



STAFF REPORT

DATE: August 14, 2017

TO: Ronald L. Olson, City Manager

FROM: Matthew Van Valkenburgh A.A.E., Executive Director of Aviation

SUBJECT: FORT HOOD NATIONAL BANK, INC. ATM LEASE AGREEMENT RENEWAL
(KILLEEN-FORT HOOD REGIONAL AIRPORT)

BACKGROUND AND FINDINGS:

The Killeen-Fort Hood Regional Airport leases space in the terminal building to various businesses to provide appropriate services to the public as well as revenue sources for the airport enterprise fund. The ATM (Automatic Teller Machine) lease agreement with Fort Hood National Bank, Inc. is set to expire on September 30, 2017.

Renewal options in the original lease agreement allowed the tenant to extend their agreement under terms and fees as set by the City Council. Staff has negotiated proposed terms of extension with the representative of this business. A small increase in utility fees consistent with the Consumer Price Index (CPI) rate of change since the last renewal has been included.

THE ALTERNATIVES CONSIDERED:

Extension of the existing ATM lease agreement
Allowing lease agreement to expire

Which alternative is recommended? Why?

Staff recommends extension of the lease agreement. The terminal building is located on land leased from the U.S. Army, and military regulations do not allow the Airport to negotiate with any bank other than those that have been selected by the military to conduct business on the post. Therefore, the Airport's only feasible alternative to provide continued ATM services within the terminal building is extension of the current lease agreement.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

The lease agreement provides that the tenant will pay a rental rate of \$100 per year and a utility fee of \$130.00 per month. This will provide annual revenue to the airport of \$1,660.00. Revenues will be deposited in the Killeen-Fort Hood Regional Airport enterprise fund account 525-0000-324.05-04 (Airport Rent & Concession / Other Terminal Services).

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City Council approve Addendum No. 7 to the Fort Hood National Bank, Inc. ATM Lease agreement extending the term for a period of two years beginning October 1, 2017, and ending September 30, 2019, 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.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Addendum 7
Certificate of Interested Parties