

EC-25-408




CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

05/06/25

TO: Brooke Bassan, President, City Council

FROM: Timothy M. Keller, Mayor 

SUBJECT: First Amendment to Hangar Lease between the City of Albuquerque and High Flying Hangars, LLC

I transmit herewith for City Council approval the First Amendment to the Land Lease and Agreement between the City of Albuquerque and High Flying Hangars, LLC, a New Mexico limited liability company.

The original lease, executed in March 2023, provides for the development of aircraft hangars on 5.8 acres of City-owned property at Double Eagle II Airport. This First Amendment adds a provision granting the Lessee the right to renew the lease for one (1) additional ten (10) year term following the expiration of the initial forty (40) year lease term. The renewal is conditioned on the Lessee being current on all rent and in compliance with all material terms of the Agreement at the time of notice and at the commencement of the renewal period.

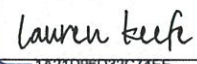
The City's Federal Grant Assurance obligations, including Grant Assurance 22 (Economic Nondiscrimination), require that similarly situated aeronautical users be offered fair and reasonable lease terms. This amendment ensures the City remains compliant by offering consistent lease terms to comparable tenants at Double Eagle II Airport.

City Council approval of this First Amendment is required pursuant to Section 5-2-6 ROA 1994, governing the leasing of City-owned real property.

Approved:


Samantha Sengel, EdD Date
Chief Administrative Officer

Approved as to Legal Form:

DocuSigned by:
 5/19/2025 | 10:17 AM MDT
1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:



DocuSigned by:

Richard McCurley 5/15/2025 | 5:29 PM PDT

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Richard G. McCurley Date
Director of Aviation

Cover Analysis

1. What is it?

This Executive Communication concerns the First Amendment to the Land Lease and Agreement (“Amendment”) between the City of Albuquerque, (“City”) as lessor, and High Flying Hangars, LLC (“Lessee”) as lessee for property at Double Eagle II Airport. The Amendment modifies Section 5 of the Agreement to grant the Lessee a one-time, ten (10) year renewal option following the expiration of the current forty (40) year lease term.

2. What will this piece of legislation do?

The Amendment grants Lessee the right to renew the lease for one (1) additional ten (10) year period following the end of the Initial Term and requires the Lessee to notify the City in writing of its intent to renew at least six (6) months prior to the expiration of the Initial Term. The renewal is conditioned on the Lessee being current on all payments and in compliance with all material terms of the Agreement. The Amendment also clarifies that any holdover after the lease expires will convert to a month-to-month tenancy at 110% of the previous monthly rent. Additionally, it confirms that title to all hangars and improvements will automatically vest in the City upon lease expiration or termination. All other terms of the Lease remain unchanged.

3. Why is this project needed?

After the City executed the original lease with Lessee in March 2023, it entered into a similar lease with another tenant at Double Eagle II Airport that included a ten-year extension option. In response, Lessee has requested equivalent treatment. Granting this request aligns with the City’s obligations under Federal Grant Assurance 22 (Economic Nondiscrimination), which prohibits unjust economic discrimination among similarly situated aeronautical users. To maintain eligibility for federal airport improvement funds, the City must offer fair and reasonable terms to all such tenants. Moreover, supporting this hangar development advances the City’s long-term strategy to expand general aviation facilities and promote economic growth at the largely undeveloped midfield area of Double Eagle II Airport..

4. How much will it cost and what is the funding source?

There is no cost to the City. This is a revenue-generating lease and does not require City funding.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

Yes. Under the lease, the City receives building rent at a rate of \$0.315 per square foot of constructed hangar space. This rent is subject to annual escalation based on the Consumer Price Index for All Urban Consumers (CPI-U). In addition, the lease includes a percentage of gross

revenue fee for any commercial activities conducted by hangar sublessees or assignees. Based on current hangar development projections, this lease amendment supports the continued build-out and economic activation of the airport's general aviation infrastructure.

6. What will happen if the project is not approved?

This is a revenue-generating lease and would provide funds for Aviation.

7. Is this service already provided by another entity?

This service is not provided by another entity at this time.

FISCAL IMPACT ANALYSIS

TITLE: Lease Approval for High Flying Hangars

R:
FUND: 611

O:

DEPT: 7000611

- ☒ No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- ☐ (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	2025	Fiscal Years 2026	2027	Total
Base Salary/Wages				-
Fringe Benefits at				-
Subtotal Personnel	-	-	-	-
Operating Expenses		-		-
Property		-	-	-
Indirect Costs	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -
[X] Estimated revenues not affected				
[] Estimated revenue impact				
Revenue from program				0
Amount of Grant		-	-	
City Cash Match				
City Inkind Match				
City IDOH				
Total Revenue	\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created

COMMENTS: This lease was anticipated in the FY26 submitted budget.**COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:**

This will provide growth opportunities at DEll airport and provide much needed hangar space to the local aviation community.

PREPARED BY:

APPROVED:

DocuSigned by:
John Stephens 5/14/2025 | 7:00 PM MDT
FISCAL ANALYST

DocuSigned by:
Richard McLurey 5/15/2025 | 5:29 PM PDT
DIRECTOR

REVIEWED BY:

DocuSigned by:
Christina Owens 5/16/2025 | 9:38 AM MDT
EXECUTIVE BUDGET ANALYST

DocuSigned by:
Danna Sandoval 5/19/2025 | 8:16 PM MDT
BUDGET OFFICER

Signed by:
Christina Barner 5/19/2025 | 9:41 AM MDT
CITY ECONOMIST

ALBUQUERQUE INTERNATIONAL SUNPORT

FIRST AMENDMENT to LAND LEASE AND AGREEMENT between THE CITY OF ALBUQUERQUE and HIGH FLYING HANGARS, LLC.

This **First Amendment to the Lease and Agreement** ("Amendment") is made and entered into by and between the **City of Albuquerque**, a New Mexico municipal corporation ("City"), and **High Flying Hangars, LLC**, a New Mexico limited liability company ("Lessee", and together with City, the "Parties", and each, a "Party").

In consideration of the rights, privileges, and mutual obligations contained in this Amendment, the Parties agree as follows:

Section 1. Recitals.

- 1.1** The City is the airport sponsor for Double Eagle II Airport.
- 1.2** The land for Double Eagle II Airport was purchased using federal funds, making the Airport subject to federal obligations without time limit.
- 1.3** Some of the airport sponsor's federal obligations are provided as federal grant assurances.
- 1.4** All Airport contracts involving Double Eagle II Airport are subject and subordinate to the federal grant assurances.
- 1.5** As of the date of this Amendment, Federal Grant Assurance 22, Economic Nondiscrimination, requires airport sponsors to offer similarly situated aeronautical activities reasonable contract terms without unjust discrimination.
- 1.6** The Parties have entered into an Agreement effective March 24, 2023, allowing Lessee access to 5.8 acres of City-owned real property at the Double Eagle II Airport's midfield development area for Lessee's planned construction and use of aircraft hangars ("Agreement");
- 1.7** Aircraft hangar construction and operation is an aeronautical activity.
- 1.8** After signing the March 24, 2023 agreement, the City entered into a similar lease agreement with a different tenant for the planned construction and use of aircraft hangars at Double Eagle II Airport. The similar lease agreement contained an additional ten (ten) year option to extend the lease.
- 1.9** Lessee expressed a desire to have a ten (10) year option to extend the lease.
- 1.10** Lessee's desire is consistent with the City's Federal Grant Assurance obligations.
- 1.11** City and Lessee have the right and power to enter into this Amendment for this purpose, pursuant to Section 5 of the Agreement.
- 1.12** THEREFORE, City and Lessee desire to include the option to renew this Lease for one (1) additional ten (10) year period ("Renewal Period");

Section 2. Amendment. As of the Effective Date, **Section 5** of the Agreement is hereby replaced with **the following:**

Following the expiration of the Initial Term, Lessee shall have the option to renew this Lease for one (1) additional ten (10) year period ("Renewal Period"). Lessee must notify City in writing of its intent to exercise its option for the Renewal Period at least six (6) months prior to the end of the Initial Term. Provided that Lessee is current in its payments to City and is compliant with all material conditions, covenants, and agreements set forth herein both at the time Lessee notifies City of its exercise of option to renew and at the start of the Renewal Period, Lessee shall be permitted to exercise the option to renew.

Holding over by Lessee after the expiration of the Term whether with or without the consent of City, shall not operate to extend or renew this Agreement. Any such holding over shall be construed as a month-to-month tenancy on the same terms and conditions of this Agreement then in effect, except only as to (a) the Term of this Agreement; and (b) the monthly rent, which during such tenancy shall be equal to one hundred ten percent (110%) of the monthly rent paid by Lessee during the last month of the Term of this Agreement.

Section 3. Other than the Amendment of Section 5, the terms and conditions of the Agreement shall remain unchanged and shall continue in full force and effect unless there is a conflict between the terms and conditions of the Agreement and this Amendment, in which event, the terms and conditions of the Amendment shall control. The Parties understand and agree that as a consequence of the Amendment, the monthly Cargo Apron Fees shall increase accordingly.

Section 4. This Amendment shall not become effective or binding until it is approved by the City Council and signed by the City's Chief Administrative Officer. The Parties agree that this Amendment may be electronically signed and that the electronic signatures appearing hereon are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Effective Date.

City of Albuquerque:

By: _____
Samantha Sengel
Chief Administrative Officer

Date: _____

Recommended by:

By: _____
Richard G. McCurley
Director of Aviation

Date: _____

High Flying Hangars, LLC:

By: _____
Kenny Hinkes
Owner

Date: _____