

A RESOLUTION BY TRANSPORTATION COMMITTEE AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE AN AMENDMENT NO. 2 TO THAT CERTAIN AMENDED, RESTATED AND CONSOLIDATED LEASE AGREEMENT WITH FELCOR LODGING LIMITED PARTNERSHIP (“FELCOR” OR “TENANT”) COVERING THE LEASE OF APPROXIMATELY 17,272 SQUARE FEET OF SPACE OWNED BY THE CITY OF ATLANTA (“CITY”) LOCATED IN THE FACILITY FORMERLY KNOWN AS THE GEORGIA INTERNATIONAL CONVENTION CENTER; AND FOR OTHER PURPOSES.

Review List:

Richard Rubin	Completed	08/15/2013 3:49 PM
Louis Miller	Completed	08/15/2013 3:51 PM
Mayor's Office	Completed	08/15/2013 4:12 PM
Office of Research and Policy Analysis	Completed	08/20/2013 9:43 AM
Transportation Committee	Pending	
Atlanta City Council	Pending	
Mayor's Office	Pending	

Certified by Presiding Officer	Certified by Clerk
Mayor's Action <i>See Authentication Page Attachment</i>	

LEGISLATION HISTORY – BLUE BACK

**A RESOLUTION
BY TRANSPORTATION COMMITTEE**

A RESOLUTION BY TRANSPORTATION COMMITTEE AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE AN AMENDMENT NO. 2 TO THAT CERTAIN AMENDED, RESTATED AND CONSOLIDATED LEASE AGREEMENT WITH FELCOR LODGING LIMITED PARTNERSHIP (“FELCOR” OR “TENANT”) COVERING THE LEASE OF APPROXIMATELY 17,272 SQUARE FEET OF SPACE OWNED BY THE CITY OF ATLANTA (“CITY”) LOCATED IN THE FACILITY FORMERLY KNOWN AS THE GEORGIA INTERNATIONAL CONVENTION CENTER; AND FOR OTHER PURPOSES.

WHEREAS, the City and Felcor are the current parties to that certain Amended, Restated and Consolidated Lease, dated April 23, 1993, as amended (the “Lease”), with respect to premises located in the facility formerly known as the Georgia International Convention Center (the “Civic Center”) which premises is more fully described in the Lease and is adjacent to Tenant’s hotel in metro-Atlanta, Clayton County, Georgia; and

WHEREAS, Felcor exercised the Renewal Option under the Lease on September 6, 2012, thereby extending the term of the Lease for an additional twenty-five (25) years; and

WHEREAS, pursuant to the Lease, City and Felcor have agreed upon the Fixed Minimum Rent as determined by the Fair Market Value of the leased premises to be paid by Felcor during the Renewal Term at an initial rate of \$9.07 per square foot, an annual rental of \$156,657.04 and subject to an annual escalation of 2.5% during the extension term; and

WHEREAS, Felcor has expressed a desire to lease certain other vacant premises owned by the City located adjacent to the leased premises on an “ad-hoc” basis (the “Ancillary Premises”); and

WHEREAS, in consideration of the City allowing Felcor use of the Ancillary Premises, Felcor will remit to the City all funds due for Felcor’s previous usage of the Ancillary Premises, as disclosed by Felcor to City; and

WHEREAS, City and Felcor have agreed upon the Rent for the Ancillary Premises based on the Fair Market Value of the leased premises to be paid by Felcor during the Renewal Term; and

WHEREAS, Landlord and Tenant desire to amend the Lease to confirm the foregoing and to address certain other terms and provisions of the Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA that the Mayor or his designee is authorized to execute on behalf of the City, an Amendment No. 2 to that certain Amended, Restated and Consolidated Lease, dated April 23, 1993, for approximately 17,272 square feet of space owned by the City and located in the facility formerly known as the Georgia

International Convention Center and to include provisions authorizing the lease of the Ancillary Premises.

BE IT FURTHER RESOLVED, that the City Attorney be and hereby is directed to prepare the Amendment for execution by the Mayor containing substantially the terms set forth in this Resolution and any other terms or conditions as are customarily included in lease agreements of similar nature.

AND FINALLY BE IT RESOLVED, that the Amendment will not become binding on the City and the City will incur no obligation or liability under it until it has been approved as to form by the City Attorney, executed by the Mayor, attested to by the Municipal Clerk and delivered to Felcor Lodging Limited Partnership, Inc.

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: CANDACE L. BYRD

Dept.'s Legislative Liaison: Anita Williams

Contact Number: 404-530-6600

Originating Department: Aviation

Committee(s) of Purview: Transportation

Chief of Staff Deadline: 08/09/13

Anticipated Committee Meeting Date(s): 08/28/13

Anticipated Full Council Date: 09/03/13

Legislative Counsel's Signature: Richard Rubin - Senior Assistant Attorney

Commissioner's Signature: [Signature]

Chief Financial Officer: N/A

Chief Information Officer Signature (for IT Procurements) N/A

Chief Procurement Officer Signature: N/A

CAPTION
A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE AN AMENDMENT NO. 2 TO THAT CERTAIN AMENDED, RESTATED AND CONSOLIDATED LEASE AGREEMENT WITH FELCOR LODGING LIMITED PARTNERSHIP ("FELCOR" OR "TENANT") COVERING THE LEASE OF APPROXIMATELY 17,272 SQUARE FEET OF SPACE OWNED BY THE CITY OF ATLANTA ("CITY") LOCATED IN THE FACILITY FORMERLY KNOWN AS THE GEORGIA INTERNATIONAL CONVENTION CENTER, AND FOR OTHER PURPOSES.

FINANCIAL IMPACT: (if any)

Mayor's Staff Only

Received by CPO: (date) Received by LC from CPO: (date)

Received by Mayor's Office: 7.26.13 (date) Reviewed by: (date)

Submitted to Council: (date)

Legislative White Paper

Committee of Purview: Transportation

Caption:

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE AN AMENDMENT NO. 2 TO THAT CERTAIN AMENDED, RESTATED AND CONSOLIDATED LEASE AGREEMENT WITH FELCOR LODGING LIMITED PARTNERSHIP (“FELCOR” OR “TENANT”) COVERING THE LEASE OF APPROXIMATELY 17,272 SQUARE FEET OF SPACE OWNED BY THE CITY OF ATLANTA (“CITY”) LOCATED IN THE FACILITY FORMERLY KNOWN AS THE GEORGIA INTERNATIONAL CONVENTION CENTER, AND FOR OTHER PURPOSES.

Council Meeting Date: 09/03/13

Legislation Title: Sheraton-Felcor Lease Agreement No. 2

Requesting Dept.: Aviation

Contract Type: Lease Agreement

Source Selection: N/A

Bids/Proposals Due: N/A

Invitations Issued: N/A

**Number of Bids/
Proposals Received: N/A**

Bidders/Proponents: N/A

Background:

It is the objective of the Department of Aviation (DOA) to pursue available funding from various sources in order for the Airport to support the high priority and vital projects necessary to meet the growing demand for air travel. Grant recipients such as the airport must be legally, financially and otherwise able to assume the obligations contained in the grant in order to comply with the guidelines. Without advance authorization, it might not be possible to get every grant offer executed within the deadline, and some opportunities may be missed.

The Federal Aviation Administration (FAA), Transportation Security Administration (TSA) and any other grant organization requests that the City of Atlanta forward to them any and all applications for construction projects and noise abatement projects based on their notification that funding allocations are available. The applications must include in a descriptive method

the need, objective, benefit and cost expected to be obtained from assistance for which the construction project, noise abatement project or any other project identified in each application will be used.

Source of Funds: N/A

Fiscal Impact: N/A

Term of Contract: N/A

Method of Cost Recovery: N/A

Approvals:

DOF: N/A

DOL: yes

Prepared By: Anita Williams

Contact Number: 404-382-2313

Part II: Legislative White Paper: (This portion of the Legislative Request Form will be shared with City Council members and staff)

A. To be completed by Legislative Counsel:

Committee of Purview:

Caption:

Council Meeting Date:

Requesting Dept.:

FAC Confirmed by:

B. To be completed by the department:

1. Please provide a summary of the purpose of this legislation (Justification Statement).

The purpose of this legislation is to authorize the execution of an amendment to a lease agreement.

2. Please provide background information regarding this legislation.

Felcor is the current owner of the Sheraton located south of the Hartsfield-Jackson Atlanta International Airport ("Airport") between runways 10/28 and 9/27L and adjacent to facilities that were formerly known as the Civic Center. Under a lease dated April 23, 1993 between the City and Felcor (the successor Lessee to the Sheraton Savannah Corporation), Felcor leases approximately 17,272 square feet of space that contains several ballrooms, meeting rooms, two kitchens and various other related support facilities. These facilities are integral and critical to the operation of the Sheraton as:

- The kitchen facilities support the restaurant located within the hotel premises and provide meal/room service to Sheraton guests; and
- There is very limited meeting space located within the current hotel premises and no ballroom or similarly sized room to handle large events.

The lease contains a provision that allows Felcor to extend the term for twenty five (25) years beyond its expiration date of September 1, 2013 and Felcor has properly exercised this option.

The extension option provision also included the requirement to re-set the Fixed Minimum Rent of \$100,000 annually that had been due under the initial lease term to fair market rental value for the extension period. Through the process outlined in the lease, Felcor and the City engaged qualified MAI appraisers to establish the fair market value which has been determined to be \$9.07 per square foot, or a

new annual Fixed Minimum Rent of \$156,658.76. Additionally, the analysis process the appraisers used to determine the new Fixed Minimum Rent also determined that fair market value should include an annual escalation of 2.50% throughout the term. Both Felcor and the City concurred with the analysis and have further agreed that an escalation of 2.50% will commence in the second year of the extension period and will continue every year thereafter through the final lease year which begins on September 1, 2037.

In addition to the premises covered under the lease with Felcor, there are additional vacant ballrooms and meeting rooms owned by the City located immediately adjacent to the leased premises that the Sheraton has expressed a desire to rent on an "ad-hoc" basis (the "Ancillary Premises"). There are occasions where events and functions scheduled at the hotel exceed existing room availability and use of the additional vacant premises would enable the hotel to handle these larger functions. The City has agreed to allow the Sheraton to use the Ancillary Premises on as-needed basis and has developed per use room rental rates based on the fair market value of the leased space and has included these rates and other related provisions for use of the Ancillary Premises in the amendment to the lease.

3. If Applicable/Known:

- (a) Contract Type (e.g. Professional Services, Construction Agreement, etc):
- (b) Source Selection:
- (c) Bids/Proposals Due:
- (d) Invitations Issued:
- (e) Number of Bids:
- (f) Proposals Received:
- (g) Bidders/Proponents:
- (h) Term of Contract: N/A

4. Fund Account Center (Ex. Name and number):

Fund: _____ Account: _____ Center: _____

5. Source of Funds: Example: Local Assistance Grant

6. Fiscal Impact: N/A

Example: This legislation will result in a reduction in the amount of _____ to Fund Account Center Number _____.

7. Method of Cost Recovery: Rental charges

Examples:

- a. Revenues generated from the permits required under this legislation will be used to fund the personnel needed to carry out the permitting process.
- b. Money obtained from a local assistance grant will be used to cover the costs of this Summer Food Program.

This Legislative Request Form Was Prepared By: David Sellers