



CSI AVIATION, INC. LEASE AGREEMENT

RS-21-080

June 1, 2021

Background

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- In 2019 and 2020, the City received two (2) Federal Aviation Administration (FAA) Military Airport Program (MAP) grants for the purpose of building a commercial Hangar for an existing tenant
- Aviation Department fund was not capable of funding the match requirement at that time

Background

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- ❑ CSI Aviation agreed to fund the match of \$375,000 with cash contributions through a performance agreement in December 2019
- ❑ The cash contribution plus interest would be paid back to CSI through rent rebates over the first five (5) years of the lease

Discussion

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- ❑ Staff negotiated a lease agreement with CSI Aviation, Inc. to conduct air transportation and related general aviation operations, including but not limited to passengers, charter, air cargo, medical flight services and aircraft maintenance at Killeen-Fort Hood Regional Airport (KFHRA)

Discussion

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- Ten (10) year term beginning February 1,2022
- Lease agreement will provide annual revenue of \$161,150
- Positive effect on aviation fuel sales and landing fees at KFHRA

Discussion

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- ❑ The lease agreement also authorizes the City to repay CSI for the current amount of cash contributions, in the amount of \$50,730.15, including interest, and terminate the Performance Agreement
- ❑ Aviation has adequate funding to pay the match, thus keeping us from paying further interest and allowing the City to receive full rent upon occupancy

Alternatives

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- ☐ Do not approve the agreement
- ☐ Approve the agreement

Recommendation

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- Approve the lease agreement with CSI Aviation, Inc. and authorize the City Manager or designee to execute all agreement documents and any and all amendments or actions within the amounts set by federal, state and local law