

Memorandum



CITY OF DALLAS

DATE March 26, 2021

TO Honorable Members of the Government Performance and Financial Management Committee

SUBJECT Upcoming Agenda Item - April 14, 2021 - Authorization of the Second Letter
Amendment to the Lease Agreement between the City of Dallas and the Arena Group

On October 13, 2020, Convention and Event Services ("CES") requested City Council consideration to authorize a letter amendment to the Lease Agreement between the City of Dallas and the Arena Group, as requested by the Center Operating Company, L.P. ("COC"), for a one-time deferment of the October 1, 2020 rent payment for the American Airlines Center ("AAC"). City Council approved the request by Resolution No. 20-1519, deferring the October rent payment of \$3.4M to April 30, 2021.

The October 13th request assumed there would be greater recovery from the financial impacts of the pandemic during the first quarter of 2021. However, the economic impacts to both the tourism and sports/entertainment industries persisted, thus CES staff are requesting City Council's consideration of an extended deferment of the FY2021 rent payment to September 30, 2021, along with deferment of the October 1, 2021 payment of \$3.4M until April 30, 2022 to allow the COC and other AAC partners to financially recover and for the AAC to resume revenue-generating operations.

CES staff has conferred with the Office of Budget and Management Services, who have indicated support for this deferral. Additionally, CES requested COC provide consideration for the October 1, 2021 deferral. COC has agreed to provide the City of Dallas a total of ten one-time uses of the AAC, collateral parking garages, and/or Victory Plaza, to be used by the City over the next five years.

If you have any questions or require additional information, please contact me or Rosa Fleming, Director of CES.

A handwritten signature in blue ink, appearing to read 'Joey Zapata'.

Joey Zapata
Assistant City Manager

c: Honorable Mayor and Members of City Council
T.C Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors