

From: Richard Griffin <rgriffin@cityoffrederick.com>
Subject: RE: Parking Podium Roof Lease Terms
Date: January 16, 2019 at 17:11:17 EST
To: 'Carol Krimm' <carolkrimm@gmail.com>, "'Krimm, Carol Delegate (Laptop)'" <Delegate.C.Krimm@house.state.md.us>
Cc: Gayon Sampson <gsampson@cityoffrederick.com>, Michael OConnor <moconnor@cityoffrederick.com>

Resending without the attachment – file size was too large.

Richard

From: Richard Griffin
Sent: Wednesday, January 16, 2019 5:06 PM
To: Carol Krimm; 'Krimm, Carol Delegate (Laptop)'
Cc: Gayon Sampson; Michael OConnor
Subject: Parking Podium Roof Lease Terms

Carol –

You requested information regarding the lease terms under which the developer/hotel operator will be leasing the podium roof of the public parking structure (air rights if you will) for the hotel conference center. In summary the agreement is for the developer/hotel operator to have an initial 25 year term with three renewal options bringing the total term up to 99 years – exact details below. Please feel free to pass this information as needed to other delegation members. I have attached a copy of the MOU which we provided to each of the delegation members during our recent meetings with them.

“City Ownership of Public Podium/Garage. The Public Podium/Garage shall be owned in fee simple by the City and the City shall own, manage and control the Public Podium/Garage consistent with the City's ownership and management of its other garage and parking locations, including, but not limited to, the determination of management and pricing by the City. The number of parking spaces and use of the Public Podium/Garage will be determined by the City based on the financing and design requirements in accordance with

The City of Frederick Code and brand requirements, giving consideration to on-site parking needs for the Hotel as required by The City of Frederick Code as well as the impact on existing residents and businesses in the neighborhood. The planning and administration of the Public Podium/Garage will address larger event requirements and the related increase in parking demand through overflow parking management. The City and the Developer will coordinate an overflow parking management plan. The overflow parking management plan may include local and off-site facilities and satellite parking resources to accommodate the increased number of vehicles. The costs and expenses of the overflow parking management plan will be an operating expense of the Hotel and Conference Center.”

“Ground Lease Terms. The Ground Lease shall be commercially reasonable and financeable as customary to the industry, with terms and conditions as the Developer and the City shall mutually agree, including, but not limited to, a triple net lease with an initial Twenty five (25) year term, a second renewal term and a third renewal term of Twenty-five (25) years each, and a fourth and final renewal term of Twenty-four (24) years; if each renewal term is exercised, the full Term will total of Ninety-nine (99) years. Rent payments to the City are set forth on Appendix "D", attached hereto.”

APPENDIX D:

GROUND LEASE TERMS

1. Initial Term (Years 1-25): The Initial Term shall begin at issuance of the City Occupancy Permit for the Project. Rent payments during construction shall be zero. During Stabilization, payment of rent will be phased in at 25% of the annual rent for the first year, 50% in the second year, and 75% in the third year.

2. It is understood and agreed that the rent payable under the Ground Lease will be established based on the final total actual costs paid by the City to acquire the Land, and the final calculated and prorated share of site utilization by the Hotel, Conference Center (and if not sold to a third party and ownership retained by the City), the Retail Area. Using this formula and based on the current estimated total actual costs to be paid by the City to acquire the Land, annual rent beginning in the fourth year of the Initial Term (and for the balance of the Initial Term), will be Eighty-Two Thousand, Eight Hundred and Forty-Two Dollars and No/100 (\$82,842.00) ("Rent");

3. Second Term (Years 26-50): The Rent shall be the same as that in Year 25 and shall be increased thereafter at 1.25% per year on a cumulative basis.

4. Third Term (Years 51-75): The Rent shall be the same as that in Year 50 and shall be increased thereafter at 1.25% per year on a cumulative basis.

5. Fourth and Final Term (Years 76-99): The Rent shall be the same as that in year 75 and shall be increased thereafter at 1.25% per year on a cumulative basis,

Lease of the Land shall include a Right of First Offer on terms acceptable to the City and the Developer.

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