

WHEREAS, the City of Dallas (the "City") owns certain property consisting of approximately 116,261 square feet of land, situated in City Block 57/45, Dallas, Dallas County, Texas, located adjacent to the Omni Dallas ("Hotel"), near the intersection of Young Street and Lamar Street, ("Premises") and

WHEREAS, Dallas Convention Center Hotel Development Corporation, ("Lessee") a local government corporation under Chapter 431 of the Texas Transportation Code formed by City for the purpose of promoting development at or in the vicinity of the Dallas Convention Center and which now operates the improvements comprising the Hotel, desires to enter into a Lease Agreement ("Agreement"), with the City, to ground lease the Premises to construct, manage and operate a mixed-use development consisting of below-grade parking facility, retail and restaurant space and related facilities, to improve and enhance Hotel operations; and

WHEREAS, the initial term of the Agreement will be for a period of thirty-nine (39) years commencing on June 1, 2013, with two (2), five (5) year extension periods upon mutual agreement of the parties; and

WHEREAS, the consideration to City from Lessee will consist of (1) Base Rent in the amount of \$697,600.00 per year payable in quarterly installments, which shall escalate every three (3) years by whichever adjustment is greater: (i) three percent (3%) of existing rental rate; or (ii) aggregate of the Consumer Price Index for the prior three years, not to exceed five percent (5%); and (2) an additional Percentage Rent, also payable in quarterly installments, equal to 100% of net profits resultant from the ancillary development; and

WHEREAS, the City has determined that it is in the City's best interest to improve and enhance Hotel operations and therefore desires to enter into the Agreement with Lessee to allow Lessee to construct a mixed-use development consisting of retail, restaurants, parking and related facilities, provide needed parking for the Hotel and secure a portion of the profits to City resultant from the mixed use operations on the Premises;

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City Manager, upon approval as to form by the City Attorney, is hereby authorized to execute a Lease Agreement with Dallas Convention Center Hotel Development Corporation, a local government corporation under Chapter 431 of the Texas Transportation Code, as Lessee, and City of Dallas as Lessor, for tracts of land containing approximately 116,261 square feet of land near the intersection of Young Street and Lamar Street, situated in City Block 57/45, Dallas, Dallas County, Texas.

SECTION 2. That the special terms and conditions of the Agreement are:

- a) The primary term will be for a thirty-nine (39) year period with two (2) options to extend for two (5) year periods upon mutual agreement of the parties.
- b) The primary term shall begin June 1, 2013 ("Commencement Date") and end May 31, 2052.
- c) The Premises are to be used by Lessee to operate and manage the constructed improvements for retail, restaurants, parking and other ancillary uses.
- d) The Lessee will pay (1) a minimum base rental rate of \$697,600.00 per year payable in quarterly installments and which shall escalate every three (3) years by the greater of (i) three percent (3%) of existing rental rate or (ii) aggregate of the Consumer Price Index for the prior three years, not to exceed five percent (5%); and (2) a percentage rent amount equal to 100% of net profits resultant from the parking, restaurant and retail operations, and payable in quarterly installments.
- e) Both rental payments shall begin three (3) months after the first Certificate of Occupancy for any portion of the ancillary development has been received ("Rental Commencement Date"). If the Rental Commencement Date is other than the first of the month rent for the resulting partial month shall be prorated by days.
- f) The Lessee shall be solely responsible to pay all construction, operating, utility, maintenance and repair expenses related to the Premises during the term.
- g) The Lessee shall be solely responsible to pay all taxes levied or assessed upon the Premises, the operations thereon, the Agreement, and any improvements thereon.
- h) The Lessee shall receive and accept the Premises in its "AS-IS" condition with faults and expressly waives all express and implied warranties, including commercial habitability and fitness for purpose.
- i) The Lessee shall be solely responsible to carry insurance, including without limitation worker's compensation, liability and builders risk insurance, on the Premises in such form and amounts as City shall require.

- j) The Lessee shall keep adequate and satisfactory records of all operating revenue, operating cost, and net profits arising out of all operations conducted on the premises, available for City review, for the duration of the lease term, and allow audits and inspections as City may deem appropriate for the duration of the term.
- k) The Lessee shall be solely responsible to obtain, at its expense, all necessary permits and licenses for construction of Improvements and the use of the Premises contemplated by the Agreement and shall otherwise comply with all applicable laws, regulations and ordinances applicable to the Premises and Lessee's use of same.
- l) The Lessee and City shall have the right to terminate the Lease Agreement upon one hundred eighty (180) days advance written notice to the other party.

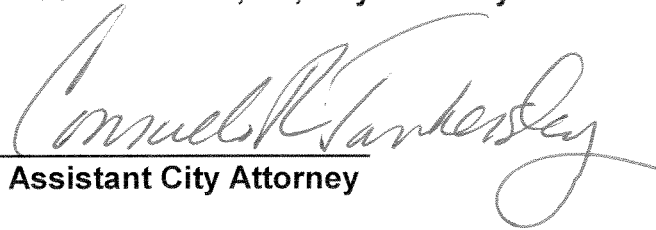
SECTION 3. That the City Controller shall deposit any and all proceeds that may accrue for the Agreement to be credited to Fund 0080, Dept. CCT, Unit 7810, Revenue Source 8471.

SECTION 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

Approved as to Form

Thomas P. Perkins, Jr., City Attorney

BY



Assistant City Attorney

APPROVED BY
CITY COUNCIL

MAY 22 2013


City Secretary