 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 20, 2017
	Agenda Item No.	52
	Roll Call No.	<u>17-319</u>
	Communication No.	<u>17-095</u>
	Submitted by:	Pamela S. Cooksey, P.E., City Engineer

AGENDA HEADING:

Hold hearing for approval of the Second Amendment to Lease Agreement with SRE Bulldog Hotel Owner, LLC.

SYNOPSIS:

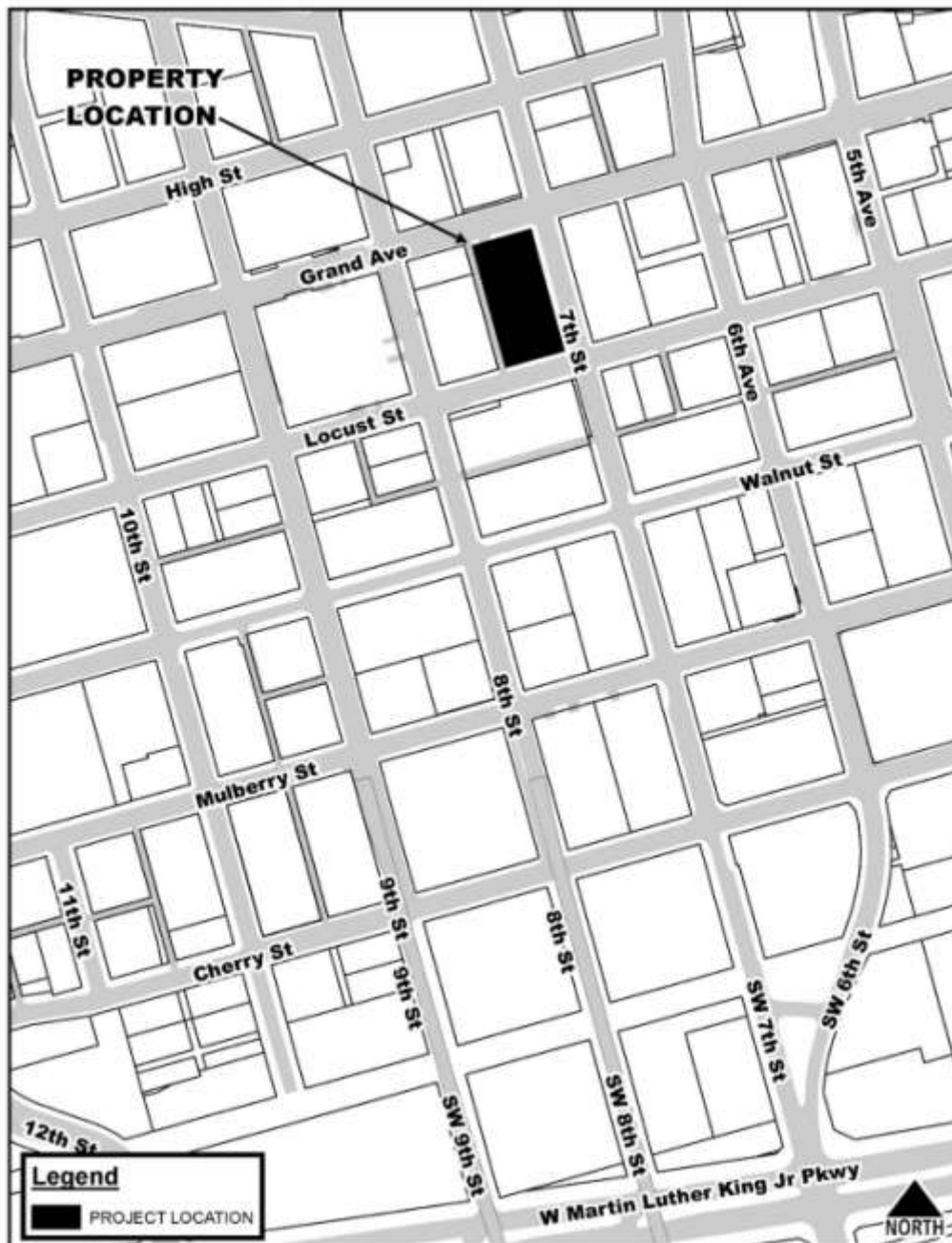
Recommend approval of the Second Amendment to Lease Agreement with SRE Bulldog Hotel Owner, LLC., c/o Singerman Real Estate, Seth Singerman, President, 980 North Michigan Avenue, Suite 1600, Chicago, Illinois 60611. The lease agreement provides for use of air rights allowing the downtown Des Moines Marriot Downtown hotel to encroach into and above a portion of 7th Street, Locust Street and Grand Avenue right-of-way, and over portions of the intervening alley right-of-way. The Second Amendment to Lease Agreement is necessary in order to make current all terms and conditions of the existing lease agreement with SRE Bulldog Hotel Owner, LLC. This action is required by Iowa law prior to making a final determination on the proposed Second Amendment to Lease Agreement.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- On April 16, 1979, by Roll Call No. 79-1579, City Council approved a Lease of Air Rights with City Center Development, L.P. for the lease of air rights allowing the Des Moines Marriott Downtown hotel to encroach into and above a portion of 7th Street, Locust Street and Grand Avenue right-of-way, and over portions of the intervening alley right-of-way.
- On December 1, 1980, by Roll Call No. 80-5846, City Council approved an Amendment to the Lease of Air Rights to remove from the lease agreement that portion of the leasehold area being converted to a public skywalk corridor, and to reduce the annual rental amount proportionately.
- On December 19, 2016, by Roll Call No. 16-2121, City Council consented to the assignment of the Lease of Air Rights from City Center Development, L.P. to SRE Bulldog Hotel Owner, LLC.
- Following the City's approval of the above lease assignment, SRE Bulldog Hotel Owner, LLC entered into a sublease with a subsidiary company, SRE Bulldog Hotel TRS, LLC for use of the leased premises, which requires additional City approval.

- As part of the City's approval of the above sublease, other terms of the lease agreement need to be amended as follows:
 - The legal description, annual rental amount, and payment due date need to be formally amended in accordance with the City's prior approval of the above referenced 1980 lease amendment;
 - Establish terms for future assignments, transfers or subleases;
 - Update the addresses under the notice provision; and
 - Designate the Real Estate Division Manager of the City of Des Moines to administer the requirements of the lease agreement on the City's behalf.



PREVIOUS COUNCIL ACTION(S):

Date: February 6, 2017

Roll Call Number: [17-0189](#)

Action: [On](#) approval of the Second Amendment to Lease Agreement with SRE Bulldog Hotel 6 2/6/2017 Owner, LLC f/k/a Des Moines Marriott Downtown, (2-20-17). Moved by Hensley to adopt. Motion Carried 7-0.

Date: December 19, 2016

Roll Call Number: [16-2121](#)

Action: [Approving](#) Consent to Assignment by City Center Development Limited Partnership to SRE Bulldog Hotel Owner, LLC of the lease of air rights for the Des Moines Marriott Downtown hotel building encroachments into the adjoining streets. Moved by Hensley to adopt. Motion Carried 5-1. Absent: Coleman. Mayor Cownie declares a conflict of interest and abstains from voting.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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