

**NOVEMBER 18, 2015 CITY COUNCIL BRIEFING AGENDA
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Briefing Agenda dated November 18, 2015. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.


A.C. Gonzalez
City Manager


Date


FOR Jeanne Chipperfield
Chief Financial Officer


Date

RECEIVED

2015 NOV 13 PM 4: 04

CITY SECRETARY
DALLAS, TEXAS



COUNCIL BRIEFING AGENDA

November 18, 2015

Date

(For General Information and Rules of Courtesy, Please See Opposite Side.)
(La Información General Y Reglas De Cortesía Que Deben Observarse
Durante Las Asambleas Del Consejo Municipal Aparecen En El Lado Opuesto, Favor De Leerlas.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 by 5:00 p.m. of the last regular business day preceding the meeting. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act.

The Council agenda is available in alternative formats upon request.

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Información General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner City Cable* Canal 16. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 5:00 pm del último día hábil anterior a la reunión. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas está comprometida a cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, NOVEMBER 18, 2015
CITY HALL
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M.

9:00 am Invocation and Pledge of Allegiance 6ES

 Special Presentations

 Open Microphone Speakers

VOTING AGENDA 6ES

1. Approval of Minutes of the November 3, 2015 City Council Meeting
2. Consideration of appointments to boards and commissions and the evaluation and duties of board and commission members (List of nominees is available in the City Secretary's Office)

ITEM FOR INDIVIDUAL CONSIDERATION

Intergovernmental Services

3. Approve an amendment and extension of the American Airlines Ground Lease Agreement between Dallas Fort Worth International Airport Board and American Airlines, Inc. to facilitate American's new corporate headquarters - Financing: No cost consideration to the City

BRIEFINGS 6ES

- A. The Future of Fair Park
- B. Urban Design Program for Dallas

Lunch

- C. Business Inclusion and Development Program Overview

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, NOVEMBER 18, 2015

Open Microphone Speakers

6ES

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.

Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 18, 2015
COUNCIL DISTRICT(S): Outside City Limits
DEPARTMENT: Intergovernmental Services
CMO: A. C. Gonzalez, 670-3297
MAPSCO: N/A

SUBJECT

Approve an amendment and extension of the American Airlines Ground Lease Agreement between Dallas Fort Worth International Airport Board and American Airlines, Inc. to facilitate American’s new corporate headquarters – Financing: No cost consideration to the City

BACKGROUND

On October 29, 2015, the Dallas Fort Worth International Airport Board (DFW Board) unanimously approved the execution of an Amended and Restated American Airlines Ground Lease Agreement (Lease) between the DFW Board and American Airlines, Inc. (American). The leased premises are depicted in the map contained in the attached DFW Board Resolution and largely comprise property originally leased by American under two separate transactions, one in 1972 and the other in 1978. American desires to construct a new corporate headquarters on the property depicted in the map as Tract 3. Tracts 1 and 2 will continue to be used for American’s training facilities. The area comprising approximately 17.781 acres of property to the west of American Boulevard will be removed from the leased premises and returned to the airport.

The initial term of the Lease will expire December 31, 2043 and the term will be further extended to December 31, 2114. Rent through December 31, 2043 will continue to be \$15,000.00 per year. Rent thereafter for the remainder of the extended term will be prepaid as a lump sum. The net present value of the fair market rental value during that period has been determined to be \$14 Million. American will receive a \$2 Million rent credit to compensate it for costs paid to Sabre to take back a portion of the leased premises that previously had been assigned to Sabre. In addition, American will receive another \$2 Million rent credit to cover American’s costs to demolish current improvements on the property that had been assigned to Sabre. Therefore, American will prepay a total of \$10 Million as rent for the extended term.

BACKGROUND (Continued)

Upon expiration or termination of the Lease, the airport, at its option, will have the right to accept the improvements or to require that American, at its expense, remove the improvements. All indemnifications by American, including environmental indemnifications, will inure to the benefit of the airport and the Cities of Fort Worth and Dallas. The 1968 Contract and Agreement between the Cities of Fort Worth and Dallas requires that the City Councils of both cities must approve any leases executed by the DFW Board with terms in excess of 40 years.

The DFW Board desires and recommends approval of the Lease by the Cities of Fort Worth and Dallas.

Attached is Exhibit A, which includes a copy of the DFW Board's resolution approving the Lease and recommending it to the Cities of Fort Worth and Dallas for their approvals and a map.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Information about this item was provided by DFW International Airport to the Transportation and Trinity River Project Committee on November 9, 2015.

FISCAL INFORMATION

No cost consideration to the City.

November 18, 2015

WHEREAS, on October 29, 2015, the Dallas Fort Worth International Airport Board (DFW Board) unanimously approved the execution of an Amended and Restated American Airlines Ground Lease Agreement (Lease) between the DFW Board and American Airlines, Inc. (American) covering leased premises largely comprised of property originally leased by American under two separate transactions, one in 1972 and the other in 1978, said leased premises being shown on the map included in Exhibit A; and

WHEREAS, American desires to (i) construct a new corporate headquarters on the property depicted in the map as Tract 3; (ii) continue to use Tracts 1 and 2 for American's training facilities and (iii) remove from the leased premises and return to the airport, the area comprising approximately 17.781 acres of property to the west of American Boulevard; and

WHEREAS, the Lease provides or will provide for terms and conditions deemed appropriate by the DFW Board and the owner cities; and

WHEREAS, the 1968 Contract and Agreement between the Cities of Fort Worth and Dallas requires that the City Councils of both cities must approve any leases executed by the DFW Board with terms in excess of 40 years; and

WHEREAS, the DFW Board desires and recommends approval of the Lease by the Cities of Ft. Worth and Dallas, believing same to be in the best interest of the airport;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That, at the request and on the recommendation of the Dallas Fort Worth International Airport Board, the Dallas City Council does approve the DFW Board entering into an Amended and Restated American Airlines Ground Lease Agreement (Lease) between the DFW Board and American Airlines, Inc. (American) and covering lease premises shown on the map attached hereto in Exhibit A, pursuant to Dallas Fort Worth International Airport Board Resolution No. 2015-11-237 dated October 29, 2015.

SECTION 2. That the Lease will provide that American will (i) construct a new corporate headquarters on the property depicted in the map as Tract 3; (ii) continue to use Tracts 1 and 2 for American's training facilities and (iii) remove from the leased premises and return to the airport the area comprising approximately 17.781 acres of property to the west of American Boulevard.

November 18, 2015

SECTION 3. That the Lease will provide for terms and conditions deemed appropriate by the DFW Board, including but not limited to:

- (a) The initial term of the Lease will expire December 31, 2043 and the term will be further extended to December 31, 2114.
- (b) Rent through December 31, 2043 will continue to be \$15,000.00 per year. Rent thereafter for the remainder of the extended term will be prepaid as a lump sum. The net present value of the fair market rental value during that period is determined to be \$14 Million.
- (c) American will receive a \$2 Million rent credit to compensate it for costs paid to Sabre to take back a portion of the leased premises that previously had been assigned to Sabre.
- (d) In addition, American will receive another \$2 Million rent credit to cover American's costs to demolish current improvements on the property that had been assigned to Sabre. Therefore, American will prepay a total of \$10 Million as rent for the extended term.
- (e) Upon expiration or termination of the Lease, the airport, at its option, will have the right to accept the improvements or to require that American, at its expense remove the improvements.
- (f) All indemnifications by American, including environmental indemnifications, will inure to the benefit of the airport and the Cities of Fort Worth and Dallas. Such other provisions deemed advisable, necessary or convenient by the DFW Board and/or the Cities of Fort Worth and/or Dallas.

SECTION 4. That the approval contained in this resolution is further conditioned upon similar approval of the Lease by the City Council of the City of Fort Worth.

SECTION 5. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

**DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD
OFFICIAL BOARD ACTION/RESOLUTION**

Date 10/29/2015	Committee Full Board	Subject Amendment and Extension of American Airlines Special Facilities Agreement	Resolution # 2015-11-237
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Action

That the Airport Board (i) approve an amendment and extension of the American Airlines Special Facilities Agreement, (ii) recommend approval of such amendment and extension to the Cities of Dallas and Fort Worth, and (iii) authorize the Chief Executive Officer or designee to execute such amendment and extension following approval by the Cities of Dallas and Fort Worth.

History

- In 1978, American Airlines, Inc. ("American") leased from DFW Airport approximately 287 acres of land and facilities at the southwest corner of the intersection of Texas State Highway 360 and Texas State Highway 183, for use as both corporate headquarters and training facility (the "HQ/Training Property"). The HQ/Training Property is entirely within the city limits of the City of Fort Worth, Texas. American had already been in possession of most of the HQ/Training Property prior to the 1978 deal. A portion of the HQ/Training Property had previously been leased by Fort Worth to American as part of Greater Southwest International Airport, and other portions of it had previously been owned by American or third parties. In the 1978 deal, DFW Airport purchased all of the HQ/Training Property, and leased it back to American by incorporating it into American's 1972 freight and maintenance facility lease (the "Special Facilities Agreement"). The freight and maintenance facility is no longer part of the Special Facilities Agreement, and the HQ/Training Property is now the only land remaining under the Special Facilities Agreement.
- As part of the 1978 deal, DFW Airport and the Cities of Dallas and Fort Worth issued bonds to finance the purchase of the land, as well as certain improvements to the land, and American paid net rent to cover the debt service until fully paid.
- The Special Facilities Agreement (including American's extension options) is set to expire as to part of the HQ/Training Property in the year 2039, and is set to expire as to the remainder of the HQ/Training Property in the year 2043. American pays \$15,000 per annum in ground rent on the entire premises.
- In 1996, American assigned the HQ part of the HQ/Training Property to Sabre (the "Sabre Property"). DFW Airport consented to the assignment, but did not release American from its obligations under the lease.

Description

- American now desires to build a new corporate headquarters on the site of the old one, with some minor modifications to the boundaries of the property. An area of approximately 18 acres to the west of American Boulevard will be removed from the Special Facilities Agreement and returned to DFW Airport, and the remainder of the premises will be divided into four tracts, as shown on Exhibit A attached hereto. Tracts 1 and 2 will continue to be used for American's training facilities, and the new headquarters will be located on Tract 3. The precise boundary between Tract 2 and Tract 3 may be modified within the cross-hatched area once the development is complete.

D/S/M/WBE Information

- N/A - Not subject to the goal per the Board's MWBE/ACDBE Policy due to the nature of the procurement. American Airlines buildout and American Airlines as consideration for Fort Worth Tax Incentives will follow Fort Worth's MWBE program. ACDBE is not applicable since they will not operate any concessions on the property.

Schedule/Term

See Description.

Contract #	Agreement #	Purchase Order #	Action Amount	Revised Amount
			\$0	\$0
For Information contact	Fund	Project #	External Funding Source	Amount
John Terrell 3-4655				\$0

Description Continued

- This action will revise the initial term of the Special Facilities Agreement so that it expires as to the entire premises at the end of 2043, and this action will authorize a further extension for American until December 31, 2114.
- Rent until the end of 2043 will continue to be \$15,000 per annum. Rent for the extended term from the end of 2043 until the end of 2114 will be prepaid as a lump sum. The net present value of the fair market rental value during that period of time has been determined to be Fourteen Million Dollars (\$14,000,000).
- American will receive a Two Million Dollar (\$2,000,000) rent credit to compensate American for the costs paid to Sabre to reassign the Sabre Property back to American, as well as an additional Two Million Dollar (\$2,000,000) rent credit to cover American's costs to demolish the current improvements on the Sabre Property. Therefore, American will pay a total of Ten Million Dollars (\$10,000,000) to DFW Airport for the extended term.
- American will have a right to terminate the extended term on six months' notice, either as to the entire premises, or as to individual tracts. If American returns an individual tract, they must return the entire tract, so that DFW Airport will not be left with parcels that cannot be developed. If American terminates the Special Facilities Agreement as to the entire premises or as to individual tracts, none of the prepaid rent will be refunded.
- At the expiration or termination of the Special Facilities Agreement, DFW, at its option, shall have the right to accept the improvements in an as-is condition or have AA, at its expense, remove the improvements.
- All indemnifications, including environmental indemnifications, will inure to the benefit of DFW Airport and the Owner Cities.

Additional Attachments: **Y**

BE IT RESOLVED BY THE DALLAS-FORT WORTH INTERNATIONAL AIRPORT BOARD

That the Airport Board (i) approve an amendment and extension of the American Airlines Special Facilities Agreement, (ii) recommend approval of such amendment and extension to the Cities of Dallas and Fort Worth, and (iii) authorize the Chief Executive Officer or designee to execute such amendment and extension following approval by the Cities of Dallas and Fort Worth.

Approved as to Form by



Rodriguez, Elaine
 Legal Counsel
 Oct 28, 2015 9:35 am

Approved as to Funding by



Underwood, Max
 VP Finance
 Finance
 Oct 26, 2015 5:22 pm

Approved as to M/WBE by



Lee, Tamela
 VP Business Diversity & Dev
 Business Diversity and
 Development
 Oct 28, 2015 9:29 am

SIGNATURE REQUIRED FOR APPROVAL

Approved by



Department Head
 Commercial Development
 Oct 26, 2015 3:39 pm



Chief Executive Officer

Oct 29, 2015 3:02 pm

Date

