

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



DEPARTMENT: Aviation

AGENDA DATE: 2/4/2025

PUBLIC HEARING DATE: N/A

CONTACT PERSON NAME: Tony Nevarez

PHONE NUMBER: 1-915 212-7301

DISTRICT(S) AFFECTED: 2

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

SUBGOAL: N/A

SUBJECT:

A Resolution that the City Manager, or designee, is authorized to sign a First Amendment to Airport Building Lease Agreement by and between the City of El Paso, Texas, a municipal corporation existing under the laws of the State of Texas (the "Lessor"), and Southwest Airlines Co., a Texas Company ("Lessee") to extend and adjust the rent in the lease.

BACKGROUND / DISCUSSION:

This amendment introduces two additional lease renewal options. The third renewal option will expire on August 31, 2029, and the fourth will extend the lease for an additional two years, expiring on August 31, 2031. The annual rent for the third option will be set at \$39,526.00 or \$3,293.83 per month.

Southwest Airlines has requested this amendment to synchronize the option and expiration dates of the Airport Building Lease with those of the Airline Operating Agreement to facilitate easier management.

The rental rate of the third renewal option is based on the cumulative increase in the Consumer Price Index; however, it cannot be more than a 20% increase from the previous rental rate.

COMMUNITY AND STAKEHOLDER OUTREACH:-

N/A

PRIOR COUNCIL ACTION:

December 13, 2022 - Initial Lease

AMOUNT AND SOURCE OF FUNDING:

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

REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:

N/A

NAME	AMOUNT (\$)

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

DEPARTMENT HEAD:


Juan Nevarez (Jan 15, 2025 11:14 MST)

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

RESOLUTION

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

That the City Manager, or designee, is authorized to sign a First Amendment to Airport Building Lease Agreement by and between the City of El Paso, Texas, a municipal corporation existing under the laws of the State of Texas (the "Lessor"), and Southwest Airlines Co., a Texas Company ("Lessee") to extend and adjust the rent in the lease.

Approved this _____ day of _____, 2025


CITY OF EL PASO

Renard U. Johnson,
Mayor

ATTEST:


Laura D. Prine
City Clerk

APPROVED AS TO FORM



Leslie Jean-Pierre
Assistant City Attorney

APPROVED AS TO CONTENT:



Juan Nevarez (Jan 15, 2025 11:14 MST)
Juan Antonio Nevarez, CM, ACE, IACE
Director of Aviation

STATE OF TEXAS)
)
)
COUNTY OF EL PASO)

**FIRST AMENDMENT TO
AIRPORT BUILDING LEASE
AGREEMENT**

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

WHEREAS, on December' 13th, 2022 the Lessor and Lessee entered into an Airport Building Lease Agreement ("**Lease**") for that certain property located at the El Paso International Airport at 6765 Convair Road, El Paso, Texas ("**Leased Premises**"), as described in detail in the Lease; and

WHEREAS, pursuant to Section 4.01 of the Lease, the City timely exercised its one-year renewal period to extend the Lease through December 12, 2024; and

WHEREAS, the parties wish to enter into this First Amendment to add two additional renewal periods and to include language regarding the readjustment of the rent.

NOW, THEREFORE, the parties agree as follows:

Section 1. ARTICLE IV "Term", Section 4.01 Term of the Lease is amended to add the following:

- A. The parties hereby agree and acknowledge that, so long as Lessee is not in default of any terms of this Agreement beyond any applicable notice and cure period. This lease shall extend for a third renewal option ("Third Option Period) until August 31, 2029.
- B. The parties hereby agree and acknowledge that, so long as Lessee is not in default of any terms of this Agreement beyond any applicable notice and cure period, the Lessee shall have the option to extend this lease for a fourth renewal option for two (2) years. Lessee may exercise the fourth renewal option ("Fourth Option Period") by notifying Lessor in writing not more than ninety (90) days before the expiration of the third option term.
- C. During any renewal period, the Lease shall be extended on the same terms and conditions, except as provided herein

Section 2. Article V "Rentals", Section 5.03 Reserved of the Lease is amended to include the following language:

Section 5.03 Readjustment of Rental.

The rent payable under this lease during the Term shall be adjusted as follows and such adjustments will be effective when the respective Option Period begins.

Third Option Period is as follows:

6765 Convair Rd	Sq. Ft.	Rate per Sq. Ft.	Annual
Warehouse Space	2,400	\$10.63	\$25,512.00
Ground Service Equipment Parking Apron	4,900	\$2.86	\$14,014.00
Total	7,300		\$39,526.00Y or \$3,293.83 monthly

Fourth Option Period:

Rental rates for the Fourth Option Period shall be those of the Third Option Period adjusted by the cumulative percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), issued by the Bureau of Labor Statistics of the United States Department of Labor, provided however that such cumulative percentage increase shall not exceed 20% and nor such any adjustment be permitted to reduce the rental rates from the Third Option Period.

Lessor and Lessee agree that the CPI-U percentage to be used will be for the prior twelve months ending closest to ninety (90) days before the Third Option Period ends.

Section 3. Except as amended in this First Amendment the terms of the Lease 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:

Dionne Mack, City Manager

Date:_____

APPROVED AS TO FORM:



Leslie Jean-Pierre
Assistant City Attorney

APPROVED AS TO CONTENT:



Juan Nevarez (Jan 15, 2025 11:14 MST)
Juan Antonio Nevarez, CM, ACE, LACE
Director of Aviation

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on the ___ day of _____, 2025, by Dionne Mack, 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):
Southwest Airlines Co.

By: [Signature]
Its: Stephen F. Sisneros
Vice President-Airport Affairs

ACKNOWLEDGMENT

STATE OF Texas §

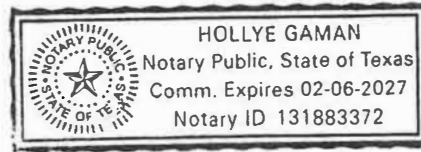
COUNTY OF Dallas §

This instrument was acknowledged before me on the 2 day of December, 2024, by Stephen F. Sisneros, Vice President - Airport Affairs, Southwest Airlines Co., on behalf of said entities.

Hollye Gamán
Notary Public, State of Texas

My Commission Expires:

02-06-2027



DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND DONATIONS FORM

In compliance with [Title 2, Chapter 2.92, Section 2.92.080](#)

Introduction:

Individuals or entities benefiting by a City Council Agenda item must disclose contributions or donations made to current members of Council under the City's Ethics Code. The information on this form is being captured for transparency purposes and will be noted on the relevant City Council Agenda. **Contributions and Donations do NOT disqualify an applicant from doing business with the City.**

Definitions:

- "Contribution" A direct or indirect transfer of money, goods, services, or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a transfer. The term includes a loan or extension of credit, other than those expressly excluded by the Texas Election Code, and a guarantee of a loan or extension of credit.
- "Contributor" A person making a contribution, including the contributor's spouse.
- "Donation" Cash and the value of any in-kind contributions or gifts to the council member for use by their office or in their district.
- "Donor" An individual and spouse, a business entity, or an individual who owns a business entity in whole or in part, or is operated by the individual, that is the subject of a council agenda item.
- "Benefiting" Shall include but not be limited to any contract, bid award, franchise, permit, zoning or rezoning, and other award that council will vote on.

Instructions: Please read and complete this form carefully. If you have made campaign contributions or donations to any current City Council member(s) totaling an aggregate of \$500 or more during their campaign(s) or term(s) of City office, you are required to disclose the information as specified below. If you have not made such contributions or donations past the limit specified in the ordinance, you are required to affirm your compliance with the municipal code. Please submit this completed form along with your application or proposal to the relevant city department. Failure to disclose campaign contributions or donations as required by the ordinance may result in a violation of the City's Ethics Code requirements, and sanctions under the Ethics Code 2.92.

Contributor / Donor Information:

Full Name	<u>Kenneth Dale Gregg</u>
Business Name	<u>Southwest Airlines, Co.</u>
Agenda Item Type	<u>First Amendment</u>
Relevant Department	<u>Department of Aviation</u>

Disclosure Affirmation: Please check the appropriate box below to indicate whether you have made campaign contributions or donations totaling an aggregate of \$500 or more to any City Council member(s) during their campaign(s) or term(s) of City office specified in Section 2.92.080 of the El Paso Municipal Code.

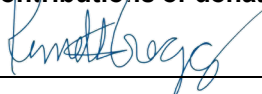
I have **NOT** made campaign contributions or donations totaling an aggregate of \$500 or more to any City Council member(s) during their campaign(s) or term(s) of City office, as specified in Section 2.92.080 of the El Paso Municipal Code.

OR

I have made campaign contributions or donations totaling an aggregate of \$500 or more to the following City Council member(s) during their campaign(s) or term(s) of City office:

OFFICE	CURRENT COUNCIL MEMBER NAME	AMOUNT (\$)
Mayor		
District 1		
District 2		
District 3		
District 4		
District 5		
District 6		
District 7		
District 8		

Declaration: I hereby affirm that the information provided in this disclosure form is true and accurate to the best of my knowledge. I understand that this disclosure is required by Title 2, Chapter 2.92 of the El Paso Municipal Code and is subject to verification by the city authorities. Further, **I understand that upon submission of this form, I must disclose any subsequent contributions or donations prior to the relevant council meeting date.**

Signature:  Date: December 6, 2024