



AIRLINE LEASE EXTENSIONS

RS-21-005

January 19, 2021

Background

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- ❑ Killeen Fort Hood Regional Airport has had lease agreements and extensions with American and United Airlines since 2004
- ❑ In Spring of 2020, due to COVID-19 impacts, both airlines were granted a deferral of rent payments for May, June and July

Background

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- Current term was due to expire September 30, 2020
- During the negotiation process this Fall for a new extension, both airlines were looking for options to reduce operating costs due to COVID-19, including lower rents and fees

Discussion

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- After several months of negotiations, both airlines agreed to a one-year lease extension at the current rents and fees. (No reduction in rents and fees)
 - Airport will waive the deferred rents of May, June and July in the amount of \$24,000
 - Loss of deferred rent is offset by the CARES Act Airport grant funds.

Discussion

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- Due to extended negotiations and delayed responses, the addendums will be backdated to October 1, 2020 and expire September 30, 2021
- One-year terms with an option for one additional year at rates and fees approved by City Council

Alternatives

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- ❑ Do not extend leases with existing airlines
- ❑ Extend leases with existing airlines
 - ▣ Staff has negotiated terms which are beneficial to both the airlines and the City which will provide for continued commercial air service to our community

Recommendation

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- City Council approve the lease extensions with American and United Airlines and authorize the City Manager or designee to execute same as well as all addendums and lease actions to the agreement, including termination, to the extent allowed by state and local law