid-2031)
Utilities	City pays water, electricity, and alarm monitoring at FBO	Berry pays water, electricity, and alarm monitoring at FBO
Repairs and Maintenance	City responsible for all R&M to FBO and large hangar. Unclear language regarding fuel tanks.	City responsible for R&M items over $5,000, including fuel tank repairs. Berry must provide annual fuel tank inspection reports.
Total Rent June 2018 - Expiration	$680,626.99 (Ex. 2032)	$2,463,893.43 (Ex. 2057)