

Memorandum



CITY OF DALLAS

DATE November 6, 2015

TO The Honorable Members of the Transportation and Trinity River Project Committee: Lee M. Kleinman (Chair), Deputy Mayor Pro Tem Erik Wilson (Vice Chair), Sandy Greyson, Mayor Pro Tem Monica R. Alonzo, Adam Medrano, and Casey Thomas II

SUBJECT **American Airlines Corporate Headquarters at Dallas/Fort Worth International Airport**

On November 9, 2015 the Transportation and Trinity River Project Committee will receive a briefing from the DFW Airport regarding the American Airlines Corporate Headquarters at the Dallas/ Fort Worth International Airport. The briefing will be presented by John Terrell who is the Vice President of Commercial Development at DFW Airport. The briefing materials are attached for your review.

Please let me know if you have any questions or need additional information.

A handwritten signature in blue ink, appearing to read 'Mark McDaniel'.

Mark McDaniel
Assistant City Manager

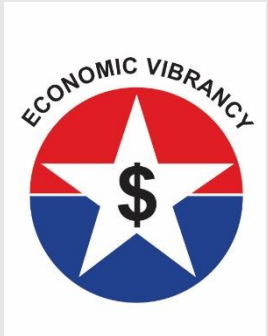
c: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M.S. Emst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

American Airlines Corporate Headquarters at Dallas/Fort Worth International Airport

Transportation and Trinity River Project Committee Briefing

November 9, 2015

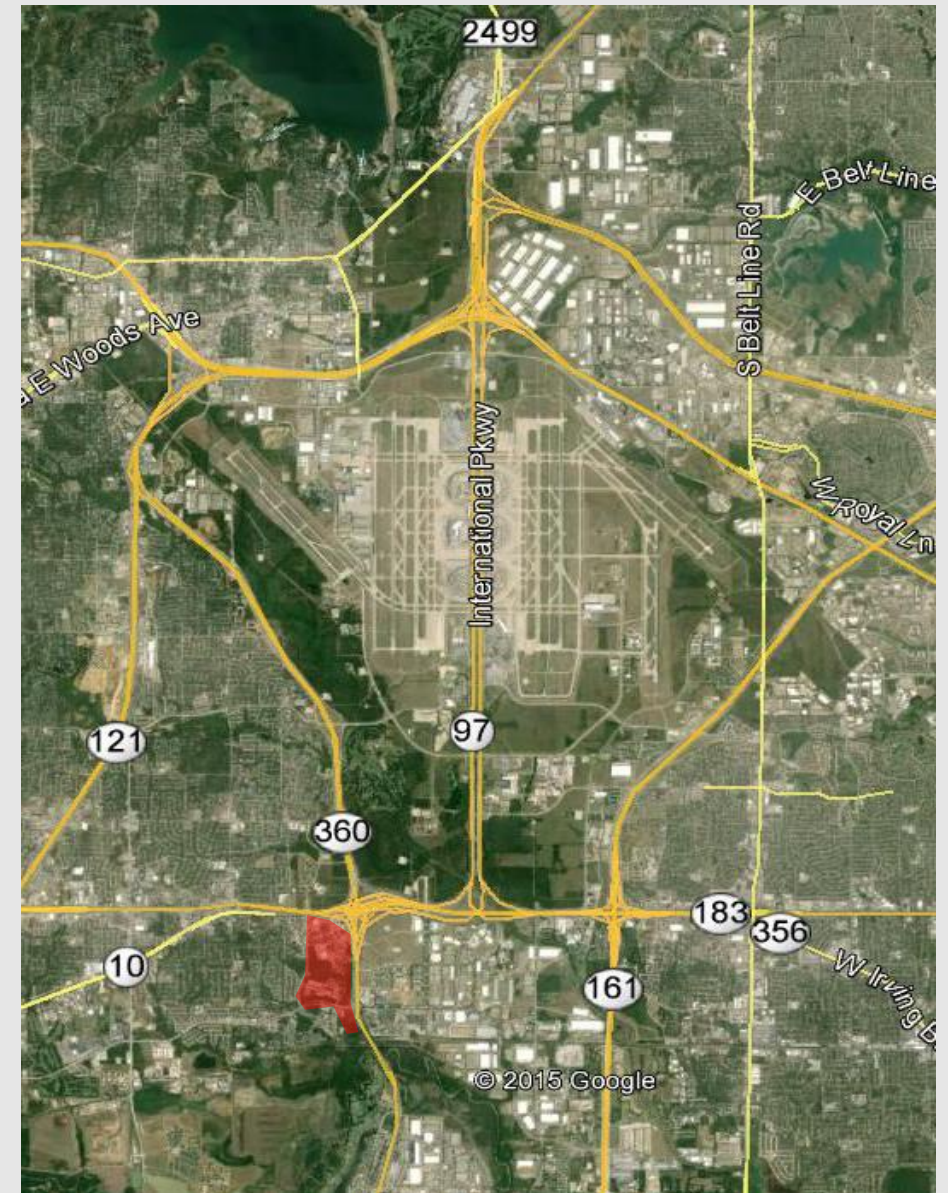


Timeline:

- Sep. 2014 American Airlines (AA) issues Request For Information for new Headquarters
- Mar. 2015 AA signals Sabre site preference over Irving site (Cowboy Stadium)
- Sep. 2015 AA Letter Of Intent finalized
- Oct. 19, 2015 AA confirms item on Oct. 21, AA Board agenda
- Oct. 29, 2015 DFW Airport approves and recommends to Owner Cities
- Nov. 3, 2015 Briefing to Fort Worth City Council
- Nov. 9, 2015 Briefing to Transportation and Trinity River Project Committee

Next Steps:

- Nov. 10, 2015 Fort Worth City Council vote
- Nov. 10, 2015 Tarrant County briefing
- TBD 2015 Dallas City Council vote
- Nov. 17, 2015 Tarrant County vote



Overview:

Property

- 287 Acres gross
- 221 +/- Acres net of flood plain
- Within the boundaries of DFW Airport

Location

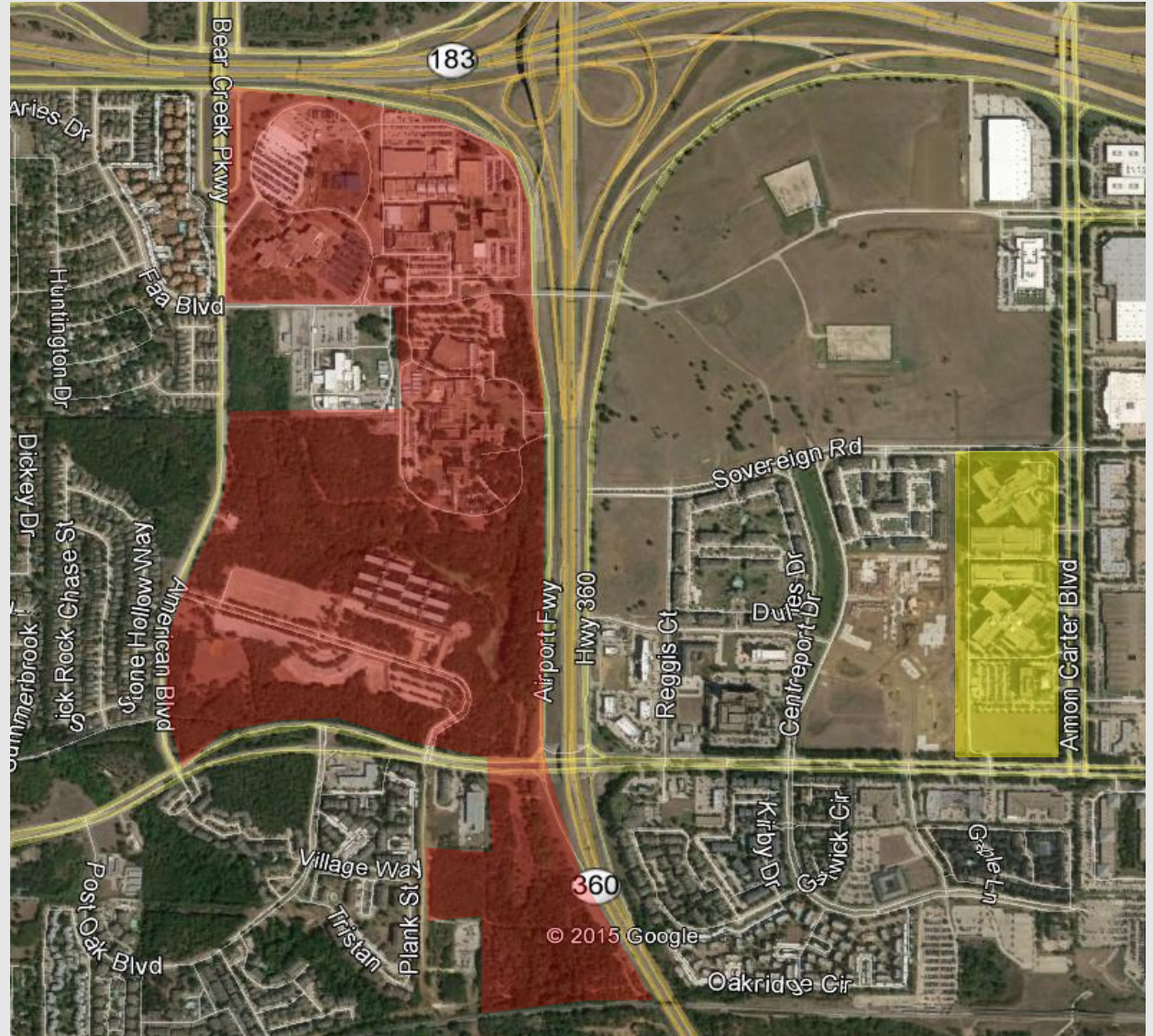
- SW corner Hwy 183 and Hwy 360
(City of Fort Worth)

Use

- Office and aviation related facilities for training and operations

Authority

- All airport leases in excess of 40 years require the approval of the Owner Cities



Lease Terms:

AA will be required to construct the Corporate Headquarters

Existing lease term through 2043 at \$15,000 per year

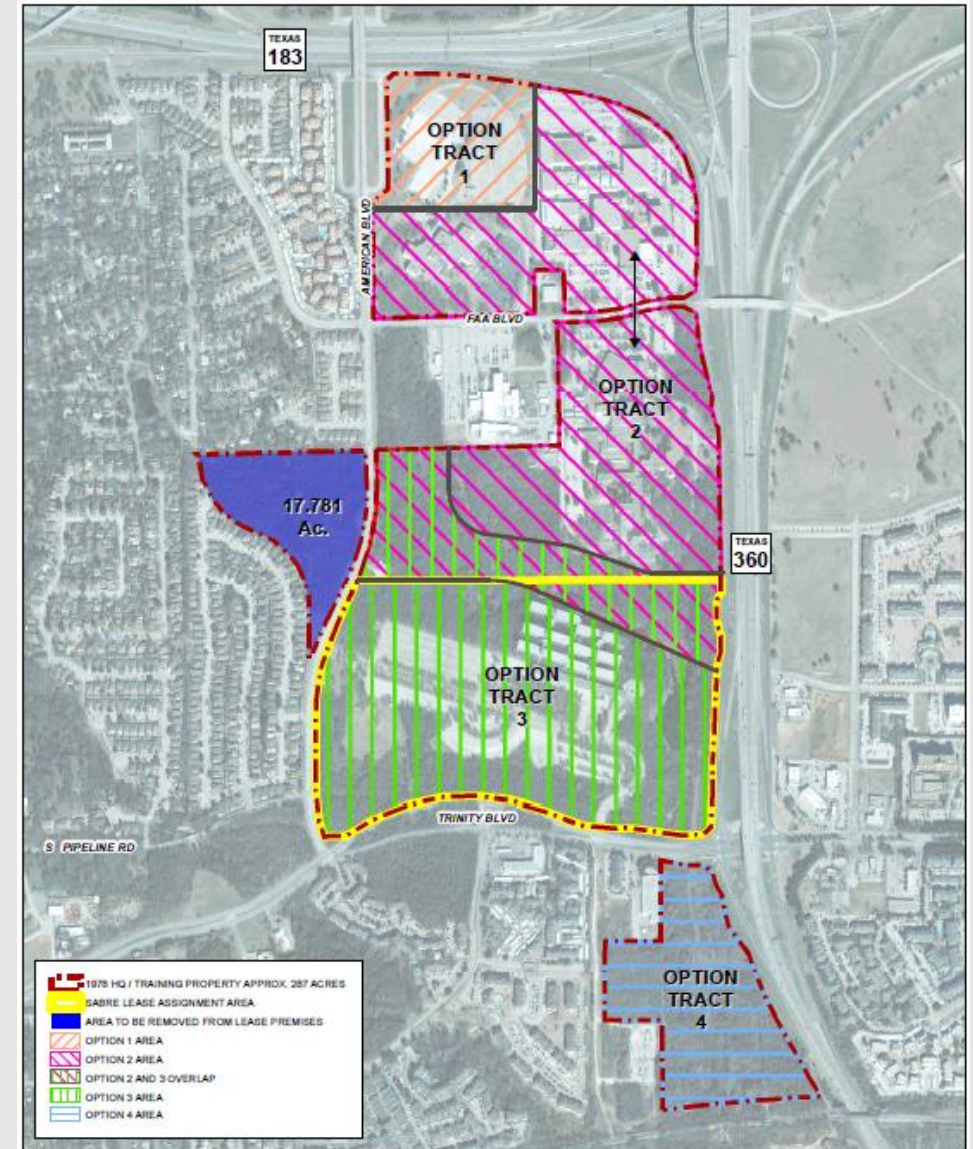
Extension of lease term from 2043 to 2114

- Lump sum payment of \$14M as prepaid rent
- \$14M represents net present value of fair market lease payments between 2043 and 2114
- Net \$10M after \$2M credit for demolition and \$2M credit for buyout of existing tenant lease

AA shall indemnify DFW and Owner Cities against all liability, including environmental

AA has right to terminate as to individual tracts with six months notice, but no partial tract and no refund of prepaid rent

At termination, DFW option to accept improvements “as-is” or AA to remove at AA’s cost



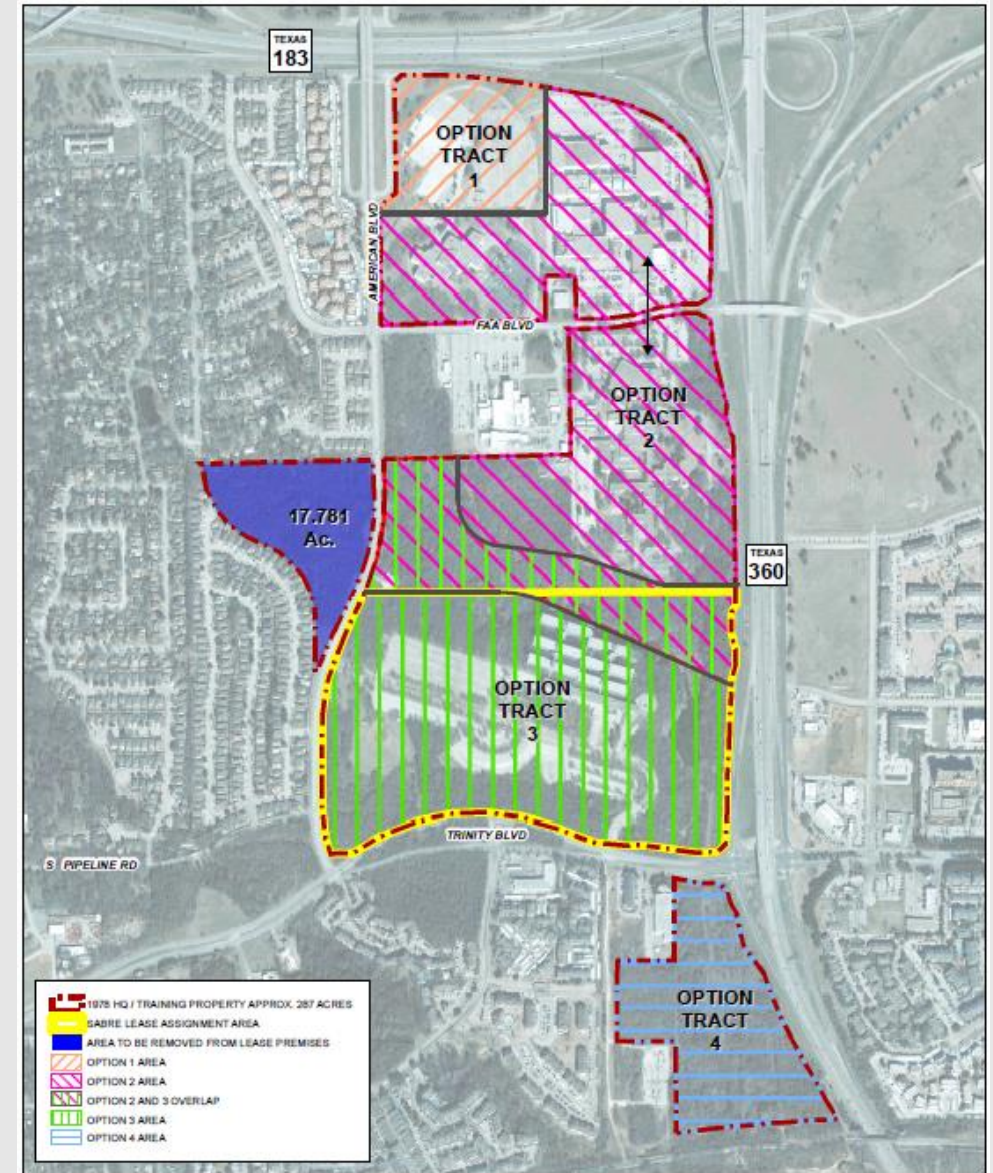
Lease Terms (cont.):

MWBE / DBE Information for construction contract

- Will follow Fort Worth MWBE program
- ACDBE is not applicable as AA will not operate concessions on the property

Additional Information

- City of Fort Worth to vote on incentive package Nov. 10th
- Proposed package includes:
 - Tax abatements
 - Local road improvements



Appendix

Background:

- 1972 Special Facilities Agreement
- 1978 DFW purchased the property from Fort Worth, American Airlines (AA) and others (part of which had been Greater Southwest International Airport)
- DFW and Owner Cities issued bonds including \$19M to fund purchase and AA paid rent to cover debt service until fully paid. Remaining balance defeased with cash in 1995.
 - DFW leased the property to AA until 2043
 - Rent per annum - \$15,000
- 1979 AA built original corporate headquarters and training facilities
- 1996 AA assigned the HQ building to Sabre (approx. 97 acres)
- Sabre relocated in 2001 and subleased to EDS/HP
 - EDS/HP only partially occupied and vacated the building in 2009
 - Marketing (JLL) efforts began in 2009 and were unsuccessful (building remains vacant)
- 2010 Sabre offered building to DFW
- DFW determined that the building was functionally obsolete and declined

AA Facts:



- #70 on Fortune 500 List
- Largest employer in North Texas - 27,000 (100,000 employees companywide)
- **1,900 employees live in the City of Dallas**
- In 2014, American carried more than **27.4 million** passengers through DFW
- At DFW, American offers **829 daily flights** to **191 destinations** in **27 countries**
- Supports numerous organizations in Dallas community:

Scottish Rite Hospital

Susan G. Komen

Dallas Symphony Orchestra

Dallas Museum of Art

Dallas Opera

Perot Museum of Nature and Science

American Airlines Center

Dallas Stars

Dallas Mavericks

Rotary Club of Dallas

United Negro College Fund

Friends of Latino Cultural Center

