

# Memorandum



CITY OF DALLAS

DATE September 16, 2020

TO Honorable Members of the Government Performance and Financial Management Committee:  
Jennifer Staubach Gates (Chair), Cara Mendelsohn (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Lee Kleinman, Omar Narvaez, and Casey Thomas

SUBJECT **American Airlines Center – Short-Term FY21 Rent Payment Deferment**

In response to a request by the Center Operating Company L.P. (“COC”), staff is recommending a short-term deferment of an upcoming rent payment for the American Airlines Center (AAC). Staff is requesting Government Performance and Financial Management (GPFM) Committee feedback and approval before scheduling this deferment action for the City Council agenda on October 14, 2020.

The arena has been closed since March 2020 due to the COVID-19 pandemic. COC cites this economic impact and has requested that the contractual obligation for a \$3.4M annual rent payment be deferred until the third quarter of FY21, as well as consideration of rent abatement. Contractually, payment is due to the City of Dallas on or before October 1st annually, with default engaging after 30 days of non-payment followed by a 120-day cure period.

Staff recommends deferment of the rent payment in light of the impact of the on-going pandemic, the City’s exceptional partnership with COC and its sub-lessors, the Dallas Mavericks and the Dallas Stars, as well as the substantial capital improvement investments COC has made to the AAC. Staff will recommend a deferment of the rent payment to April 30, 2021, and then use the interim time to further consider their request for rent abatement. City Council approval is required for any amendment to the existing contract.

If you have questions, please contact me or you may contact Rosa Fleming, Director of Convention and Event Services at [rosa.fleming@dallascityhall.com](mailto:rosa.fleming@dallascityhall.com).

Joey Zapata  
Assistant City Manager

c: T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Biliera Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizzor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager	Jon Fortune, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services M. Elizabeth Reich, Chief Financial Officer Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors
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