

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Aviation

AGENDA DATE: August 6, 2019

CONTACT PERSON NAME AND PHONE NUMBER: Monica Lombraña, (915) 212-7301

DISTRICT(S) AFFECTED: 2

CITY STRATEGIC GOAL 1: Create an Environment Conducive to Strong, Sustainable Economic Development.

SUBJECT:

This item is a Resolution to authorize the City Manager to sign a First Amendment to Air Cargo Building Lease Agreement (Lease Agreement) by and between the City of El Paso and Southwest Airlines Co. to add a third extension consisting of twelve months to the existing Lease Agreement for the property located at 6435 Convair Road, Space 1, El Paso, Texas.

BACKGROUND / DISCUSSION:

The Department of Aviation is requesting approval of this item to add one twelve-month option to the current Air Cargo Building Lease Agreement for Southwest Airlines. The addition of this extension will allow for continued cargo operations by Southwest Airlines. This extension will set a new termination date of August 31, 2020, which will run concurrently with the airline agreement. During this time, Department of Aviation management will be working with Southwest Airlines to negotiate and execute a new Air Cargo Building Lease Agreement.

Term: May 1, 2013 through August 31, 2019, which included two mutual options to extend the term by one year each, so exercised

Annual Rental Fees:

Office/Warehouse	8,100 SF x \$7.15 per SF per annum =	\$57,915.00
Vehicle Parking	4,050 SF x \$0.725 per SF per annum =	\$2,936.25
Ground Service Equipment Parking Apron	6,650 SF x \$0.725 per SF per annum =	\$4,821.25
Total Annual Rent		\$ 65,672.50

No rental adjustment is due at this time.

PRIOR COUNCIL ACTION:

4/23/2013 – Approval of Air Cargo Building Lease Agreement

AMOUNT AND SOURCE OF FUNDING:

N/A: This is a revenue-generating item.

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



Monica Lombraña, A.A.E.
Managing Director of Aviation and International Bridges

Information copy to appropriate Deputy City Manager

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign a First Amendment to Air Cargo Building Lease Agreement ("Lease Agreement") by and between the City of El Paso and Southwest Airline Co. to add a third extension consisting of twelve months to the existing Lease Agreement for the property located at 6435 Convair Road, Space 1, El Paso, Texas.

ADOPTED this ____ day of _____, 2019.

THE CITY OF EL PASO

Dee Margo
Mayor

ATTEST:

Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Josette Flores
Senior Assistant City Attorney

APPROVED AS TO CONTENT:



Monica Lombraña, A.A.E.
Managing Director of Aviation
and International Bridges

STATE OF TEXAS)
)
COUNTY OF EL PASO) **FIRST AMENDMENT TO
AIR CARGO BUILDING
LEASE AGREEMENT**

This First Amendment to the Air Cargo Building Lease Agreement ("**First Amendment**") is by and between the City of El Paso ("**Lessor**") and Southwest Airline Co. ("**Lessee**"), a Texas Corporation. For purposes of this First Amendment, all defined terms appear in boldface print when first defined.

WHEREAS, the Lessor and Lessee entered into an Air Cargo Building Lease Agreement ("**Agreement**"), with an Effective Date of May 1, 2013, for that certain property located at 6435 Convair Road, Space 1, El Paso, Texas ("**Leased Premises**"), as described in detail in the Agreement; and

WHEREAS, pursuant to Section 4.02 of the Agreement, the parties timely exercised both of their one-year renewal periods to extend the Agreement through August 31, 2019; and

WHEREAS, the parties are reviewing and negotiating a new Air Cargo Building Lease Agreement, and anticipate requiring a third one-year extension in order to fully negotiate the new agreement without having a lapse in the contractual relationship; and

WHEREAS, the parties agree to enter into this First Amendment to add a third one-year extension.

NOW, THEREFORE, the parties agree as follows:

Section 1. ARTICLE IV "TERM OF LEASEHOLD", Section 4.02 Mutual Option to Extend is amended in its entirety to read as follows:

In the event Lessee is not in default of any terms of this Agreement, Lessee and Lessor shall have a mutual option to extend this Agreement for three (3) additional terms of one (1) year each. Lessee may exercise the first and second option (hereinafter referred to as "Option Period") by notifying Lessor in writing of Lessee's election at least one hundred and twenty (120) days prior to the expiration of the Initial Term and the first Option Period, respectively. Lessor will then notify Lessee of Lessor's decision to extend or not extend this Agreement for the first or the second Option Period. In order for the option to be exercised, both Lessor and Lessee must agree to extend the Agreement. In the case of the third Option Period, the parties' signature on this First Amendment shall indicate their agreement to exercise the option, without the need for further notification by either party. In the event the election is so exercised, the Agreement shall be extended on the same terms and conditions, with no adjustment to annual rental for the third Option Period.

Section 2. Except as amended in this First Amendment, the terms of the Agreement between the Lessor and Lessee shall remain in full force and effect.

(City Signatures on the Following Page)

IN WITNESS WHEREOF, the Lessor and Lessee have executed this First Amendment as of the date it is signed by the Lessor.

CITY OF EL PASO:

Tomás González, City Manager

Date: _____

APPROVED AS TO FORM:



Josette Flores
Senior Assistant City Attorney

APPROVED AS TO CONTENT:



for Monica Lombraña, A.A.E.
Managing Director of Aviation
and International Bridges

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on the ____ day of _____, 2019, by Tomás González, as City Manager of the City of El Paso, Texas, on behalf of the City of El Paso, Texas.

Notary Public, State of _____

My Commission Expires:

(Lessee Signature Page Follows)

LESSEE(S):

By: _____

Its: _____

Stephen F. Sisneros

Managing Director-Airport Affairs

ACKNOWLEDGMENT

STATE OF Texas

§

COUNTY OF Dallas

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§

This instrument was acknowledged before me on the 16 day of July, 2019, by
Stephen F. Sisneros, Managing Director, Southwest Airlines Co., on behalf of said entity.
Airport Affairs

Hollye Gaman

Notary Public, State of Texas

My Commission Expires:

2/6/2023

