

Mayor and Council Communication

DATE: 02/02/21

M&C FILE NUMBER: M&C 21-0088

LOG NAME: 17TERMINATIONOFALLIANCEAIRPORTAUTHORITY

SUBJECT

(ALL) Adopt a Resolution (1) Approving the Termination of the AllianceAirport Authority, Inc., (2) Authorizing City Staff to Prepare any and all Documents Necessary to Effect the Winding Up and Termination of the AllianceAirport Authority, Inc., and (3) Authorizing the Execution of All Documents Necessary to Effectuate the Winding Up and Termination of the AllianceAirport Authority Inc., Including, but not, Limited to, Transferring Title to All Funds and Property Owned by the AllianceAirport Authority, Inc. to the City of Fort Worth

RECOMMENDATION:

It is recommended that the City Council adopt the attached Resolution:

(1) Approving the termination of the AllianceAirport Authority, Inc.;

(2) Authorizing city staff to prepare any and all documents necessary to effect the winding up and termination of the AllianceAirport Authority, Inc.; and

(3) Authorizing the City Manager to execute any and all documents necessary to effectuate the winding up and termination of the AllianceAirport Authority, Inc., including, but not limited to, transferring title to all funds and property owned by the AllianceAirport Authority, Inc. to the City of Fort Worth.

DISCUSSION:

The purpose of this Mayor and Council Communication is to approve the termination of the AllianceAirport Authority, Inc. ("AAA").

On or about June 13, 1989, the City Council authorized and approved the creation of the AAA, which is an industrial development corporation organized under Section 501.001 et. seq. of the Texas Local Government (otherwise known as the Development Corporation Act) ("Act"). The AAA is authorized to act on behalf of the City for the specific public purpose of the promotion and development of new and expanded business enterprises intended to promote and encourage employment and public welfare.

The Board of Directors for the AAA ("Board") is currently comprised of nine members (Mayor and all City Council Members), who are each appointed for a two-year term that expires on July 1, 2021.

Section 501.402 of the Act allows the Board, with approval by written resolution of the City Council, to terminate the AAA's existence if the Board determines that: (1) the purpose(s) for which the AAA was formed have been substantially filled; and (2) all bonds issued by the AAA have been fully paid.

The main purpose of the AAA was to issue Special Facilities Revenue Refunding Bonds for the old American Airlines maintenance facility and a FedEx facility, as further detailed below:

- American Airlines (Series 2007)- \$350,000,000
- FedEx (Series 2006) - \$249,540,000

The bonds issued for the American Airlines maintenance facility were deemed fully satisfied, released, and discharged upon American Airlines' emergence from bankruptcy on December 9, 2013. The bonds issued for the FedEx facility were paid in full on 2016.

Therefore, the AAA has met the requirements of Section 501.402 of the Act, as it has substantially fulfilled the purpose for which it was formed (i.e., issuing bonds for the American Airlines maintenance facility and the FedEx facility) and all bonds have been fully satisfied.

The AAA currently owns mineral interests in Denton County and leases those minerals to Blackbear Operating, LLC and Devon Energy Production Company, LP through an Oil and Gas Lease ("Lease"). The funds collected by the AAA from the Lease have been used to pay annual existing obligations of the AAA, with any remaining amounts being transferred to the City pursuant to AAA Board action and Article 11 of the AAA Articles of Incorporation. A snap shot of the Board's other recent activity since 2015 is attached as an Exhibit to this M&C.

City staff will need to prepare, and the City Manager will need to execute, certain documents necessary to effectuate the winding up and termination of the AAA, including, but not limited to, transferring title to all funds and property owned by the AAA to the City. This includes the AAA's mineral interests, Lease, and any related funds collected by AAA from the same. Therefore, staff is recommending that City Council grant City staff and the City Manager authorization to prepare and execute any such documents to ensure a smooth and efficient termination.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

Submitted for City Manager's Office by: Jay Chapa 5804

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Expedited