

**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