

CITY COUNCIL REPORT



Meeting Date: June 9, 2026
General Plan Element: *Economic Vitality*
General Plan Goal: *Utilize redevelopment and revitalization efforts to sustain economic well-being*

ACTION

- 1) Adopt Resolution No. 13696 authorizing and approving Consent Agreement No. 2010-166-COS-A5 with SDL AZ Holdings, LLC; and
- 2) Authorize consent to an indirect transfer of ownership or control under existing Airport Lease Agreement No. 2010-166-COS.

BACKGROUND

SDL AZ Holdings, LLC, doing business as Atlantic Aviation, is one of Scottsdale Airport's long-term fixed-based operators (FBOs). Atlantic Aviation provides aeronautical services including fueling, aircraft parking, and ground handling for aircraft operating at Scottsdale Airport.

Atlantic Aviation is currently owned by private equity firms KKR and KSL, with KKR holding the majority interest. The ownership group plans to complete a corporate transaction in which KKR will sell a portion of its interest in Atlantic Aviation to Apollo Global Management, Inc., resulting in Apollo becoming the majority owner. This transaction constitutes an indirect transfer of ownership or control of the tenant entity.

Under Section 17.1.4 of Lease Agreement No. 2010-166-COS, any transfer of ownership or control—direct or indirect—requires the City's prior written consent.

Lease Compliance

SDL AZ Holdings has submitted the documentation required under Section 17.1 of the Lease Agreement for the City's review of the proposed transaction. Aviation staff reviewed the materials and confirmed that the request complies with all applicable lease provisions. The tenant has also paid the required \$10,000 transfer fee and \$1,500 legal/administrative fee pursuant to Section 17.13 of the Lease Agreement.

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The proposed transaction does not alter the tenant's obligations, operational responsibilities, or service levels at Scottsdale Airport.

ANALYSIS & ASSESSMENT

Community Involvement

The Airport Advisory Commission considered this item at its May 20, 2026, meeting. The public had an opportunity to comment, no negative comments were received, and the Commission voted 7-0 to recommend that City Council authorize the Consent Agreement.

Operational Assessment

Aviation staff reviewed the transaction and determined that it will not impact airport operations, tenant performance, or compliance with the Lease Agreement. The tenant will continue to provide FBO services consistent with existing standards.

Lease and Risk Assessment

The Consent Agreement is limited solely to the described transaction and does not waive any rights or remedies under the Lease Agreement. All lease terms remain in full force and effect.

RESOURCE IMPACTS

Staffing, Workload Impact

No additional City staff or overtime is required. Aviation staff has completed its review of the transaction and associated documentation.

Financial Impact

The tenant has paid the required \$10,000 transfer fee and \$1,500 legal/administrative fee in accordance with Section 17.13 of the Lease Agreement. No additional fiscal impacts to the City are anticipated.

Maintenance Requirements

The tenant remains responsible for all facility operating and utility costs under the Lease Agreement.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 13696 authorizing and approving Consent Agreement 2010-166-COS-A5 with SDL AZ Holdings, LLC, relating to an indirect transfer of ownership or control under an existing Airport lease.

Alternative

Do not approve the resolution. This would prevent the City from issuing consent to the transaction as required under the Lease Agreement. Atlantic would also have to be refunded the \$10,000 transfer fee.

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Proposed Next Steps

If approved, the Mayor will execute the Consent Agreement on behalf of the City, after which the Aviation Department will take the appropriate steps to initiate the required administrative updates with the tenant.

RESPONSIBLE DEPARTMENT(S)

Aviation Department

STAFF CONTACT(S)

Rick Wielebski, Aviation Director, (480) 312-8475, rwielebski@scottsdaleaz.gov

APPROVED BY



Rick Wielebski, Aviation Director
(480) 312-8475, rwielebski@scottsdaleaz.gov

5/20/26

Date



Judy Doyle, Deputy City Manager
480-312-2691, jdoyle@scottsdaleaz.gov

5/20/26

Date



Greg Caton, City Manager
480-312-7759, gcaton@scottsdaleaz.gov

5/21/26

Date

ATTACHMENTS

1. Resolution No. 13696
2. Consent Agreement No. 2010-166-COS-A5 with SDL AZ Holdings, LLC

RESOLUTION NO. 13696

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING CONSENT AGREEMENT 2010-166-COS-A5 WITH SDL AZ HOLDINGS, LLC RELATED TO AN INDIRECT TRANSFER OF OWNERSHIP OR CONTROL UNDER LEASE AGREEMENT 2010-166-COS.

WHEREAS, the City is the owner and operator of the Scottsdale Airport;

WHEREAS, SDL AZ Holdings, LLC ("Tenant") conducts fixed base operations at the Scottsdale Airport pursuant to Lease Agreement 2010-166-COS, dated October 26, 2010, as amended by Contract Nos. 2010-166-COS-A1, 2010-166-COS-A2, 2010-166-COS-A3, and 2010-166-COS-A4 (collectively, the "Lease Agreement");

WHEREAS, Tenant's upstream ownership entities are undergoing a corporate transaction that will result in an indirect transfer of majority ownership or control of Tenant (the "Transaction");

WHEREAS, Section 17.1.4 of the Lease Agreement requires the City's consent for such a transfer of ownership or control;

WHEREAS, Tenant has paid the transfer fee and legal/administrative fee required under Section 17.13 of the Lease Agreement; and

WHEREAS, the City desires to consent to the Transaction pursuant to the terms set forth in Consent Agreement 2010-166-COS-A5.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1: The Mayor is authorized and directed to execute on behalf of the City of Scottsdale Consent Agreement 2010-166-COS-A5 with SDL AZ Holdings, LLC.

PASSED AND ADOPTED by the Council of the City of Scottsdale this _____ day of _____, 2026.

CITY OF SCOTTSDALE, an Arizona
municipal Corporation

Lisa Borowsky, Mayor

ATTEST:

Ben Lane, City Clerk

APPROVED AS TO FORM:



Luis E. Santaella, City Attorney
By: Jennifer Fernandez, Assistant City Attorney

CONSENT

This Consent (this "Consent") is made and entered into as of _____, 2026, by and between **SDL AZ HOLDINGS, LLC**, a Delaware limited liability company ("Tenant"), and the **CITY OF SCOTTSDALE**, an Arizona municipal corporation ("Landlord") regarding the Lease Agreement.

WITNESSETH:

WHEREAS, Tenant conducts certain fixed base operations at the Scottsdale Airport (the "Airport");

WHEREAS, Tenant (as the assignee of Piedmont Hawthorne Aviation LLC) and Landlord are parties to that certain Lease Agreement, Contract No. 2010-166-COS, dated October 26, 2010, as amended by Contract Nos. 2010-166-COS-A1, 2010-166-COS-A2, 2010-166-COS-A3, and 2010-166-COS-A4 (collectively, the "Lease Agreement");

WHEREAS, on April 1, 2026, the Atlantic Aviation Holdings Corporation, a Delaware corporation (the "Company") entered into an Agreement and Plan of Merger with Granite Aviator Intermediate, LLC, a Delaware limited liability company ("Buyer"), Granite Aviator Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Buyer ("Merger Sub") and other parties thereto, pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and a wholly-owned subsidiary of Buyer, which will result in an indirect transfer of the majority ownership or control of Tenant or its upstream ownership entities (the "Transaction");

WHEREAS, pursuant to Section 17.1.4 of the Lease Agreement, such transfer of ownership or control constitutes an assignment requiring Landlord's consent; and

WHEREAS, Landlord desires to consent to the Transaction, all upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, the parties agree as follows:

1. Consent

Landlord hereby consents to the Transaction as it relates to the Lease Agreement pursuant to Section 17.1.4 and agrees that it shall not terminate the Lease Agreement on the basis of the Transaction constituting a breach or other reason for termination under Article XI of the Lease Agreement. This Consent is limited solely to the Transaction described herein and does not constitute consent to any other transfer, sublease, financing arrangement, or transaction.

2. Fees

As required by Section 17.13 of the Lease Agreement, Tenant has paid to Landlord the sum of \$10,000.00 as a lease transfer fee and \$1,500.00 as a legal and administrative fee.

3. No Amendment; No Waiver

All terms, conditions, and provisions of the Lease Agreement shall continue in full force and effect and remain unaffected and unchanged by this Consent and Transaction. This Consent is not an amendment to the Lease Agreement, a waiver of any right or remedy of Landlord, or a promise to issue any future consent.

4. Notices

The addresses for notices to be sent to Landlord and Tenant from and after the closing of the Transaction are as follows:

Landlord:
Scottsdale Aviation Director
15000 N. Airport Dr., Suite 100
Scottsdale, AZ 85260

City of Scottsdale
3939 Drinkwater Blvd.
Scottsdale, AZ 85251
Attn: City Attorney

Tenant:
SDL AZ Holdings, LLC
14600 N. Airport Drive
Scottsdale, AZ 85260
Attn: General Manager

With copies to:
Atlantic Aviation
5525 Granite Pkwy, Suite 1700
Plano, TX 75024
Attention: Dawud Crooms

5. Counterparts

This Consent may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one agreement.

6. Filing


This Consent shall be filed with the City Clerk but shall not be recorded with the County Recorder.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first written above.

COMPANY:

SDL AZ HOLDINGS, LLC, a Delaware limited liability company

By:  _____

Name: Dawud Crooms

Title: Exevutuve VP, General Counsel

LANDLORD:

CITY OF SCOTTSDALE, an Arizona municipal corporation

Lisa Borowsky, Mayor

ATTEST:

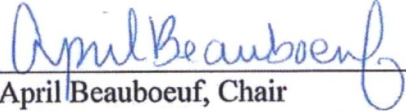
Ben Lane, City Clerk

APPROVED AS TO FORM:



Luis E. Santaella, City Attorney

By: Jennifer Fernandez, Assistant City Attorney



April Beauboeuf, Chair

Airport Advisory Commission