



APPROVAL OF A BUILD-TO- SUIT LEASE AGREEMENT

RS-25-070

May 6, 2025

Background

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- ❑ CSI Aviation, Inc. has been a tenant of the Killeen Regional Airport since 2018 and currently leases two (2) corporate aircraft hangars at Killeen Regional Airport.
- ❑ Over the past three (3) years, they have gradually moved various elements of their company from Albuquerque, New Mexico to the Killeen Regional Airport
- ❑ They currently have sixty-four (64) full time employees working on-site at the airport, with several other employees assigned to Killeen but working remotely and/or splitting time between Killeen and their Albuquerque office.

Background

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- Aviation staff has been negotiating with CSI concerning relocating their corporate headquarters from Albuquerque, New Mexico to the City of Killeen, contingent on the construction and availability of adequate office space near the Killeen Regional Airport.
- CSI Aviation anticipates that the relocation will permit the creation of at least 35 full-time additional positions with an average salary of \$95,000 within two years from occupying the new building.

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Discussion

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- ❑ Based on these discussions with CSI, the Aviation Department developed an RFQ for the Design and Construction Services for a Design/Build Project at the Killeen Regional Airport.
- ❑ The RFQ advertised on October 13, 2024, and closed on November 7, 2024.
- ❑ Synergy Commercial Construction was selected to begin the discussions for a design/build project for an Office Building for the Killeen Regional Airport.

Discussion

- ❑ Synergy Commercial Construction held several meetings with CSI and Aviation staff to determine the design requirements of the building and the various site requirements. Several conceptional plans were presented and discussed with CSI and Aviation Staff. Based on these meetings and discussions, Synergy developed and proposed a price for the building of \$5,184,833.30.

Discussion

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- Based on Synergy's proposal, staff has negotiated a lease agreement with CSI Aviation, Inc. to lease a build-to-suit, 9,000 square foot office building located on a City owned three (3) acre site at Killeen Regional Airport.
- The term of the lease agreement is for a period of 120 months and shall automatically renew for an additional 120 months.

Discussion

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- Beginning on the Commencement Date, June 1, 2026, the Minimum Guaranteed Rent will be \$22,500 per month. Beginning on the first anniversary, and on every anniversary for the duration of the Initial Term, the amount will increase by 3%.
- Revenues will be deposited in the KRA Enterprise Fund Account in FY 2026.

Recommendation

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- City Council approve the Build-to-Suit Lease Agreement with CSI Aviation, Inc. and authorize the City Manager to execute same. Additionally, authorize the City Manager to execute all addendums and lease actions to the agreement, including termination, to the extent allowed by the City Charter and the laws of the state of Texas.