



Post Office Box 9010 Addison, Texas 75001-9010 5300 Belt Line Road  
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**AGENDA**

**WORK SESSION OF THE CITY COUNCIL**

**6:00 P.M.**

**AND**

**REGULAR MEETING OF THE CITY COUNCIL**

**7:30 P.M.**

**NOVEMBER 25, 2008**

**TOWN HALL**

**5300 BELT LINE ROAD**

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**WORK SESSION**

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Item #WS1 - Discussion regarding Texas Municipal Retirement System.

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## REGULAR SESSION

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Pledge of Allegiance

Item #R1 - Consideration of Old Business.

Introduction of Employees

Discussion of Upcoming Events

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Item #R2 - Consent Agenda.

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#2a - Approval of the Minutes for:

November 11, 2008, Regular City Council Meeting

November 17, 2008, Special Meeting

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#2b - Approval of a supplemental agreement to the Engineering Services Agreement with Kimley-Horn and Associates, Inc., in an amount not to exceed \$20,000, for additional services on the Traffic Signal System Upgrade project.

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Item #R3 - Mrs. Tamara Whitman will speak to Council in reference to the Bond Election and her voting concerns.

Attachment:

1. E-mail from Mrs. Whitman
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Item #R4 - Discussion and consideration of approval of an Ordinance authorizing and allowing updated service credits in the Texas Municipal Retirement System for service performed by qualifying members of TMRS who are presently members, providing for increased prior and current service annuities for retirees and beneficiaries, and providing for other matters related thereto.

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Attachment:

1. Ordinance

Administrative Recommendation:

Administration recommends approval.

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Item #R5 - Presentation of and discussion regarding the Town of Addison marketing video.

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Item #R6 - Discussion and consideration of approval of an amendment to the Local Project Advance Funding Agreement between the Town of Addison and the State of Texas regarding a traffic signal system upgrade project.

Attachments:

1. Council Agenda Item Overview
2. Interlocal Agreement-Addison Amendment #1

Administrative Recommendation:

Administration recommends approval.

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Item #R7 - Discussion and consideration of a Discretionary Service Agreement with Oncor Electric Delivery Company LLC regarding Belt Line Road street lights and facilities.

Attachments:

1. Council Agenda Item Overview
2. Discretionary Service Agreement

Administrative Recommendation:

Administration recommends approval.

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Item #R8 - Discussion and consideration of approval of the City Manager's recommended incentive compensation to Washington Staubach Addison Airport Venture for 2008.

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Attachments:

1. Council Agenda Item Overview
2. Airport Incentive 2008
3. 2008 Incentive Compensation
4. Airport 3<sup>rd</sup> Amendment to Ops Agreement

Administrative Recommendation:

Administration recommends approval.

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Adjourn Meeting

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Posted:

November 21, 2008 at 5:00 P.M.

Mario Canizares - City Secretary

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS  
WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST  
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL  
REGULAR SESSION**

November 11, 2008  
7:30 P.M. – Town Hall  
5300 Belt Line Road  
Council Chambers

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Absent: None

Regular Session

Item #R1 - Consideration of Old Business.

The Mayor made a presentation of a Special Proclamation for Addison Veterans of the Armed Forces.

The following employees were introduced to the Council: Joe Castaldo with the Police Department, Ryan Haley with the Fire Department, Michelle Laurence with the Public Works Department and Joe McAnally with the Addison Airport.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:

October 28, 2008, Regular City Council Meeting  
November 1, 2008, Special Meeting and Work Session

The Minutes for November 1, 2008, Special Meeting and Work Session were approved as written.

The Minutes for October 28, 2008, Regular City Council Meeting, were approved with the following correction to Item #R7: Councilmember Niemann requested a correction to the wording. Change the sentence "Item passed" to read "Final motion carried."

Councilmember Niemann moved to duly approve Item #2a with the foregoing change.

Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

#2b - Approval of a Contract for Services with the non-profit: Communities in Schools - Dallas.

#2c - Approval of a Contract for Services with the non-profit: Senior Adult Services.

#2d - Approval of a Contract for Services with the non-profit: Metrocrest Social Services.

#2e - Approval of a Contract for Services with the non-profit: Metrocrest Family Medical Clinic.

#2f - Approval of a Contract for Services with the non-profit: Metrocrest Chamber of Commerce.

#2g - Approval of a Contract for Services with the non-profit: The Family Place.

#2h - Approval of a Contract for Services with the non-profit: Special Care and Career Services.

#2i - Approval of a Contract for Services with the non-profit: The Dance Council.

#2j - Approval of a Contract for Services with the non-profit: Richardson Symphony Orchestra.

#2k - Approval of a Contract for Services with the non-profit: WaterTower Theatre, Inc.

Councilmember Braun moved to duly approve the above listed Items #2b-#2k. Item #2l was pulled for clarification.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann  
Voting Nay: None  
Absent: None

#2l - Approval of an Agreement for Use of Addison Theatre Centre with WaterTower Theatre, Inc.

Councilmember Meier requested clarification on the rent schedule for Item #2l.

After clarification of rent schedule, Councilmember Kraft moved to duly approve Item #2l.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None  
Absent: None

Item #R3 - Discussion and consideration of approval to enter into a Professional Services Agreement with Freese & Nichols, Inc., in an amount not to exceed \$550,000.00, for engineering services of the proposed 1.5 Million Gallon Elevated Storage Tank.

Councilmember Kraft moved to approve a Professional Services Agreement with Freese & Nichols, Inc., in an amount not to exceed \$550,000.00, for engineering services of the proposed 1.5 Million Gallon Elevated Storage Tank.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Mayor Chow moved Items #R8 and #R9 to be heard before Item #R4.

Councilmember Niemann recused himself for Items #R8, #R9 and #R4, and left Council Chambers.

Item #R8 - **PUBLIC HEARING** Case 1563-Z/Town of Addison. Public hearing on and discussion and consideration of approval of an ordinance amending Article XIX, UC (Urban Center) District, Appendix A, Streetscape Cross-sections, in order to add two new streetscape cross sections, on application from the Town of Addison.

Mayor Chow opened the meeting as a public hearing.

The following resident spoke:

Charles Hansen, 5055 Addison Circle, #54

Mayor Chow closed the meeting as a public hearing.

Councilmember Braun moved to duly approve Ordinance 008-052, amending Article XIX, UC (Urban Center) District, Appendix A, Streetscape Cross-sections, in order to add two new streetscape cross sections, on application from the Town of Addison.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None  
Abstained: Niemann

Item #R9 - **PUBLIC HEARING** Case 1562-Z-1/Meridian Square. Public hearing on and discussion and consideration of approval of an ordinance approving a final development plan for 48 townhomes and approximately 90 condominium units, located in the UC (Urban Center) district, Residential Subdistrict, located on 3.98 acres at the southeast corner of Airport Parkway and Quorum Drive, on application from Addison Urban Development partners, LLC, represented by Mr. Matt Alexander of Dowdey, Anderson & Associates.

Mayor Chow opened the meeting as a public hearing.

The following resident spoke:

Charles Hansen, 5055 Addison Circle, #54

Mayor Chow closed the meeting as a public hearing.

Councilmember Braun moved to duly approve Ordinance 008-053, approving a final development plan for 48 townhomes and approximately 90 condominium units, located in the UC (Urban Center) district, Residential Subdistrict, located on 3.98 acres at the southeast corner of Airport Parkway and Quorum Drive, on application from Addison Urban Development partners, LLC, represented by Mr. Matt Alexander of Dowdey, Anderson & Associates, subject to the following conditions:

#### WAIVERS FOR DAVID WEEKLEY TOWNHOMES

Waiver of design standards in order to allow lot widths to be 16 feet as opposed to the 25 feet required by the ordinance

Waiver to design standards in order to allow depths of 45 feet as opposed to the 55 feet required by the ordinance.

Waiver to design standards in order to allow lot coverage of 100% of the lot as opposed to the 65% of the lot required by the ordinance

Waiver to design standards in order to allow a minimum three-foot setback against the Category C, (Residential) Streets (Calloway), as opposed to the five-foot setback required by the ordinance, and a waiver to design standards in order to allow a seven-foot setback against the Category D (Quorum, Spectrum, Airport Parkway) streets, as opposed to the ten-foot setback required by the ordinance.

Waiver to design standards in order to use hardi-plank siding as a siding material on an exterior façade.

Waiver to design standards in order to use composition shingles as a roofing material.



## WAIVERS FOR SAVANNAH HOMES CONDOMINIUMS

Waiver to the design standard for minimum width and minimum depth for a lot.

Waiver to design standards in order to allow a minimum seven-foot setback against a Category D street (Spectrum Drive), as opposed to the ten-foot setback required by the ordinance.

Waiver to design standards in order to allow for not less than 70 percent of the exterior cladding of all exterior walls fronting or visible from public streets (including above grade parking structures) be brick or stone construction.

### CONDITIONS FOR APPROVAL:

-David Weekley townhomes shall contain the following design elements:

- Divided light windows
- Shutters at the third floor windows
- Overhangs and gables
- Standing seam roof at the "tower" element
- Brick cladding on all sides of all chimneys
- Stone at base of buildings carried to second floor elevation
- Front yard enclosures are to be provided on buildings facing Quorum Drive, Spectrum Drive, and Calloway Drive
- Wrought iron with added "detail" shall be installed on balconies and front yard enclosures as shown on sketch provided and attached as part of the development plans
- Iron fencing shall be provided around third-floor roof "decks" and mechanical units. Wood fencing is prohibited"
- GAF "Grand Slate" composition shingles, with lifetime warranty, shall be used on all roofs.
- All roof vents, plumbing stacks, and mechanical vents shall be installed on the back side of the roof ridge line to the fullest extent possible.

-Units in Block C, units 9-16, (as shown on the approved final development plan) shall be constructed using noise mitigation methods so that outside noise levels, measured within the habitable space of the dwelling unit, do not exceed 45 DNL. A certified acoustical engineer shall approve the construction plans for units 9-16 to assure they will provide a 45 DNL noise level, and a certified acoustical engineer shall inspect the units, once they are constructed, and verify that the required noise level has been attained. The applicant shall bear all costs for hiring the certified acoustical engineer.

-The tree wells on all public streets be designed to match the Fairfield Development tree wells, which include a concrete curb edge separating the pavers from the planting bed.

-Where possible, plantings (shrubs or vines) shall be added in the alleys to soften the appearance from the streets.

-The dead-end alleys shall have appropriate signage.

-A 5-foot sidewalk easement shall be added along the Spectrum Drive frontage.

-Any encroachments into the public right-of-way shall comply with Chapter 32 of the 2006 IBC and must be approved by the Public Works Department.

-The townhomes shall comply with the requirements of the 2006 IRC. These homes are to be constructed on separate lots and the developer should be aware that Table R302.1 of the 2006 IRC limits openings and projections such as soffits and balconies in proximity to the property line. The Town does have an exception to this section if a unity agreement has been executed.

Fire hydrants shall be placed at 300-foot intervals along streets and fire lanes serving the property.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Voting Nay: None

Absent: None

Abstained: Niemann

Item #R4 - Discussion and consideration of approval of a request by SNK Realty Group at 15750 Spectrum Drive and 15800 Spectrum Drive, for an ordinance for a meritorious exception to Chapter 62, Signs, Sec. 62-285, Luminescent gaseous tubing.

Councilmember Hirsch moved to approve a request by SNK Realty Group at 15750 Spectrum Drive and 15800 Spectrum Drive, for Ordinance 008-050 for a meritorious exception to Chapter 62, Signs, Sec. 62-285, Luminescent gaseous tubing, for accent lighting on the Tollway (east) end of the building only, and for accent lighting shown on the buildings along the north and south sides of Spruill Avenue. No accent lighting shall be allowed on Spectrum Drive (except for lighting allowed by ordinance in attached signs). Should SNK Realty Group wish to submit another alternative for the Spectrum Drive frontage at a later date, the application fee would be waived.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Voting Nay: None  
Absent: None  
Abstaining: Niemann

Councilmember Niemann returned to Council Chambers.

Item #R5 - Discussion and consideration of approval of a request by Holiday Inn at 4355 Beltway Drive, for an ordinance for a meritorious exception to Chapter 62, Signs, Sec. 62-186, Monument signs.

Councilmember Braun moved to deny a request by Holiday Inn at 4355 Beltway Drive, for an ordinance for a meritorious exception to Chapter 62, Signs, Sec. 62-186, Monument signs.

Councilmember Kraft seconded. Motion to deny carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Item #R6 - Discussion and consideration of approval of a request by Holiday Inn at 4355 Beltway Drive, for an ordinance for a meritorious exception to Chapter 62, Signs, Sec 62-163, Area.

Councilmember Niemann moved to approve a request by Holiday Inn at 4355 Beltway Drive, for Ordinance 008-051 for a meritorious exception to Chapter 62, Signs, Sec 62-163, Area.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Item #R7 - FINAL PLAT/7920-3939 Belt Line Addition, Lot 1, Block A. Discussion and consideration of approval of a final plat for one lot of .93 acres, located at the northeast corner of Belt Line Road and Commercial Drive, on application from Mr. Sepehr Parnian.

Councilmember Niemann moved to approve a final plat for one lot of .93 acres, located at the northeast corner of Belt Line Road and Commercial Drive, on application from Mr. Sepehr Parnian.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Voting Nay: None  
Absent: None

Item #R10 - **PUBLIC HEARING** Case 1569-Z/Dallas Spine Hospital. Public hearing on and discussion and consideration of approval of an ordinance approving a Special Use Permit for a hospital in a Planned Development District, and approving development plans for a hospital in a Planned Development District, located on 11.6 acres at the southwest corner of Dallas Parkway and Excel Parkway, on application from Dallas Spine Hospital, represented by Mr. Michael Krach of Nueterra Real Estate Companies, LLC.

Mayor Chow opened the meeting as a public hearing.

The following residents spoke:

William James, 4095 Oberlin Way  
Neil Reznick, 15707 Spectrum  
Levi Davis, 15757 Addison Road

Mayor Chow closed the meeting as a public hearing.

Councilmember Niemann moved to approve Ordinance 008-054, approving a Special Use Permit for a hospital in a Planned Development District, and approving development plans for a hospital in a Planned Development District, located on 11.6 acres at the southwest corner of Dallas Parkway and Excel Parkway, on application from Dallas Spine Hospital, represented by Mr. Michael Krach of Nueterra Real Estate Companies, LLC.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Item #R11 - Discussion and consideration of approval of an Assignment and Construction Services Agreement between the Town of Addison and UDR, Inc., for and regarding the management of the construction of Vitruvian Park Public Infrastructure – Phase I (water and sanitary sewer) within that area of the Town known generally as Vitruvian Park, in the amount of \$29,593.36.

Councilmember Mellow moved to duly approve an Assignment and Construction Services Agreement between the Town of Addison and UDR, Inc., for and regarding the management of the construction of Vitruvian Park Public Infrastructure – Phase I (water and sanitary sewer) within that area of the Town known generally as Vitruvian Park, in the amount of \$29,593.36, subject to the approval of the City Attorney and the City Manager.

Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Item #R12 - Discussion and consideration of approval for the award of bid to BMW Motorcycles of North Dallas in the amount of \$43,029.34, for the purchase of two (2) 2009 BMW Police Motorcycles.

Councilmember Meier moved to duly approve the award of bid to BMW Motorcycles of North Dallas in the amount of \$43,029.34, for the purchase of two (2) 2009 BMW Police Motorcycles.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Item #R13 - Discussion and consideration of approval to enter into an agreement with The Margulies Communication Group to assist the Town with media communications in the amount of \$42,000.00.

Councilmember Niemann moved to approve an agreement with The Margulies Communication Group to assist the Town with media communications in the amount of \$42,000.00.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

Item #R14 - Discussion and consideration of approval of an Identity Theft Prevention Program in connection with the Town of Addison's utility services.

Councilmember Niemann moved to duly approve an Identity Theft Prevention Program in connection with the Town of Addison's utility services.

Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow and Niemann  
Voting Nay: None  
Absent: None

There being no further business before the Council, the meeting was adjourned.

\_\_\_\_\_  
Mayor-Joe Chow

Attest:

\_\_\_\_\_  
City Secretary-Mario Canizares

**OFFICIAL ACTIONS OF SPECIAL MEETING  
OF THE CITY COUNCIL**

November 17, 2008  
7:30 P.M.  
Council Chambers  
5300 Belt Line Road

Present: Councilmembers Braun, Hirsch, Meier, Mellow and Niemann

Absent: Mayor Chow and Councilmember Kraft

Item #S1 - Consideration and approval of an Ordinance canvassing the results of the Special Bond Election held on November 4, 2008.

Councilmember Niemann moved to duly approve Ordinance 008-055 canvassing the results of the Special Bond Election held on November 4, 2008.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Braun, Hirsch, Mallory, Mellow, Niemann

Voting Nay: None

Absent: Mayor Chow and Councilmember Kraft

There being no further business before the Council, the meeting was adjourned.

\_\_\_\_\_  
Mayor-Joe Chow

Attest:

\_\_\_\_\_  
City Secretary-Mario Canizares

## **Council Agenda Item: #2b**

### **SUMMARY:**

This item is for the approval of a supplemental agreement to the Engineering Services Agreement with Kimley-Horn and Associates, Inc., in an amount not to exceed \$20,000, for additional services on the Traffic Signal System Upgrade project.

### **FINANCIAL IMPACT:**

Current Design/Inspection Contract Amount:	\$ 217,534.54
Additional System Integration Cost:	\$ 20,000.00
Source of Funds:	un-allocated street bond funds
Project Manager	Nancy Straub Cline, P.E.

### **BACKGROUND:**

The Traffic Signal Upgrade Project will upgrade the Town's controllers so that all 35 will have current technology once the project is complete. The plans and specifications for the project are complete and currently being reviewed by TxDOT in Austin. Town staff is responsible for purchasing the traffic controllers, cabinets, communication system, video detection, laptops and servers along with other miscellaneous equipment according to TxDOT's procedures. In the next month, TxDOT is expected to authorize the Town of Addison to begin procurement of the numerous items that will be needed in the construction of the Traffic Signal Upgrade Project. The Town is receiving federal funding from NCTCOG through TxDOT for this project. Staff is responsible for procuring the items and advertising and awarding the construction project separately to a contractor with the lowest qualified bid.

Staff requested that Kimley-Horn and Associates provide a proposal to assist in the technology procurement and review of submittals for the signal equipment and also with questions and solutions during installation by the contractor. The scope of the project is new and unique to Public Works staff, therefore we have requested this help to ensure a smooth implementation of the signal system. Kimley-Horn and Associates has performed similar work for numerous other communities. They have submitted a contract amendment request for a contract amount not to exceed \$20,000 to assist the Town of Addison staff in procuring the items necessary for the Traffic Signal Upgrade Project.

### **RECOMMENDATION:**

Staff recommends that Council authorize the City Manager to enter into a supplemental agreement to the Engineering Services Agreement with Kimley-Horn and Associates, Inc., in the amount not to exceed \$20,000.00, for additional design assistance on the Traffic Signal Upgrade Project.



Sue Ellen Fairley

From: Mario Canizares  
Sent: Friday, November 14, 2008 10:51 AM  
To: Sue Ellen Fairley  
Subject: FW: Town Hall Meeting & Voting

*Open Records*  
*Tamara Whitman*  
#R3

SEF,

This is an open records request. I should be getting the video from Hamid. Mario

-----Original Message-----

From: Tamara Whitman [mailto:tswhitman@yahoo.com]  
Sent: Wednesday, November 12, 2008 9:25 AM  
To: Mario Canizares  
Subject: Town Hall Meeting & Voting

Dear Mayor : 11-25-2008 Regular Meeting of the City Council. I want to address Bond & Voting problems . Below is History of my Family. Ray Whitman was my Father in Law who co - founded Bell Aircraft- Bell Helicopter.

Nov 4 ,2008 . At 9.30 am I will need video fotage of voting at Addison Fire dept next to Addison Athletic center. As I approached their was 10-12 people that were opposed to Bond . They had a large yellow truck ,and were approaching voters with their flyers. I was very intimidated by there large group as they glared at me as I walked by with very hateful looks and made nasty comments under there breath as I walked by.

I haved lived in Addison 7 yrs and moved into my home when I was single beliving Addison was a safe place. I am vey troubled by this event.

I strongly support Aviation and Museums . I believe that is why I was targeted.

I along with my Husband want to address Bond & Voting problems.

Sincerly Tamara Whitman. Ps my husband who lives in Florida has been very troubled by this and has been forced to protect me and my 4yr old instead of dealing with his Business because of these events.

Bell Aircraft

Larry Bell: Aviation's  
Ray Whitman

Courtesy Niagara Aerospace Museum

A combination of Larry Bell's love and enthusiasm for flying, along with his ability to convince others that his ideas would work, made Bell Aircraft Corporation a respected name in aviation.

High in the main gallery of the National Air and Space Museum in Washington, D.C., near the Spirit of St. Louis and the Wright Flyer, hangs the Bell X-1. The stubby-winged, orange and white, bullet-shaped machine—with Colonel Chuck Yeager as pilot—was the first airplane to shatter the sound barrier.

Tom Wolfe's book, "The Right Stuff," and the movie based on it, helped make the X-1 one of the world's most famous airplanes. The opposite is true of the man who built the X-1. This is unfortunate, because Lawrence Bell, relatively unknown outside aviation, was one of that industry's most accomplished salesmen.

Bell Aircraft was officially founded on July 10, 1935. ("Whitman") wanted a more general name, but Bell insisted that since the early days of aviation, the owner's name out front

was the best way to sell airplanes. However, in later years he would change his mind.

Smithsonian Photo #2005-24516 Milestone:

First aircraft to travel faster than the speed of sound.

Date of Milestone:

October 14, 1947

Aircraft:

Bell X-1 "Glamorous Glennis"

Pilot:

Capt. Charles E. "Chuck" Yeager, USAF

Aircraft Location:

Smithsonian Institution, National Air and Space Museum, Milestones of Flight Gallery

On October 14, 1947, the Bell X-1 became the first airplane to fly faster than the speed of sound. Piloted by U.S. Air Force Capt. Charles E. "Chuck" Yeager, the X-1 reached a speed of 1,127 kilometers (700 miles) per hour, Mach 1.06, at an altitude of 13,000 meters (43,000 feet). Yeager named the airplane "Glamorous Glennis" in tribute to his wife.

Air-launched at an altitude of 7,000 meters (23,000 feet) from the bomb bay of a Boeing B-29, the X-1 used its rocket engine to climb to its test altitude. It flew a total of 78 times, and on March 26, 1948, with Yeager at the controls, it attained a speed of 1,540 kilometers (957 miles) per hour, Mach 1.45, at an altitude of 21,900 meters (71,900 feet). This was the highest velocity and altitude reached by a manned airplane up to that time. Transferred from the U.S. Air Force to the National Air and Space Museum.

Design Features:

Many important structural and aerodynamic advances were first employed in the Bell X-1, including extremely thin yet exceptionally strong wing sections and a horizontal stabilizer that could be adjusted up and down to improve control, especially at transonic (near the speed of sound) speeds. Because of the stabilizer's success, later transonic military aircraft were designed with all moving horizontal stabilizers as standard equipment.

The X-1's fuselage was shaped like a .50 caliber bullet. Even the windscreen was specially flaired to retain the bullet shape. The X-1 carried more than 230 kilograms (500 pounds) of flight test instruments.

Wingspan: 8.5 m (28 ft)

Length: 9.4 m (30 ft 11 in)

Height: 3.3 m (10 ft 10 in)

Weight, gross: 5,557 kg (12,250 lb)

Engine: Reaction Motors, Inc., XLR-11-RM-3 (model A6000C4) 4-chamber rocket engine, rated at 26,500 newtons (6,000 lb) static thrust

Manufacturer: Bell Aircraft Co., Buffalo, N.Y., 1946

TOWN OF ADDISON, TEXAS

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AUTHORIZING AND ALLOWING, UNDER THE ACT GOVERNING THE TEXAS MUNICIPAL RETIREMENT SYSTEM, "UPDATED SERVICE CREDITS" IN SAID SYSTEM FOR SERVICE PERFORMED BY QUALIFYING MEMBERS OF SUCH SYSTEM WHO PRESENTLY ARE MEMBERS OF THE TOWN OF ADDISON; PROVIDING FOR INCREASED PRIOR AND CURRENT SERVICE ANNUITIES FOR RETIREES AND BENEFICIARIES OF DECEASED RETIREES OF THE CITY; AND ESTABLISHING AN EFFECTIVE DATE FOR SUCH ACTIONS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

**Section 1. Authorization of Updated Service Credits.**

(a) On the terms and conditions set out in Sections 853.401 through 853.403 of Subtitle G of Title 8, Texas Government Code, as amended (hereinafter referred to as the "TMRS Act"), each member of the Texas Municipal Retirement System (hereinafter referred to as the "System") who has current service credit or prior service credit in the System in force and effect on the 1st day of January of the calendar year preceding such allowance, by reason of service in the employment of the Town of Addison, Texas (the "City"), and on such date had at least 36 months of credited service with the System, shall be and is hereby allowed "Updated Service Credit" (as that term is defined in subsection (d) of Section 853.402 of said title) in an amount that is 75% of the "base Updated Service Credit" of the member (calculated as provided in subsection (c) of Section 853.402 of said title). The Updated Service Credit hereby allowed shall replace any Updated Service Credit, prior service credit, special prior service credit, or antecedent service credit previously authorized for part of the same service.

(b) In accordance with the provisions of subsection (d) of Section 853.401 of said title, the deposits required to be made to the System by employees of the several participating departments on account of current service shall be calculated from and after the date aforesaid on the full amount of such person's earnings as an employee of the City.

**Section 2. Increase in Retirement Annuities.**

(a) On terms and conditions set out in Section 854.203 of Subtitle G of Title 8, Government Code, as amended, the City hereby elects to allow and to provide for payment of the increases below stated in monthly benefits payable by the System to retired employees and to beneficiaries of deceased employees of the City under current service annuities and prior service annuities arising from service by such employees to this City. An annuity increased under this Section replaces any annuity or increased annuity previously granted to the same person.

(b) The amount of the annuity increase under this Section is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based, multiplied by 50% of the percentage change in Consumer Price Index for All Urban Consumers, from December of the year immediately

preceding the effective date of the person's retirement to the December that is 13 months before the effective date of this Section.

(c) An increase in an annuity that was reduced because of an option selection is reducible in the same proportion and in the same manner that the original annuity was reduced.

(d) If a computation hereunder does not result in an increase in the amount of an annuity, the amount of the annuity will not be changed hereby.

(e) The amount by which an increase under this Section exceeds all previously granted increases to an annuitant is an obligation of this City and of its account in the municipality accumulation fund of the System.

Section 3. **Dates of Allowances and Increases.** The initial allowance of Updated Service Credit and increase in retirement annuities hereunder shall be effective on **January 1, 2009**, subject to approval by the Board of Trustees of the System. An allowance of Updated Service Credits and an increase in retirement annuities shall be made hereunder on January 1 of each subsequent year until this ordinance ceases to be in effect under subsection (e) of Section 853.404 of the TMRS Act, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in subsection (d) of Section 853.404 of the TMRS Act.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

By: \_\_\_\_\_  
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
John Hill, City Attorney

**ITEM #R5**

There are no Attachments for this Item.

## **Council Agenda Item: #R6**

### **SUMMARY:**

This item is for the approval of Amendment No. 1 to the Local Project Advance Funding Agreement with the State of Texas, acting through the Texas Department of Transportation in order to add four intersections, increase funds and change the scope of work for the Traffic Signal System Upgrade project (CSJ#918-45-667).

### **FINANCIAL IMPACT:**

There is no financial impact to the Town.

Project Manager:

Nancy Straub Cline, P.E.

### **BACKGROUND:**

The Traffic Signal Upgrade Project was originally designed to include 30 intersections in the project. The project is being amended to include four additional signalized intersections which now have been approved as warranted signals. The Town's controllers will all have current technology per the contract once the project is complete.

The design of the Traffic Signal Upgrade Project is completed and awaiting final approval from TxDOT. The Town is receiving federal funding from NCTCOG through TxDOT for this project. TxDOT will review the plans and the Town will advertise and award the construction portion of the project. The Town is also responsible for procuring the controllers, cabinets, and communication system for the project.

The attached revised agreement also increases the funds for the project to include \$381,223 in Regional Toll Revenue (RTR) funds. There is \$56,910 allocated in the RTR funds for the purchase of LED lights.

### **RECOMMENDATION:**

Staff recommends that Council authorize the City Manager to execute Amendment No. 1 to the Local Project Advance Funding Agreement with the State of Texas, acting through the Texas Department of Transportation in order to add four intersections, increase funds and revise the scope of work for the Traffic Signal Upgrade Project (CSJ #918-45-667).

STATE OF TEXAS §  
COUNTY OF TRAVIS §

**#R6**

**AMENDMENT #01  
LOCAL PROJECT ADVANCE FUNDING AGREEMENT  
FOR A NATIONAL HIGHWAY SYSTEM PROJECT**

**THIS AMENDMENT IS MADE BY AND BETWEEN** the State of Texas, acting through the Texas Department of Transportation, hereinafter called the State, and the Town of Addison, hereinafter called the Local Government.

**WITNESSETH**

**WHEREAS**, the State and the Local Government executed a contract on September 29, 2003 to effectuate their agreement to furnish and install traffic signals; and,

**WHEREAS**, it has become necessary to amend that contract;

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, the State and the Local Government do agree as follows:

**A G R E E M E N T**

**Article 1. Description of Amended Items**

Attachment "D" is revised to add 4 off system intersections to the contract. A Revised Attachment "D" is attached hereto. Attachment "B" and Attachment "E" are revised to increase the funds for the contract. A Revised Attachment "B" and a Revised Attachment "E" are attached hereto. Scope of work has been amended to remove signal timing from the contract and to add LED signal lamp replacement.

All other provisions of the original contract are unchanged and remain in full force and effect.

**Article 2. Signatory Warranty**

The signatories to this amendment warrant that each has the authority to enter into this agreement on behalf of the organization they represent.

**IN WITNESS WHEREOF, THE STATE AND THE LOCAL GOVERNMENT** have executed duplicate counterparts to effectuate this agreement.

**THE LOCAL GOVERNMENT**

**Town of Addison**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**THE STATE OF TEXAS**

Executed for the Executive Director and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By: \_\_\_\_\_  
Janice Mullenix  
Director of Contract Services  
Texas Department of Transportation

\_\_\_\_\_  
Date

## REVISED ATTACHMENT B

### PROJECT BUDGET ESTIMATE AND SOURCE OF FUNDS

Description	Total Estimate Cost	Federal Participation	State Participation	Local Participation
<b>OFF SYSTEM</b>				
Engineering				
Construction				
Contingency				
<b>OFF SYSTEM SUB TOTALS</b>	\$1,387,255	\$460,567	●\$381,223	\$545,465
State's direct costs for review and processing	\$6,140	\$4,605		■ \$1,535
<b>PROJECT TOTALS</b>	<b>\$1,393,395</b>	<b>\$465,172</b>	<b>\$381,223</b>	<b>\$547,000</b>
<i>Payment due prior to notice to proceed</i>				■ \$1,535
<i>State reimbursements to Local Government for the project</i>		\$841,790		

- Payment received based on original contract.
- DFW RTR Funds



## REVISED ATTACHMENT D

### “Off State Highway System Intersections”

- 1) Beltline at Marsh
- 2) Beltline at Business
- 3) Beltline at Commercial
- 4) Beltline at Surveyor
- 5) Beltline at Runyon
- 6) Beltline at Midway
- 7) Beltline at Beltway
- 8) Beltline at Addison
- 9) Beltline at Quorum
- 10) Beltline at Spring Valley
- 11) Midway at Hornet
- 12) Midway at Proton
- 13) Midway at Lindberg
- 14) Midway at Dooley
- 15) Addison at Arapaho
- 16) Addison at Lindberg
- 17) Addison at Airport
- 18) Addison at Keller Springs
- 19) Addison at Westgrove
- 20) Addison at Sojourn
- 21) Quorum at Westgrove
- 22) Quorum at Keller Springs
- 23) Quorum at Airport
- 24) Quorum at Arapaho
- 25) Quorum at Edwin Lewis
- 26) Marsh at Realty (Arapaho)
- 27) Spring Valley at Greenhill
- 28) Arapaho at Edwin Lewis
- 29) Westgrove at Sojourn
- 30) Landmark Place at Landmark
- 31) Arapaho at Spectrum ♦
- 32) Arapaho at Surveyor ♦
- 33) Inwood at Landmark Place ♦
- 34) Marsh at Target Driveway (South of Beltline) ♦

Added Intersections ♦

**Council Agenda Item: #R7**

**SUMMARY:**

This item is for consideration and approval of a Discretionary Service Agreement between the Town of Addison and Oncor to place new street light facilities in the Belt Line Road median between Marsh Lane and Dallas North Tollway and return the existing street light standards and luminaries to Oncor.

**FINANCIAL IMPACT:**

Removal of street light controllers and adjustment of facilities for metering \$2,788.00

The Belt Line redevelopment project was approved as part of the 2000 Bond program and there are adequate funds available to cover the funding request.

By acquiring the maintenance of street lights along Belt Line Road, the Town will be paying Oncor approximately \$600 less per month. However, should there be any damage to poles the Town will be responsible for their replacement. The cost to replace standards will be approximately \$3000 - \$4000 per pole damaged.

Project Manager:

Lea Dunn

**BACKGROUND:**

The Belt Line Road Improvement project includes new street lights in the plan. Staff planned to install two test street light fixtures in the median in front of Capitol One on Belt Line Road and had previously received approval from Council of a Discretionary Service Agreement that coordinated with Oncor to purchase the existing median lights and take over their maintenance. Legal issues regarding liability prevented the execution of the previously proposed agreement. Oncor has recommended another approach where Oncor will continue providing maintenance to the existing appurtenances and as the town installs new fixtures, the existing street light standards and luminaries will be returned to Oncor's yard in Farmers Branch and the rate schedule will be revised at that time. This will allow the town to install more unique fixtures and place poles on our schedule. The Town is charged a monthly tariff rate for the lights if Oncor maintains them. As the Town constructs the new lights, all maintenance and replacement costs will be the Town's responsibility. Staff currently is responsible for the maintenance of lights on Arapaho Road, Addison Road, Spectrum Road and the Addison Circle area.

**RECOMMENDATION:**

Staff recommends approval authorizing the City Manager to execute an agreement with Oncor for the removal of street light controllers and adjustment of facilities for metering assumption of maintenance responsibilities for future Belt Line Road street lights in the amount not to exceed \$2,800.00.

**Tariff for Retail Delivery Service  
Oncor Electric Delivery LLC**

**6.3 Agreements and Forms**

Applicable: Entire Certified Service Area  
Effective Date: January 1, 2002

Page 1 of 2  
Revision: Original

**6.3.4 Discretionary Service Agreement**

**#R7**

This Discretionary Service Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by **Oncor Electric Delivery Company LLC** ("Oncor Electric Delivery" or "Company"), a Delaware limited liability company, under the Delaware Limited Liability Company Act, and a distribution utility, and **The Town of Addison** ("Customer"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

**1. Discretionary Services to be Provided** -- Company agrees to provide, and Customer agrees to pay for the following discretionary services in accordance with this Agreement:

As requested by Customer, Oncor Electric Delivery street light facilities along Beltline Road from Marsh Lane to the Dallas North Toll Road will be removed. Customer will provide the labor associated with the removal of the street light facilities up to the street light risers. This includes transporting the removed street light standards and luminaries to the Oncor Farmers Branch Service Center. Oncor Electric Delivery will be responsible for the removal of risers and street light controllers, with the estimated cost of \$2,788.00 to be billed to the Customer. Work to be performed on WR 2929373.

For street light billing purposes, these street lights will be removed from their respective Schedule A or Schedule B on a future agreed date during the removal of these facilities.

**2. Nature of Service and Company's Retail Delivery Service Tariff** -- Any discretionary services covered by this Agreement will be provided by Company, and accepted by Customer, in accordance with applicable Public Utility Commission of Texas ("PUCT") Substantive Rules and Company's Tariff for Retail Delivery Service (including the Service Regulations contained therein), as it may from time to time be fixed and approved by the PUCT ("Company's Retail Delivery Tariff"). During the term of this Agreement, Company is entitled to discontinue service, interrupt service, or refuse service initiation requests under this Agreement in accordance with applicable PUCT Substantive Rules and Company's Retail Delivery Tariff. Company's Retail Delivery Tariff is part of this Agreement to the same extent as if fully set out herein. Unless otherwise expressly stated in this Agreement, the terms used herein have the meanings ascribed thereto in Company's Retail Delivery Tariff.

**3. Discretionary Service Charges** -- Charges for any discretionary services covered by this Agreement are determined in accordance with Company's Retail Delivery Tariff. Company and Customer agree to comply with PUCT or court orders concerning discretionary service charges.

**4. Term and Termination** -- This Agreement becomes effective upon acceptance by both the Company and the Customer and continues in effect until all associated work by Oncor Electric Delivery LLC is complete and reimbursements are secured, with no allowances for betterment. Termination of this Agreement does not relieve Company or Customer of any obligation accrued or accruing prior to termination.

**5. No Other Obligations** -- This Agreement does not obligate Company to provide, or entitle Customer to receive, any service not expressly provided for herein. Customer is responsible for making the arrangements necessary for it to receive any further services that it may desire from Company or any third party.

**6. Governing Law and Regulatory Authority** -- This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof. This Agreement is subject to all valid, applicable federal, state, and local laws, ordinances, and rules and regulations of duly constituted regulatory authorities having jurisdiction.

**7. Amendment** -- This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties. But changes to applicable PUCT Substantive Rules and Company's Retail Delivery Tariff are applicable to this Agreement upon their effective date and do not require an amendment of this Agreement.

**8. Entirety of Agreement and Prior Agreements Superseded** -- This Agreement, including all attached Exhibits, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the service(s) expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

**9. Notices** -- Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to Company:

Oncor Electric Delivery LLC  
**Attn: Mr. Larry K. Baldwin**  
Physical Address:  
115 W. 7<sup>th</sup> Street, Suite 625  
Fort Worth, TX 76102

U. S. Mail Address:  
P. O. Box 970, Suite 625  
Fort Worth, TX 76101-0970

**Tariff for Retail Delivery Service  
Oncor Electric Delivery LLC**

**6.3 Agreements and Forms**

Applicable: Entire Certified Service Area  
Effective Date: January 1, 2002

Page 2 of 2  
010407 Revision: Original

(b) If to Customer:

Town of Addison  
**Attn: Mrs. Nancy Straub Cline, P. E.**  
P. O. Box 9010  
16801 Westgrove Drive  
Addison, TX 75001-9010

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other.

10. **Invoicing and Payment** – Invoices for any discretionary services covered by this Agreement will be mailed by Company to the following address (or such other address directed in writing by Customer), unless Customer is capable of receiving electronic invoicing from Company, in which case Company is entitled to transmit electronic invoices to Customer.

Town of Addison  
**Attn: Mrs. Nancy Straub Cline, P. E.**  
P. O. Box 9010  
16801 Westgrove Drive  
Addison, TX 75001-9010

If Company transmits electronic invoices to Customer, Customer must make payment to Company by electronic funds transfer. Electronic invoicing and payment by electronic funds transfer will be conducted in accordance with Company's standard procedures. Company must receive payment by the due date specified on the invoice. If payment is not received by the Company by the due date shown on the invoice, a late fee will be calculated and added to the unpaid balance until the entire invoice is paid. The late fee will be 5% of the unpaid balance per invoice period.

11. **No Waiver** -- The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

12. **Taxes** -- All present or future federal, state, municipal, or other lawful taxes (other than federal income taxes) applicable by reason of any service performed by Company, or any compensation paid to Company, hereunder must be paid by Customer.

13. **Headings** -- The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

14. **Multiple Counterparts** -- This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

15. **Other Terms and Conditions** – Customer will be invoiced for the said estimated charges upon completion of project. The Customer agrees that payment shall be made within **60 days** of the date the project is completed or the date the invoice is received, whichever is later. Customer will be required to use an Oncor Electric Delivery approved contractor to remove and return the street lighting facilities.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be sign by their respective duly authorized representatives.

ONCOR ELECTRIC DELIVERY COMPANY LLC

TOWN OF ADDISON

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Larry K. Baldwin

Name: \_\_\_\_\_

Title: Project Manager

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **Council Agenda Item: #R8**

### **SUMMARY:**

Consideration and approval of the City Managers recommended incentive compensation to Washington Staubach Addison Airport Venture for 2008 in the amount of \$50,000.

### **FINANCIAL IMPACT:**

Cost: \$50,000

Funds are available in the Airport Fund.

### **BACKGROUND:**

In accordance with the Third Amendment and Exhibit 3 of the Operating Agreement between the Town of Addison and Washington Staubach Addison Airport Venture, WSAAV has the ability to earn incentive compensation each year of the agreement for performance that exceeds the Town's expectations. There are two components of the incentive compensation; financial incentive and management incentive. The finance incentive portion includes certain financial performance based incentives, including an incentive based on the annual growth in Gross Revenue and an incentive based on revenue from through the fence operations.

The management incentive is based upon certain non-financial performance incentives, and may be awarded to the Operator based upon the Town's assessment of the Operator's performance and achievements during the applicable contract year. To aide the Town in its assessment of the Operator's performance and achievements, the Operator submitted to the Town an annual management report which is intended to be limited in scope but sufficient enough to summarize the Operator's accomplishments and performance over the applicable contract year.

### **RECOMMENDATION:**

Staff met on several occasions to consider our evaluation and is in concurrence with the following recommendation of \$50,000 management incentive. The Operator did not earn a financial incentive as there was no increase in gross revenue. Staff recommends a total of \$50,000 for WSAAV incentive compensation for 2008.

### **Attachments:**

- Mark Acevedo – Recommendation Memorandum
- 2008 Annual Report – Addison Airport
- Joel Jenkinson – WSAAV Financial Incentive Memorandum
- Third Amendment to the Operating Agreement
- “Exhibit 3” from Operating Agreement

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**INTEROFFICE MEMO**

**#R8**

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**DATE:** 11/12/08  
**TO:** RON WHITEHEAD, CITY MANAGER  
**CC:** CHRIS TERRY, ASSISTANT CITY MANAGER  
RANDY MORAVEC, CHIEF FINANCIAL OFFICER  
**FROM:** MARK ACEVEDO, DIRECTOR OF GENERAL SERVICES  
**RE:** WASHINGTON STAUBACH INCENTIVE COMPENSATION  
RECOMMENDATION

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**BACKGROUND:**

In accordance with the Operating Agreement between the Town of Addison and Washington Staubach Addison Airport Venture, WSAAV has the ability to earn incentive compensation each year of the agreement for performance that exceeds the Town's expectations. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the annual increase in Airport Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase and b) Other Financial Incentives. As airport revenue increases, the percentage for incentive amounts increase as well. Likewise, any decrease in revenue will result in a lesser percentage for incentive. Per the Exhibit 3 of the Operating agreement, if gross revenue is 3.5% or greater than the previous year, the Operator will earn a financial incentive. Gross revenue was 0.00% greater in 2008 therefore; the Operator has not earned a financial incentive in either category a) Gross Revenue Increase or in category b) Other Financial Incentives. For the management incentive, town staff met on several occasions to consider our evaluation and is in concurrence with recommending **\$50,000** for the management portion of the incentive program for a total of **\$50,000**. In 2007 WSAAV did not earn a financial incentive in either category. They were awarded \$65,000 for the management incentive, for a total incentive compensation of \$65,000.

In making this recommendation, staff utilized the methodology as identified in "Exhibit 3" of the operating agreement. This methodology of incentive compensation as outlined in the Third Amendment to the Operating Agreement is comprised of two components; the finance incentive and the management incentive. The Finance Incentive portion includes certain financial performance based measures, including an incentive based on the annual growth in Gross Revenue and an incentive based on revenue from through the fence operations. The Management Incentive portion is based upon certain non-financial performance incentives, and may be awarded to the Operator based upon the Town's assessment of the Operator's performance and achievements during the applicable contract year. To aide the Town in its assessment of the Operator's performance and achievements, the Operator submitted to the Town an annual management report which is intended to be limited in scope but sufficient enough to summarize the Operator's accomplishments and performance over the applicable contract year. Staff also met with WSAAV to share our assessment of their performance and discuss operational activities for the operating team to focus their attention on in the coming year.

Staff's philosophical approach to this performance incentive process was two-fold. One, we attempted to recognize work or accomplishments that went beyond expectations. Merely performing at expected levels does not merit a bonus; rather, the accomplishment should exceed the normal expected performance both in task and in quality. In fact, "Exhibit 3" of the operating contract states:

*"While the City expects a high level of performance from the Operator, the provision of increasingly challenging levels of performance with commensurate financial rewards is intended to stimulate the Operator to higher levels of excellence for the Airport and the City."*

Second, this process should identify for the operating team those areas of concern that need additional attention in the coming year. Identifying areas for improvement is an important means to providing adequate feedback for future performance and rewarding exceptional future performance.

The recommended monetary amounts are identified with each category in this memorandum.

### **RECOMMENDATIONS:**

<b><u>Financial Incentive</u></b>	<b><u>Earned Amount \$ -0-</u></b>
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The amount for this category is commensurate with the financial performance of the Airport based on the annual increase in Airport Gross Revenue (Category A) and or Other Financial Incentives (Category B). During fiscal year 2008, expected increases in collected revenue were adversely impacted due to extraordinary circumstances as outlined in the attached memorandum from Joel Jenkinson, Airport Director, dated November 10, 2008. Therefore, WSAAV did not earn a financial incentive bonus for 2008.

<b><u>Management Incentive</u></b>	<b><u>Recommended Amount \$50,000</u></b>
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The recommended amount for this category relates to the Operators performance in the areas outlined below from the Annual Report and staff's own assessment. *These are areas which staff has determined to have been accomplished with a higher degree of quality and at a level that exceeds the routine daily expectations of managing an airport facility.*

- **Operations & Maintenance – (Old Fuel Farm Removal)** The Operator was instrumental in working with TCEQ (Texas Commission on Environmental Quality) to grant the Town the maximum allowable time in which to remove the non-compliant tanks before significant fines could be imposed. They worked diligently with the contractor and our Public Works department to successfully remove within the TCEQ's allowable time frame, the 7 UST's (Underground Storage Tanks) that were in violation. They then effectively removed the remaining 22 tanks ahead of schedule and within budget. **(Automatic Gates)** The Operator installed rubber bumpers on all of the airport's automatic gates. It's not often, but when an electronic gate malfunctions and closes on a tenant's vehicle, this type of proactive initiative although minor in scope, goes a long way with tenants and guests in protecting their vehicle. **(April 10<sup>th</sup> Storm)** Although common for Addison Town staff to respond to emergencies expeditiously and in the "Addison Way", that is not always the case with an outside contractor, not so for the Airport Operator's team. Within hours after the storm, airport maintenance crews were putting hangar doors back up, making repairs to secure hangars and assisting tenants where they could. They worked with staff to coordinate insurance efforts

and contractor repairs to hangars where needed. These efforts were accomplished as if it were being accomplished by our own staff, in the “Addison Way”.

- **Communications and Tenant Relations** – The Operator continues to be very successful in building strong tenant relationships. This has been accomplished through good communication and accessibility with the tenants. The Operator continues to successfully host tenant appreciation luncheons twice a year where the tenants have an opportunity to visit with other tenants and ask airport management questions about what is going on at the airport. Approximately 150 airport tenants and their guests attend each of the luncheons on a regular basis. This is an unusual practice at most general aviation airports, but has become a tradition at Addison Airport that has opened the lines of communication and trust between the tenants and the Operator. Once again the Airport Team did an exemplary job of coordinating the airport side of Kaboom Town and hosting a successful air show.
- **Community Service** – Locally, the management team is very active in community service and maintains memberships in local organizations such as the Addison Midday Rotary, the Metrocrest Chamber, the North Texas Commission, and the Addison Business Association. Additionally, the management team is very involved with state and national aviation affiliations. The management team not only belongs and attends their conferences, but hold leadership roles in those organizations and actively promote Addison Airport and the Town of Addison. This year we were pleased to learn that Addison Airport was selected to host the 2009 American Association of Airport Executives (AAAE) General Aviation Conference here in Addison.
- **Property Management** – As with last years’ incentive compensation, staff continues to express a high satisfaction with the daily operations, and the level of customer service that is provided by the Operator with respect to property management. This excellent level of customer service continues to be the way the Operator performs property management today. **(Redevelopment)** The Operator is to be commended for their extensive hard work over the past year as two new redevelopment long-term ground leases were completed. The ExHangar project will build four new jet hangars at the north end of the airport and the MSF Properties project will bring 29 new executive hangars at the south end of the field. Both of these exciting projects we expect will serve as catalyst projects for further redevelopment at Addison Airport. Associated with the MSF redevelopment project comes another major benefit to the airport. The much needed reconstruction of Taxiway Romeo is underway as part of this project. With an estimated price tag of \$1.6 million, the cost to the Town for this reconstruction and drainage improvements is \$150,000. Although the terms of a ground lease have yet to be finalized, the Operator is working aggressively to hopefully bring a Heliport to the west side of Addison Airport. This is an opportunity to further enhance revenue for the airport and also place Addison Airport as a possible participant to assist with air transportation during Super Bowl XLV. **(Henley Aviation)** As a long-time tenant of Addison Airport, Henley Aviation filed for protection under the Bankruptcy Act in October 2007. Prior to this tenants’ filing and up until the final settlement in August 2008, the Operator conducted this entire process in the “Addison Way” and in my opinion went above and beyond to assist all parties involved and help mitigate each parties losses to the extent possible.



Staff continues to work WSAAV as we pursue amendments to the operating agreement that are agreeable to all parties and that will provide new opportunities for how the management agreement is structured. We hope to have these potential revisions completed in early 2009.

Attachments: 2008 Annual Report – Addison Airport  
Joel Jenkinson – WSAAV Financial Incentive Compensation Memorandum  
Third Amendment to the Operating Agreement  
“Exhibit 3” from Operating Agreement



To: Mark Acevedo

From: Joel Jenkinson, Airport Director

A handwritten signature in blue ink, appearing to be "JJ", is positioned to the right of the "From" field.

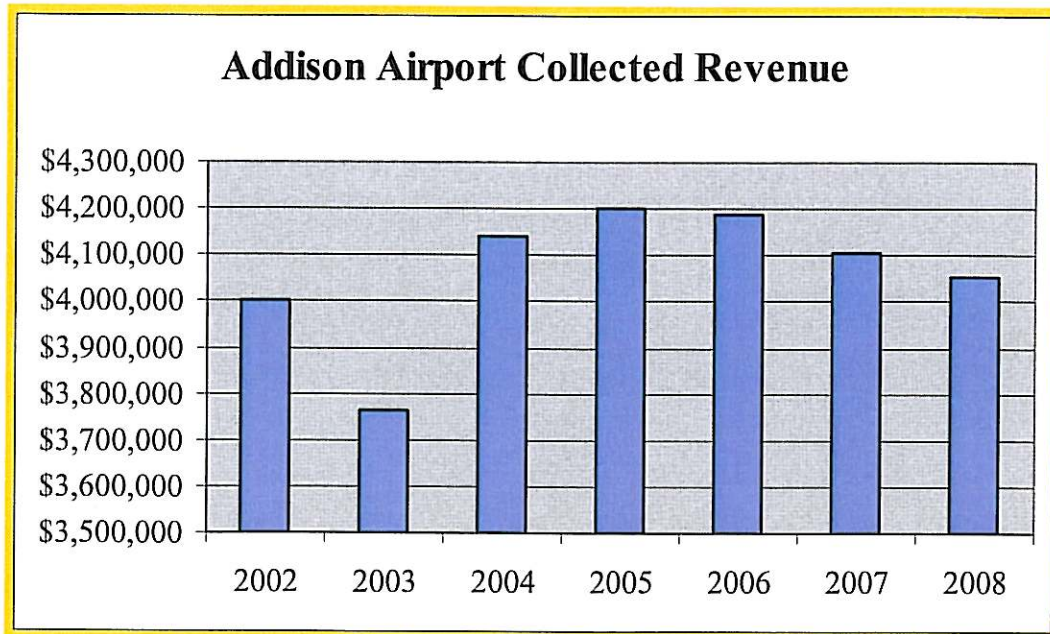
Date: November 10, 2008

CC: WSAAV Board of Directors  
Lisa A. Pyles, AAE  
Bill Dyer, Real Estate Manager

Re: WSAAV Financial Incentive Compensation Award - Fiscal Year 2008

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Please find attached Washington Staubach Addison Airport Venture's (WSAAV) calculation of its financial incentive award for Fiscal Year 2007-2008.



Under the Operating Agreement, WSAAV's financial incentives are to be based upon actual collections (as compared to revenue billed) for the reported period compared to the preceding year. For the fourth straight year, collected revenue for the airport has declined. This reduction in revenue can largely be attributed to certain extraordinary events occurring outside WSAAV's control or as a consequence of strategic decisions exercised by the Town for the benefit of the airport.

Most notably:

- As a result of the compromise reached by the Town of Addison with airport access users, annual access fees have been reduced by nearly \$60,000 beginning in 2007.
- \$52,000 in rental revenue was lost for the year due to the continued delay in commissioning the new fuel farm.
- The early termination of the Piedmont Hawthorne ground lease resulted in the Town gaining direct control of a valuable asset, which is now available for redevelopment, but as a consequence there is loss of \$52,000 in ground rent for the year.
- For strategic purposes, the Town has required specific early termination provisions to be included in two large jet hangar leases (the Collins Hangars). As long as these provisions are required, the rental rate assessed is \$37,000 a year less than what would otherwise be the full market rate.
- The conversion of a city-owned jet hangar to a maintenance facility continues to adversely impact potential revenue by \$42,000 a year.
- Decommissioning of the Q1 and R2 T-hangars together with the former Omniflight Training ground lease facility at 15809 Addison Rd. to make way for the EHOAA executive hangar development which is now under construction has resulted in the loss of \$173,000 in revenue for the fiscal year. Ground rent from the new development will commence upon issuance of a certificate of occupancy from the Town in the latter part of 2009.
- Fuel flowage fees collected from the airport's fixed-based operators are at their lowest levels since 1999. Fuel flowage fees fell 14% compared to the previous year, 27% below the peak year of 2002.

Giving consideration to these and other events, **WSAAV does not qualify for a financial incentive award for the Fiscal Year ending September 2008.**

However, there were many successes throughout the year and we continue to work hard at making Addison Airport one of the finest general aviation airports in the country. As always, we appreciate your continued support and direction in all our endeavors. We look forward to a more prosperous 2009 and further achievements. Should you have any questions or require additional information, please let me know.

**Calculation of WSAAV Fiscal Year 2008  
Financial Incentive Compensation**  
*(In accordance with the 3<sup>rd</sup> Amendment to the Operating Agreement)*

Section 6.C of the Agreement for the Operation and Management of Addison Airport, as amended, (“Operating Agreement”) outlines the parameters of incentive compensation, as a supplement to the management fee, to be paid to the Airport Operator for achieving desired financial, operational and management objectives.

Exhibit 3 to the Operating Agreement (see 3<sup>rd</sup> Amendment) defines the purpose of the Financial Incentive is to encourage the creative and aggressive marketing and promotion of Addison Airport. The Operator will be rewarded with incentive compensation commensurate with its financial performance at the Airport based on the increase in Airport Gross Revenue. Financial performance is divided into two sub-categories: a) Gross Revenue Increase and b) Other Financial Incentives.

**A – Gross Revenue Increase**

When the annual Gross Revenue for the Contract Year exceeds the actual Prior Year Gross Revenue by 3.5% or more, Operator will be rewarded with an increasingly higher percentage of the revenue increase as given in Table 1 below.

**Table 1**  
**Finance Incentive Bonus – Gross Revenue Increase**

<b>Growth Percentage from Prior Year</b>	<b>Finance Incentive Bonus %</b>
< 0	0%
> 0% and <=3.5%	0%
3.5% and <=5.0%	20%
5.0% and <=6.5%	24%
6.5% and <=8.0%	28%
8.0% and above	32%

The Yearly Calculation of Fees for **Fiscal Year Ending 2008** (attached hereto as Exhibit “A”) shows revenue collected for the period a total of **\$4,054,067**. The Yearly Calculation of Fees for **Fiscal Year Ending 2007** (attached hereto as Exhibit “B”) shows revenue collected for the period a total of **\$4,106,998**.

The percentage of Gross Revenue Growth for Fiscal Year 2008 is 0.00%. Based upon the above table, WSAAV does not qualify for a financial incentive based upon Gross Revenue Increase under Section 6.C (as amended) of the Operating Agreement for Fiscal Year 2008.

**Table 2**  
**Calculation of Gross Revenue Increase Incentive**

	<b>FY 2007</b>	<b>FY 2008</b>
Adjusted Airport Revenues	4,106,998	4,054,067
% Increase Over Prior Year		0.00%
Change In Revenue From Prior Year		(52,931)
Eligible Bonus Percentage		0.0%
<b>Financial Growth Incentive Bonus</b>		<b>\$0</b>

**B – Other Financial Incentives**

**Through the Fence Operations** – The Operator shall receive a Finance Incentive for either the improvement in revenues associated with securing City-approved Through-the-Fence agreements with existing Through-the-Fence users or, securing new Through-the-Fence agreements with businesses wanting access to the Airport (“TTF Incentive”). The amount of the TTF Incentive is shall be equal to 25% of any portion that is in excess of the original fee, when a TTF agreement is renegotiated or modified (for the first Annual Permit Fee of the modified agreement only) and, 25% of the first year Annual Permit Fee for each new Addison Airport Access Permit Agreement (“Access Agreement”). This TTF Incentive award shall be deemed earned, due and payable in a lump sum to Operator immediately upon the City’s acceptance of the Annual Permit Fee related to the increase or new Access Agreement.

As a result of the Town implementing its amended Airport Access Ordinance for 2007, nineteen replacement permits were issued but, no new permits were granted by the Town during Fiscal Year 2008. Therefore, WSAAV’s Other Financial Incentives under this heading are calculated in the following table.

**Table 3:**  
**Through-the-Fence Incentive Award Calculation**

No. of New TTF Agreements	0
1 <sup>st</sup> Year Annual Fee Total	\$0.00
No. of Existing Agreements Improved	0
Annual Fee Improvement Value	\$0.00
Total TTF Fee Enhancement Value	\$0.00
Percent multiplier	25%
<b>2008 TTF Incentive Award</b>	<b>\$0.00</b>

EXHIBIT A

Addison Airport  
 YEARLY Calculation of Fees  
9/30/2008 YTD

<b>Gross Billed Revenues:</b>			
Ground Lease	1,744,075.29	1,744,075.29	0.00
T Hangar	593,939.70	593,939.70	0.00
Jet Hangar	469,927.37	469,927.37	0.00
Patio Hangar	112,426.71	112,426.71	0.00
Tie Down	56,115.83	56,115.83	0.00
Access Fees	57,639.62	57,639.62	0.00
Fuel Farm	123,986.39	123,986.39	0.00
Fuel Flowage Fees	784,783.20	784,783.20	0.00
Customs Fees	34,587.75	34,587.75	0.00
USDA Fees	5,616.00	5,616.00	0.00
Miscellaneous	10,529.83	10,529.83	0.00
<b>Total Billed Revenues:</b>	<u><b>3,993,627.69</b></u>	3,993,627.69	0.00
Adjustment for Collected:			
1300 SEPT 30 2007 Balance w/o mgd	161,787.07		0.00
1300 SEPT 30 2008 Balance w/o mgd	163,896.84		0.00
Net Change:	<u><b>(2,109.77)</b></u>		
<b>Gross Billed Managed Hangar Revenues:</b>			
	220,485.99	220,485.99	
Adjustment for Collected:			
1300 SEPT 30 2007 Balance	(1,155.00)		
1300 SEPT 30 2008 Balance	(7,310.00)		
Net Change:	<u>6,155.00</u>	6,155.00	0.00
Subtotal:	<u>226,640.99</u>		
30% Retainage:	<u><b>67,992.30</b></u>	67,992.30	0.00
<b>Less Bank Interest Earned</b>			
	<u><b>(5,442.83)</b></u>		
<b>Total Collected Revenues:</b>	<u><b>4,054,067.39</b></u>	707,471.39	3,346,596.00
<b>Less W/S Management Fee</b>	847,344.90	0.18	0.22
<b>Less Operations &amp; Maintenance Expenses:</b>	1,253,391.06	127,344.85	720,000.05
<b>Net Addison Airport Revenues:</b>		<u><u><b>1,953,331.43</b></u></u>	
<b>Security Deposits to be Forwarded:</b>			
Adjustment for Collected:			
2020 Sept 30 2007 Balance	(169,659.51)		
2020 Sept 30 2008 Balance	(164,808.73)		
Net Change:	<u>(4,850.78)</u>		
<b>Total Collected for Security Deposits:</b>		<u><u><b>(4,850.78)</b></u></u>	(4,850.78)
<b>Add Bank Interest Earned</b>			
		<b>5,442.83</b>	
<b>Total YTD Due to Town of Addison:</b>			<b>1,953,923.48</b>
<b>Total Previously Paid to Town of Addison:</b>			<b>(1,799,784.02)</b>
<b>Prior Year Adjustment</b>			
<b>Total Due to Town of Addison:</b>			<u><u><b>154,139.46</b></u></u>

EXHIBIT B

Addison Airport  
 YEARLY Calculation of Fees  
9/30/2007 YTD

**Gross Billed Revenues:**

Ground Lease	1,694,744.68
T Hangar	634,389.58
Jet Hangar	444,438.75
Patio Hangar	109,336.91
Tie Down	53,077.40
Access Fees	16,828.70
Fuel Farm	97,929.60
Fuel Flowage Fees	910,185.84
Customs Fees	33,410.89
USDA Fees	4,663.26
Miscellaneous	18,758.94
Adjustment for Prior Years	

**Total Billed Revenues:** 4,017,764.55

Adjustment for Collected:

1300 SEPT 30 2006 Balance w/o mgd	200,139.39
1300 SEPT 30 2007 Balance w/o mgd	161,787.07
Net Change:	<u>38,352.32</u>

**Gross Billed Managed Hangar Revenues:** 202,465.91

Adjustment for Collected:

1300 SEPT 30 2006 Balance	(124.34)
1300 SEPT 30 2007 Balance	<u>(1,155.00)</u>
Net Change:	<u>1,030.66</u>
Subtotal:	<u>203,496.57</u>
30% Retainage:	<u>61,048.97</u>

**Less Bank Interest Earned** (10,167.64)

<b>Total Collected Revenues:</b>	<u>4,106,998.20</u>	760,402.20	3,346,596.00
		0.18	0.22 EFFECTIVE RATE
<b>Less W/S Management Fee</b>	856,872.45	136,872.40	720,000.05
<b>Less Operations &amp; Maintenance Expenses:</b>	1,585,502.23		

**Net Addison Airport Revenues:** 1,664,623.52

**Security Deposits to be Forwarded:**

Adjustment for Collected:

2020 Sept 30 2006 Balance	(183,309.87)
2020 Sept 30 2007 Balance	<u>(169,659.51)</u>
Net Change:	<u>(13,650.36)</u>

**Total Collected for Security Deposits:** (13,650.36)

**Add Back Interest Earned** 10,167.64

<b>Total YTD Due to Town of Addison:</b>	1,661,140.80
<b>Total Previously Paid to Town of Addison:</b>	(1,525,266.13)
<b>Prior Year Adjustment</b>	<u>(38,210.26)</u>
<b>Total Due to Town of Addison:</b>	<u><u>97,664.41</u></u>



STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**THIRD AMENDMENT TO AGREEMENT  
FOR THE OPERATION AND MANAGEMENT OF ADDISON AIRPORT**

THIS THIRD AMENDMENT to Agreement for the Operation and Management of Addison Airport (“Third Amendment”) between the Town of Addison, Texas (“City”) and Washington Staubach Addison Airport Venture (“Operator”) is made and entered into this the \_\_\_\_ day of \_\_\_\_\_, 2004.

Recitals:

1. The City is the owner of Addison Airport (the “Airport”). On or about August 8, 2000 the City and Operator, together with the entities which formed the Operator as a joint venture, Raytheon Infrastructure, Inc. (a wholly owned subsidiary of Washington Group International, Inc.) and Staubach Airport Management, Inc. (a subsidiary of The Staubach Company), entered into an agreement for the operation and management of the Airport entitled “Agreement for the Operation and Management of Addison Airport” which was amended by that (a) First Amendment to Agreement for the Operation and Management of Addison Airport made and entered into on September 27, 2000, and by that (b) Second Amendment to Agreement for the Operation and Management of Addison Airport (the “Second Amendment”) made and entered into on or about February 2002 (the said Agreement for the Operation and Management of Addison Airport, as amended, being referred to herein as the “Airport Management Agreement” or “Agreement”). The Airport Management Agreement has an effective or commencement date of January 1, 2001 (“Commencement Date”).

2. The Airport Management Agreement provides in Section 4.B.2(c) thereof that the Operator shall at all times provide security for the Airport in cooperation with the City’s Police and Fire Departments. The City acting through its Police and Fire Departments has provided public safety for the Airport at all times since the Commencement Date of the Agreement and acknowledges that City has not looked to the Operator to provide the same at the Airport since the Commencement Date.

3. The Airport Management Agreement provides in Section 6.C. and in Exhibit 3 thereof, as amended by the Second Amendment, that the Operator has the ability to earn incentive compensation as described therein.

4. The City and the Operator desire to amend the Airport Management Agreement to reflect accurately the operations of the City and Operator in regards to the above referenced items and to clarify and amend other provisions of the Agreement.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and obligations set forth herein, the benefits flowing to each of the parties hereto, and other good and valuable consideration, the Town of Addison, Texas and Washington Staubach Addison Airport Venture do hereby agree as follows:

**Section 1.       Incorporation of Premises.** The above and foregoing premises are true and correct and are incorporated herein and made a part of this Third Amendment for all purposes.



**Section 2. Amendments.** The Airport Management Agreement is amended as follows:

**A.** Section 4.B.2(b) is amended so that the last sentence of such Section shall hereafter read in its entirety as follows:

“Operator shall perform background checks or require background checks to be performed on personnel hired to the positions of the Airport Director and Assistant Airport Director, and the City shall have the right to review such background checks.”

**B.** Section 4.B.2(c) is amended so that it shall hereafter read in its entirety as follows:

“(c) Public Safety. The City shall provide Airport public safety at all times, and shall utilize the City’s Police Department and Fire Department in providing such public safety. The City’s public safety personnel shall patrol the Airport at times as determined by the City. Any unauthorized use of structures, equipment, or property, or unauthorized entry upon Airport premises, or unlawful activity at the Airport, shall be promptly reported by the Operator to the City police or such other authority designated in writing by the City. The City will notify the Operator of any specific public safety issues or concerns of which the City has actual knowledge which may be necessary for the performance of its duties as Operator. ”

**C.** Section 4.E.2. is amended so that it shall hereafter read in its entirety as follows:

“2. Capital Improvement Plan. In connection with the City budget process each year during the term of this Agreement, Operator shall submit in writing to the City proposed amendments to the 10-year Capital Improvement Plan, a component of the Airport Master Plan. The proposed amendments shall be consistent with the continuing development of the Airport in accordance with federal and state funding.”

**D.** Section 4.E.3. is amended so that it shall hereafter read in its entirety as follows:

“3. Operating Budget. In connection with the City budget process each year during the term of this Agreement, Operator shall submit in writing to the City, for the City’s review and consideration of approval, an Operating Budget (“Operating Budget”) for the Airport for the Fiscal Year following the date of the submission. The Operating Budget shall include, but not be limited to: (i) projected costs necessary for the upkeep of the Airport, to maintain safety standards and to keep the airport in compliance with applicable federal, state, and local laws and regulations for the Fiscal Year following submission; and (ii) a schedule of proposed fees.

Operator shall also provide to the City, upon request: (i) a schedule of all leases, concessions, contracts and agreements to be negotiated or renegotiated; (ii) recommendations, if any, for non-capital improvements of Airport facilities and acquisition of equipment; (iii) a three (3) year projection of anticipated revenues and expenses; and (iv) a schedule of proposed staffing levels of full, part-time, and seasonal employees. Appropriate modification of the Airport Operating Budget shall be made as required to conform to the Approved Operating Budget (as defined in Section 4.G.2.) as adopted or amended. Operator shall manage and operate the Airport in accordance with the Operating Budget approved by the City.



- E. Section 4.E.4. is amended so that it shall hereafter read in its entirety as follows:
- “4. Lease Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, provide to the City for its review and consideration of approval an Airport lease renewal and extension plan for the Fiscal Year following the date of the submission.”
- F. Section 4.E.5. is amended so that it shall hereafter read in its entirety as follows:
- “5. Marketing Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, provide to the City for its review and consideration of approval an Airport marketing plan (“Marketing Plan”) for the Fiscal Year following the date of the submission. Operator shall market and promote the Airport in accordance with the Marketing Plan approved by the City.”
- G. Section 4.E.6. is amended so that it shall hereafter read in its entirety as follows:
- “6. Airport Emergency Plan. Operator shall, in connection with the City budget process each year during the term of this Agreement, recommend to the City for its review and consideration of approval, amendments to the City’s Emergency Preparedness Plan, if any (the “City’s Emergency Preparedness Plan”). Additionally, Operator shall prepare and implement its own emergency plan for the Airport which shall be submitted to the City for its review and consideration at the time the Operating Budget is submitted each year (the ‘Operator’s Emergency Plan’).”
- H. Section 4.E.8. is amended so that it shall hereafter read in its entirety as follows:
- “8. Property Development and Management Plan. Operator shall, together with the City, coordinate the development and preparation (and updating, as may be deemed necessary by the City) of a comprehensive plan which addresses the future development and redevelopment of the Airport, taking proper consideration for the vicinity surrounding the Airport (including, without limitation, commercial development along Addison Road, City facilities and property adjacent to the Airport, the Addison Circle area, and the area adjacent to and west of the Airport), for a period of 10 years (the “Property Development and Management Plan”). The Property Development and Management Plan shall be consistent with the Airport Master Plan and FAA and TxDOT rules and regulations, and shall be submitted to the City in connection with its budget process each year during the term of this Agreement, for its review and consideration of approval.”
- I. The Agreement is hereby amended such that all references in the Agreement to the delivery of budgets and/or plans by the Operator in connection with the City budget process shall be deemed to be due following the written notification of the budget delivery deadline by the City each Contract Year.
- J. Section 4.G.1(b) is amended so that it shall hereafter read in its entirety as follows:
- “(b) Contract Years. In connection with the City budget process each year during the term of this Agreement, Operator shall submit to the City a proposed operating budget for the



operation, repair, maintenance, and development of the Airport for the Fiscal Year following the date of the submittal. The said budgets shall be submitted in conformance with the City Charter and any applicable rules, regulations, policies, or practices of the City. In the proposed operating budget, Operator shall show all Operating Costs (including, without limitation, all such costs which, in Operators' judgment, are (i) mandated as a result of safety considerations, and (2) are mandated by applicable federal certifications, standards and grant agreement requirements), and may, but shall not be required, to show Real Estate Costs, Marketing Costs, or General Administrative Costs."

**K.** Section 4.K.1.b. is amended so that it shall hereafter read in its entirety as follows:

"(b) Leasing Activity. A leasing activity report including the following:

- (i) Leasing activity (including new leases, lease renewals, lease extensions, new prospects, vacated tenants, and lease expirations);
- (ii) Tenant retention;
- (iii) Information regarding the use of the Airport by aviation trade groups; and
- (iv) Such other information as the City (by and through the City Manager) may reasonably request."

**L.** Section 4.K.1.c. is amended so that it shall hereafter read in its entirety as follows:

"(c) Rent Roll. A report showing with respect to each lease or through-the-fence agreement the name of each tenant or user, as the case may be, the space occupied, the rent (or other fee) payable, the date rent (or other fee) is paid through, the commencement date, the term, the termination date, the amount of security deposit held, and any other information reasonably requested by the City (including a statement identifying changes from previous rent roll if requested by the City and not appearing in the activity report). Commencing August, 2004, the rent roll report shall not be required to be submitted monthly by the Operator, but shall be delivered within ten (10) days following the City's request for same."

**M.** Section 4.P.3 is amended so that it shall hereafter read in its entirety as follows:

3. Emergency Preparedness. Operator shall have available personnel to respond to emergencies, such as fires, aircraft incidents, or disasters. Operator shall implement the Operator's Emergency Plan and the City's Emergency Preparedness Plan as may be prudent and necessary and respond to all emergencies at the Airport in a manner consistent with such Plans.

**N.** Section 5.C.4. is amended to add the following to the end of such section:

"Notwithstanding the foregoing, commencing August 1, 2004, the City shall have no obligation to purchase or replace computer equipment for use by the Operator."

**O.** Section 6.B.1 is amended so that it shall hereafter read in its entirety as follows:

"1. In addition to the payment for Operating Costs, Operator shall retain a management fee ("Management Fee") in an amount equal to 21.5144% of Gross Revenue equal to or less than \$3,346,596 each Contract Year plus 18% of all Gross Revenue in excess of

\$3,346,596 each Contract Year, which Fee is intended to compensate Operator for, among other things, Real Estate Costs, Marketing Costs, and General Administrative Costs incurred by Operator in the management, operation, and development of the Airport. In the event the City has not made sufficient funds available to allow Operator to retain the Management Fee, the City shall pay same to the Operator no later than the 15<sup>th</sup> day of the applicable month.

**Example:**

Fiscal Year	Gross Revenue	Management Fee
2002	\$4,002,268	$(3,346,596 \times .21544) + (655,672 \times .18) = 720,000.05 + 118,020.96 = 838,021.01$
2003	\$3,761,868	$(3,346,596 \times .21544) + (415,272 \times .18) = 720,000.05 + 74,748.96 = 794,749.01$

In addition, if a delay in performance is caused by reasons described in Section 15. Force Majeure, and such delay causes the anticipated Gross Revenues collected in the applicable fiscal year to be less than \$2,000,000.00, the Management Fee shall be suspended and deferred until such time that such anticipated Gross Revenues equal or exceed \$2,000,000.00.

- P. Section 6.C. is amended so that it shall hereafter read in its entirety as follows:
- “C. Incentive Compensation. It is contemplated by the City and Operator that the Operator will be awarded incentive compensation (“Incentive Compensation”) each year during the Term of this Agreement. The amount of potential Incentive Compensation that may be earned shall be established following the end of each Contract Year. Incentive Compensation provided for under this Amendment is the total monetary consideration paid by the City and awarded to Operator for achieving (a) certain financial accomplishments specifically set forth in Exhibit 3, attached hereto and fully incorporated herein, and (b) non-financial performance incentives. Non-financial performance incentives (the “Management Incentive”) is the monetary consideration which may be awarded to Operator, as a percentage of Gross Revenue, based upon the City’s assessment of the Operator’s overall performance and achievements during the applicable Contract Year. To aide the City in this evaluation, Operator shall submit to the City on or before October 31 of each year an annual report (the “Annual Management Report”), which is intended to be limited in scope but sufficient enough to summarize the Operator’s accomplishments and performance over the applicable Contract Year. The City shall timely evaluate the Annual Management Report and determine, based on its review of the Operator’s performance, the appropriate Management Incentive to be awarded to the Operator for such Contract Year. The amount of the Management Incentive determined by the City to be payable shall be paid to Operator within (10) days following such determination, but in no event later than December 15 following the applicable Contract Year.”



**Q.** Section 14 is amended to change the notice address previously reflected as Raytheon Infrastructure, Inc. as follows:

“Washington Group International, Inc.  
510 Carnegie Center  
Princeton, NJ 08540  
Attn: President  
Telecopy: 609-720-2050”

**R.** Exhibit 3 to the Agreement, as previously amended and modified, shall be amended to read in its entirety as attached hereto and Attachment 1 and Attachment 2 to the Second Amendment to the Agreement are hereby deleted.

**Section 3. No Other Amendment.** Except as set forth in Section 2 above, nothing in this Third Amendment is intended to nor shall be construed to modify, alter, or change the Airport Management Agreement, and all other terms, conditions and obligations of the Airport Management Agreement shall remain unchanged and in full force and effect.

**Section 4. No Benefit to Third Parties.** The provisions of this Third Amendment are solely for the benefit of the City and Operator and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

**Section 5. Authority to Execute; Effective Date; Counterparts.** The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Third Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect. This Third Amendment shall be effective as of the date first set forth above. This Third Amendment may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile signature by a party hereto shall be treated as an original signature for purposes of this Third Amendment.

**IN WITNESS WHEREOF**, the undersigned parties have executed this Agreement as of the date first set forth above.

<b>TOWN OF ADDISON, TEXAS</b>	<b>WASHINGTON STAUBACH ADDISON AIRPORT VENTURE</b>
By: _____ Ron Whitehead, City Manager	By: <b>WASHINGTON GROUP INTERNATIONAL, INC.</b>
ATTEST:	By: _____ Kurt Goddard, Vice President
By: _____ Carmen Moran, City Secretary	By: <b>STAUBACH AIRPORT MANAGEMENT, INC.</b>
	By: _____ Larry B. Kimbler, President

## **EXHIBIT 3 - INCENTIVE COMPENSATION AGREEMENT FOR THE OPERATION AND MANAGEMENT OF ADDISON AIRPORT**

### **I. OVERVIEW:**

Section 6.C. of the Agreement for the Operation and Management of Addison Airport, as amended or modified (the "Airport Management Agreement" or "Agreement") provides that it is anticipated that the Operator will be awarded Incentive Compensation each year during the Term of this Agreement. Incentive Compensation is the total monetary consideration paid by the City and awarded to Operator at the end of each Contract Year for achieving (a) certain financial accomplishments specifically set forth below, and (b) non—financial performance incentives as described in Section 6.C. of the Agreement (as Section 6.C. is amended by the Third Amendment to Agreement for the Operation and Management of Addison Airport). This Exhibit 3 establishes guidelines for implementing and administering the financial performance incentives ("the Financial Incentive") portion of Incentive Compensation as provided for in Section 6.C. of the Airport Management Agreement.

While the City expects a high level of performance from the Operator, the provision of increasingly challenging levels of performance with commensurate financial rewards is intended to stimulate the Operator to higher levels of excellence for the Airport and the City.

### **II. DEFINITIONS (for Financial Performance Incentive Compensation Issues)**

Base Management Fee – The Base Management Fee is an amount equal to 10% of the actual Gross Revenue received in a contract year.

Gross Revenue – Gross Revenue is as defined in Section 2 of the Agreement.

Prior Year Gross Revenue – The Prior Year Gross Revenue shall mean the amount of Gross Revenue for the Fiscal Year immediately preceding the then applicable Contract Year under the Airport Management Agreement.

Illustration / Example Tables Used in Exhibit 3 – The illustrative tables used in this Exhibit are intended to serve as examples only. The initial and projected financial calculations are illustrative of the manner in which the Financial Incentive provision is to be applied, but are not intended to be indicative of the actual amount of Financial Incentive for any specific year. Amounts shown are hypothetical projections.

### **FINANCIAL INCENTIVE**

The purpose of the Financial Incentive is to encourage the creative and aggressive marketing and promotion of Addison Airport. The Operator will be rewarded with incentive compensation commensurate with financial performance of the Airport based on the annual increase in Gross Revenue. Financial Performance is divided into two sub-categories: a) Gross Revenue Increase, and b) Other Financial Incentives.



### A. Gross Revenue Increase

When the Gross Revenue for the then applicable Contract Year (the "Current Year Gross Revenue") exceeds the Prior Year Gross Revenue by 3.5% or more, Operator will be rewarded with a percentage of such excess in accordance with Table 1 below. Table 2 illustrates an example of the calculation of the Management Fee (as defined in Section 6.B.1. of the Airport Management Agreement) and the Gross Revenue Increase portion of the Finance Incentive over a five-year period. In actuality, the incentive may be lower or higher than illustrated in Table 2. Table 2 merely serves as an illustration of the calculation of the Gross Revenue Increase portion of the Finance Incentive and how it will be determined.

**Table 1**  
**Financial Incentive -**  
**Gross Revenue Increase**

<b>Growth Percentage between Current Year Gross Revenue and Prior Year Gross Revenue</b>	<b>Financial Incentive Bonus (%of the difference (excess) between Current Year Gross Revenue and Prior Year Gross Revenue)</b>
<0	0%
>0% and <=3.5%	0%
>3.5% and <= 5%	20%
>5% and <=6.5%	24%
>6.5% and <=8%	28%
> 8%	32%

**Table 2**  
**Management Fee & Financial Incentive Calculation**  
**Based On Change of Gross Revenue**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Adjusted Airport Revenues	4,002,268	3,761,868	4,007,000	4,159,266	4,379,707
% Increase Over Prior Year	NA	0.0%	6.52%	3.80%	5.03%
Change in Revenue From Prior Year	NA	-0-	245,132	152,266	220,441
Eligible Incentive % (from Table 1)	NA	0.0%	23.0%	20.0%	24.0%
<b>Gross Revenue Increase portion of Financial Incentive</b>	<b>-0-</b>	<b>-0-</b>	<b>68,637</b>	<b>30,543</b>	<b>52,906</b>
Mgmt. Fee (21.544% of Gross Revenue equal to or less than \$3,346,596)	720,000	720,000	720,000	720,000	720,000
Mgmt. Fee (18% of Gross Revenue in excess of \$3,346,596)	118,021	74,749	118,872	146,280	185,960
<b>Total Management Fee</b>	<b>838,021</b>	<b>794,749</b>	<b>838,872</b>	<b>866,280</b>	<b>905,960</b>
<b>Total – Gross Revenue Increase portion of Financial Incentive + Total Management Fee</b>	<b>838,021</b>	<b>794,749</b>	<b>907,509</b>	<b>896,733</b>	<b>958,866</b>

***B – Other Financial Incentives***

This category is reserved for other non-discretionary annual goals or objectives, which may arise as a result of new or revised City priorities and whereby the Operator shall be eligible for certain one-time incentives that benefit either the City or the Airport on a recurring basis. Each goal or objective is to be clearly stated and the means by which the non-discretionary financial incentive is to be determined. An example of the award calculation should be given where possible.

***Off-Airport Access Permit Agreements*** – The Operator shall receive an incentive for securing new off-Airport access agreements with businesses wanting access to the Airport. The incentive amount is equal to 25% of the first year annual permit fee set forth in each new agreement permitting off-Airport access to the Airport (“Access Agreement”). This non-discretionary incentive award shall be considered earned and payable to Operator immediately upon the City’s execution of a new Access Agreement and actual receipt and acceptance of the first year annual permit fee from the applicant. A new Access Agreement is defined herein to be any Access Agreement entered into, assigned, transferred or otherwise conveyed and consented to by the City. This incentive award does not apply or extend to subsequent annual permit fees earned by the City for any one Access Agreement, or to any adjustment made to the annual permit fee as provided for in the Access Agreement. Table 3 below provides an example of the calculation of the incentive amount for a new Access Agreement.

**Table 3  
Incentive Compensation  
Financial - Other Revenue**

	2002	2003	2004	2005	2006
Through the Fence					
# of New Access Agreement	2	1	1	0	3
1 <sup>st</sup> Yr. Annual Permit Fee Total	\$5,000	\$3,500	\$1,300	\$0	\$7,400
Incentive - 25%	\$1,250	\$875	\$325	\$0	\$1,850