

# Mayor and Council Communication

DATE: 06/08/21

M&C FILE NUMBER: M&C 21-0381

LOG NAME: 17CRESCENTHOTELAMEND

## **SUBJECT**

(CD 7) Amend Mayor and Council Communication 21-0142 to Authorize Assignment of One or More Parking Garage Sublease Agreements Related to the Development of a Hotel, Office, and Residential Complex at the Intersection of Camp Bowie Boulevard and Van Cliburn Way by Crescent Real Estate, LLC or Affiliates Under Certain Conditions

## **RECOMMENDATION:**

It is recommended that the City Council amend Mayor and Council Communication 21-0142 to authorize the assignment of one or more parking garage sublease agreements related to the development of a hotel office, and residential complex at the intersection of Camp Bowie Boulevard and Van Cliburn Way by Crescent Real Estate, LLC or affiliates under certain conditions.

## **DISCUSSION:**

On March 2, 2021, the City Council approved Mayor and Council Communication (M&C) 21-0142 authorizing the execution of one or more sublease agreements for two parking garages (Sublease) related to the development of a hotel office, and residential complex at the intersection of Camp Bowie Boulevard and Van Cliburn Way (Project) by Crescent Real Estate, LLC or Affiliates (Developer). The purpose of this M&C is to revise M&C 21-0142 to clarify the conditions the Sublease may be assigned by Developer to another party without Council approval in the future.

Therefore, staff recommends that the City Council revise M&C 21-0142 to clarify the conditions the Sublease may be assigned by Developer to another party as follows:

- Developer may not sell, assign, transfer, or otherwise convey any of its rights or obligations under the Sublease, either in whole or in part, prior to completion of the Project, except to an affiliate of Developer;
- Developer may collaterally assign the Sublease to any mortgagee at any time prior to or after completion of the Project, and the mortgagee may assign the Sublease to any subsequent purchaser pursuant to a foreclosure action;
- After completion of the Project, Developer may sell, assign, transfer, or otherwise convey any of its rights or obligations under the Sublease, either in whole or in part, to any entity that acquires all or a portion of the Project without further consent of the City Council;
- If ownership of less than all of the Project is transferred through sale, the parties will negotiate to assign all or part of the Sublease as necessary to support the split in ownership; and
- In all other instances, consent of City Council will be required for any assignment of the Sublease.

Notwithstanding anything to the contrary, any assignment as described above will require the execution of a consent to assignment between the Developer, assignee, City, and Central City Local Government Corporation (as owner of the parking garages), which consent will not be unreasonably withheld. Consent may be granted administratively by the City Manager or designated staff. The grants provided under this agreement will be built into the City's long-term financial forecast with a maximum grant award of \$25,000,000.00.

This project is located in COUNCIL DISTRICT 7.

## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2021 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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Expedited