



**CITY OF GRAND PRAIRIE
HOTEL DEVELOPMENT
CORPORATION
COMMUNICATION**

MEETING DATE: 06/21/2022

REQUESTER: Megan Mahan

PRESENTER: Megan Mahan, City Attorney

TITLE: Lease with the City of Grand Prairie for EpicCentral Hotel; Landlord, Tenant and Manager Non-Disturbance and Attornment Agreement with the City GPHDC and Concord GPHCC Management, LLC; Authorize hotel management contract between GPHDC and GPHCC Management, LLC as Hotel Operator

RECOMMENDED ACTION: Approve

ANALYSIS:

The City has created a local government corporation, Grand Prairie Hotel Development Corporation, (“EpicCentral LGC”) to be the EpicCentral Hotel’s Tenant. The Tenant will contract with the hotel management company (GPHCC Management, LLC). The hotel management contract will be between the GPHDC and the management company. The Landlord, Tenant and Manager Non-Disturbance and Attornment Agreement outlines what happens to the management contract in the event of a lease termination or assignment.

The lease between the City and the EpicCentral LGC has the following terms:

Rent:

Base Rent: \$1,400,000 per year
Common Area Maintenance Charge (CAM): to be set by Landlord
Excess Net Profits

Term: 50-year term, begins after substantial completion

Maintenance, Repairs, Taxes, Insurance: Tenant responsibility

City use:

50 hotel rooms annually at the “owner’s rate”; additional will be an agreed discount
6 large events at 30% discount or at cost
Small events on a “space available basis” at 30% discount or at cost

City Approvals Required:

Budget and Annual Plan
Franchise/Franchise Agreement
Management Company/Management Agreement
Material Alterations to Building
Convention Center Trade Name
Demolish/Tear down facilities
Construct/install underground or aboveground storage tanks
LGC has no right to mortgage leasehold interest or building
Assignment/subletting of full facility

The Management Agreement between the EpicCentral LGC and the management company has the following terms:

Term:

Five (5) full calendar years; One (1) automatic renewal option for two (2) full calendar years; annual renewal(s) thereafter. Annual renewals can be terminated with a 60-day notice of non-renewal.

Fees: Greater of 3% Operating Revenues or \$3,500/Mth, plus Preopening and Centralized Services Fees

Reporting:

Annual Operating & Capital Budgets; Due November 1; 45 Day Review Period
Annual Marketing Plan; Due November 1; 45 Day Review Period
Monthly Financial Reports (Full Suite – Balance Sheet, Income Statement, Cash Flow, Marketing)

Cash Distributions To GPHDC:

Excess cash flow (Net Income) is due five days after issuance of financials – monthly; less adjustments required for seasonal cash flow requirements.

Capital Reserve:

Dedicated bank account managed by Concord / owned by GPHDC.

Capital Reserve basis is from operating revenues where Year 1 = 2%, Year 2 = 3%; Year 3+ = 4%

Reserve is expected to fund one-time capital improvements as needed; improvements approved via annual capital budget submission; GPHDC required to fund short fall(s) in approved capital needs.

Working Capital:

The greater of \$300,000 or Twenty-One (21) Day Operating Expenditures

Owner covers working capital requirements; working capital is managed by Concord / owned by the GPHDC.

.FINANCIAL CONSIDERATION:

Any financial obligations of the City will be paid from The EPIC Central Capital Projects Fund (360093). Rent will be deposited in the EpicCentral revenue account to pay bond repayment obligations.