

September 9, 2015

WHEREAS, ~~The Braniff Centre Limited Partnership~~ The Braniff Centre LP (formerly known as Reed Enterprises Investment Holdings, LP) ("Lessee") has offered to lease approximately 1,050,138 square feet of land and improvements under two separate thirty-nine (39) years with three (3) ten-year (10) options lease agreements to develop aviation facilities (the "Aviation Lease") containing approximately 752,913 square feet and non-aviation facilities (the "Commercial Lease") containing approximately 414,600 square feet; and,

WHEREAS, Lessee shall expend not less than \$17,000,000 in new capital improvements on the leased premises within ~~twenty-four~~ thirty-six months from the effective date of the leases and an additional \$4,000,000 to be expended within 10 years from the effective date of the leases; and,

WHEREAS, Lessee shall expend not less than \$20,000,000 in new capital improvements on the commercial leased premises within sixty months from the effective date of the leases; and,

WHEREAS, the City and Lessee desire to enter into two thirty-nine (39) year leases each with three (3) ten-year (10) options for land at Dallas Love Field totaling approximately 1,167,513 square feet or 26.802 acres.

Now, Therefore,

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

Section 1. That Resolution No. 12-2724, previously approved on November 14, 2012, authorizing an aviation lease and a commercial aviation lease at Dallas Love Field with ~~The Braniff Centre LP (formerly known as Reed Enterprises Investment Holdings, LP)~~ Reed Enterprises Investment Holdings, L.P. is hereby rescinded.

Section 2. That the proposed Aviation lease for a primary term of thirty-nine (39) years with three (3) ten-year (10) options and providing estimated current annual rent in the amount of \$404,429.76 payable in monthly installments of approximately \$33,702.48 and the commercial lease for a primary term of thirty-nine (39) years with three (3) ten-year (10) options and providing estimated current annual rent in the amount of \$521,809.56 payable in monthly installments of approximately \$43,484.13, and less parking garage rent of \$240,000 annually (which will begin in the 25th month or when possession is granted by Lessor), which both leases having a rental abatement period for the first ten (10) years, is hereby approved and the City Manager is authorized to execute, on behalf of the City of Dallas, the Aviation lease and the commercial lease after approval as to form by the City Attorney.

Section 3. That the Aviation Lease evidences, among other things, the following terms and conditions:

- A. Thirty-nine (39) year term with three (3) ten-year (10) options.
- B. Annual rent will be based on the current prevailing annual rental rate at Dallas Love Field of \$.40 per square foot for unimproved land and \$.65 per square foot for improved land.
- C. Payment of rent shall be abated for the first ten (10) years of the lease period.
- D. Commencing in the 11th year of the lease, the City will begin collecting rent on the improvements constructed by lessee at the then prevailing rental rates for such improvements at Love Field. Rent will thereafter escalate every three years by the greater of: (1) the percentage increase in the Consumer Price Index over the previous 3-year period, (2) the prevailing rental rate for similar premises at the airport, or (3) 2%, provided, no single escalation shall exceed 6% from the previous 3-year period.
- E. The lease will have an initial capital commitment of \$17,000,000 to be expended within 36 months from the effective date of the lease for the construction of aviation hangars and a fuel farm and an additional capital commitment of \$4,000,000 to be expended within 10 years from the effective date of the lease. Total capital commitment in the aviation lease is \$21,000,000.
- F. Title to all newly constructed improvements will vest in the City upon completion of construction.

Section 4. That the Commercial Aviation Lease evidences, among other things, the following terms and conditions:

- A. Thirty-nine (39) year term with three (3) ten-year (10) options.
- B. Annual rent will be \$.75 per square foot for unimproved and improved land.
- C. Payment of rent shall be abated for the first ten (10) years of the lease period with exception of parking garage rent of \$240,000 annually (which will begin in the 25th month or when possession is granted by Lessor).

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- D. Commencing in the 11th year of the lease, the City will begin collecting rent on the improvements constructed by lessee at the then prevailing rental rates for such improvements at Dallas Love Field, not to be less than .75 per square foot for unimproved and improved land.
- E. Rent will escalate every three years thereafter by the percentage increase in the Consumer Price Index over the previous 3-year period with a provision that the rent will not be reduced if a negative Consumer Price Index calculation is recorded, or a maximum of two percent (2%) per year, whichever is lesser, provided, any Consumer Price Index increase that exceeds the maximum two percent (2%) per year for any given 3-year period shall be paid by lessee by spreading the excess amount evenly over the following five year term of the lease.
- F. Beginning the 20th year of the lease, the City will receive percentage rental equal to the excess, if any, of: (1) 10% of gross rentals collected by lessee under subleases of the property over (2) the amount of base rental otherwise payable by lessee for the same period excluding automotive use subleases when the sublease is an affiliate or subsidiary of lessee.
- G. The exact size of the proposed lease premises are subject to a final survey and upon completion of such survey and acceptance by the Director of Aviation, the annual rent, as provided in Sections 1, 2 & 3 herein, shall be adjusted accordingly.
- H. The lease will have a total capital commitment of \$20,000,000 to be expended within 60 months from the effective date of the lease. The lessee proposes to develop the site with an automobile dealership.
- I. Upon completion of construction, the lessee will retain ownership of the permanent improvements through the remainder of the lease term, which will be subject to ad valorem property taxes. At the expiration of the lease term, the City retains the right to require the lessee, at lessee's expense, to demolish the improvements or leave them in place.
- J. ~~The lessee shall also be granted a Right of First Refusal to lease the two-office buildings adjacent land currently leased to Signature Flight Support Corporation if/when the property becomes available to lease.~~

Section 5. The exact size of the proposed lease premises in the Aviation Lease and the Commercial Lease are subject to final surveys and upon completion of such surveys and acceptance by the Director of Aviation, the annual rents, as provided in Sections 1, 2 & 3 herein, shall be adjusted accordingly.

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Section 6. The City remains responsible for environmental clean-up and remediation of environmental contaminants, not caused by lessee, after the City's initial demolition of the structural improvements. If, during lessee's construction of new improvements on the leased premises, environmental contaminants requiring remediation are found on the site, which the City is responsible, the lessee may remediate the site to acceptable levels and the City shall reimburse lessee the cost of such remediation through rent abatements in an amount not to exceed one year's rent under both leases.

Section 7. That the Chief Financial Officer be and is hereby authorized to deposit all revenues received under the terms of the Aviation Lease and the Commercial Lease to: Aviation Operating Fund 0130; Dept. AVI; Unit 7722; Revenue Source 7814.

Section 8. 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.

APPROVED BY
CITY COUNCIL

SEP 09 2015

Lucas C. Davis
City Secretary