

Memorandum



CITY OF DALLAS

DATE November 3, 2017

TO The Honorable Members of the Mobility Solutions, Infrastructure and Sustainability Committee: Lee M. Kleinman (Chair), Rickey D. Callahan (Vice-Chair), Sandy Greyson, Adam Medrano, Casey Thomas, II and Tennell Atkins

SUBJECT **November 8, 2017 Council Addendum Item #1 – Fifth Amendment to the Signature Flight Support Corporation Lease**

Because the Mobility Solutions, Infrastructure and Sustainability Committee will not meet again prior to the November 8, 2017 City Council meeting, we want to provide additional background information on an upcoming Addendum Item for your review.

Summary

Addendum Item #1 seeks Council approval to enter a fifth amendment to the Signature Flight Support Corporation Lease of Land and Facilities at Dallas Love Field ("Lease No. 2") to 1) maintain the City's relationship with a potential third-party tenant should the lessee terminate Lease No. 2 prior to its expiration and 2) take back a portion of the leased premises to support the City's parking needs.

Background

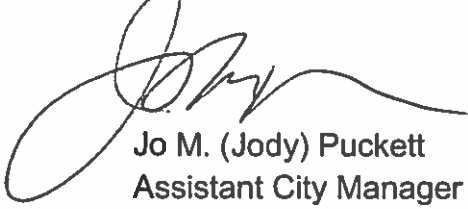
Lease No. 2 with Signature Flight Support Corporation ("Signature") covers 2,132,835 sq. ft. of land with improvements, including multiple hangars, aircraft ramp and office buildings/support facilities.

Signature is prepared to enter a sublease with a third-party tenant resulting in a capital investment of no less than \$7,000,000.00 on its leasehold. The improvements will include a new two-story 40,000 sq. ft. hangar with office space, conference rooms, a lounge, and vehicular parking. The City proposes amending Lease No. 2 to allow a subtenant who makes such a significant capital investment to maintain its operations at Dallas Love Field in the event Lease No. 2 is terminated prior to its expiration. The City also proposes permitting the lessee or sublessee to maintain title to the improvements it constructs on the leased premises until the lease is terminated or expires.

Additionally, the City's Department of Aviation administration building is located on City-controlled property adjacent to the Lease No. 2 premises. The City proposes taking back approximately 14,404 square feet of improved land from the Lease No. 2 premises to support the administration building's parking needs. This would yield approximately 50 additional parking spaces for the City of Dallas. In taking back the leased premises, the City will forgo about \$10,018.00 in revenue annually.

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SUBJECT Addendum Item #1 on November 8, 2017 – Fifth Amendment to the Signature Flight Support Corporation Lease

Please feel free to contact me if you have any questions or concerns.



Jo M. (Jody) Puckett
Assistant City Manager (Interim)

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Biliera Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors