



AGENDA MEMORANDUM

Action Item for the City Council Meeting of 10/8/13

DATE: 9/27/2013

TO: Ronald L. Olson, City Manager

FROM: Wes Pierson, Assistant City Manager – Business Support Services
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Motion to Approve Modifications to U.S. Coast Guard Project Ground Lease.

CAPTION:

Motion to reconsider the existing ground lease between the City of Corpus Christi and the FDL-CC, LLC and approve requested modifications to ground lease to accommodate requirements imposed upon FDL-CC, LLC by their lender.

PURPOSE:

Make a motion to reconsider the existing ground lease between the City of Corpus Christi and the FDL-CC, LLC and approve requested modifications to ground lease to accommodate requirements imposed upon FDL-CC, LLC by their lender.

BACKGROUND AND FINDINGS:

On February 12, 2013 City Council approved a ground lease between the City and FDL-CC, LLC to develop a facility to house the U.S. Coast Guard (USCG) - Corpus Christi Sector at the Corpus Christi International Airport. Since that time, FDL-CC, LLC has been negotiating a lease for the facility with the General Services Administration (GSA) of the federal government. A lease agreement was finalized in late August, 2013 contingent upon completion of environmental work at the proposed site.

The GSA has notified FDL-CC, LLC that they are ready to execute the government lease on behalf of the USCG. The only outstanding item to be completed is for FDL-CC, LLC to secure financing for the project. FDL-CC, LLC is in the final stages of securing their financing and has requested certain modifications to the ground lease with the City that are being required by their lender. The modifications are minor in nature and do not impact the original business deal that was adopted by previous Council action.

The proposed modifications include:

- Adding language that prohibits FDL-CC, LLC from using terms and conditions in the City ground lease to avoid compliance terms of either the lease with GSA or the FDL-CC, LLC's construction financing agreement.
- Modifying the term of the agreement to provide for the ability to opt out of
- Language added to "Termination Rights" section to provide FDL-CC, LLC's lender the ability to cure any default caused by FDL-CC, LLC prior to City terminating the ground lease.

- Minor modifications to definitions that are a result to the modifications described above.

ALTERNATIVES:

Deny the request to reconsider the existing ground lease between the City of Corpus Christi and the FDL-CC, LLC. Such action could impair FDL-CC, LLC’s ability to finance the project.

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

Not applicable

EMERGENCY / NON-EMERGENCY:

Emergency Item

DEPARTMENTAL CLEARANCES:

- Legal
- Finance
- Airport
- Assistant City Manager
- City Manager

FINANCIAL IMPACT:

- Operating Revenue Capital Not applicable

Fiscal Year: 2011-2012	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s):

Comments: The proposed modifications have no financial impact.

RECOMMENDATION:

Staff recommends Council approve a motion to reconsider the existing ground lease between the City of Corpus Christi and the FDL-CC, LLC and approve requested modifications to ground lease to accommodate requirements imposed upon FDL-CC, LLC by their lender.

LIST OF SUPPORTING DOCUMENTS:

- Agreed Modification – USGC Ground Lease
- Lease Agreement – USGC Ground Lease (April 2013)