

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: AIRPORT

AGENDA DATE: November 13, 2012

CONTACT PERSON NAME AND PHONE NUMBER: Monica Lombraña/780-4724

DISTRICT(S) AFFECTED: All Districts

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

This item is a Resolution to authorize the City Manager to sign a First Amendment to the Contract by and between the City of El Paso and Hines Interests, L.P. to add a Second Option Period of six (6) months and two (2) additional periods of six (6) months each, which will allow time for a Feasibility Period in connection with a study for a new hotel and conference center adjacent to the Butterfield Trail Golf Club (BTGC).

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

The Contract with Hines Interests, L.P. will terminate on November 14, 2012. Although the initial feasibility study (market study) has been completed, Hines and Airport staff require time to complete additional studies and negotiation of a lease for the development of a new hotel and conference center to be situated on approximately thirteen (13) acres of land adjacent to the BTGC. For consideration in the amount of \$4,719.00 for each option period, the contract amendment grants Hines a second option period of 180 days (6 months), plus a maximum of two (2) additional option periods of six (6) months each, as mutually agreed upon by both parties.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

January 31, 2012 – Contract by and between the City and Hines Interests, L.P. for a Feasibility Study.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

If a lease agreement results, no funds will be expended and this would be a revenue-generating contract.

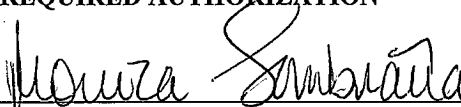
If a lease is not negotiated, the Airport is required to pay for study from the Airport Enterprise Fund – amount not to exceed \$35,000.

BOARD / COMMISSION ACTION: N/A

Enter appropriate comments or N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



Monica Lombraña, A.A.E.
Director of Aviation

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign a First Amendment to the Contract by and between the City of El Paso and Hines Interests, L.P. to add a Second Option Period of six (6) months and two (2) additional options to extend for six (6) months each which will allow time for a Feasibility Period in connection with a study for a new hotel and conference center adjacent to the Butterfield Trail Golf Club.

Dated this ____ day of _____ 2012.

CITY OF EL PASO

John F. Cook
Mayor

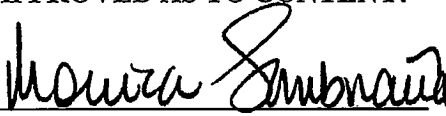
ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Theresa Cullen
Deputy City Attorney

APPROVED AS TO CONTENT:



Monica Lombrafia, A.A.E.
Director of Aviation

STATE OF TEXAS)
)
COUNTY OF EL PASO) **FIRST AMENDMENT TO CONTRACT**

This First Amendment to the Contract by and between the City of El Paso ("City") and Hines Interests, L.P. ("Hines") is made this ____ day of _____, 2012.

WHEREAS, on January 31, 2012, the City granted to Hines the exclusive right and option to lease the following property and an option to conduct a Feasibility Study for a new hotel and conference center adjacent to the Butterfield Trail Golf Club:

Thirteen (13) acres, more or less, adjacent to the Butterfield Trail Golf Club, and generally located along the southwest corner of the Butterfield Trail Golf Club and immediately east of Global Reach Drive in the City and County of El Paso, Texas (the "Site");

WHEREAS, the term of the Contract will expire on November 14, 2012; and

WHEREAS, both the City and Hines desire to amend the contract to add an additional option period for a Feasibility Period.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Second Option Period.** A Second Option Period for a Feasibility Period shall be for the period of six (6) months commencing on November 15, 2012 and continuing until 5:00 p.m. on May 14, 2013. The Director of Aviation (the "Director") may approve an extension of this Second Option Period, if mutually agreed upon by both parties for two (2) additional options to extend the term of the contract for six (6) months each.

Hines will provide the Director with a thirty (30) day notice of its intent to exercise either of the two additional six month options beyond the identified Second Option Period.

2. **Consideration Second Option Period.** The Consideration for this Second Option Period is FOUR THOUSAND SEVEN HUNDRED NINETEEN DOLLARS AND 00/100 (\$4,719.00), which will be non-refundable and will not be credited against the rental in the event Hines enters into a Lease with the City. Payment of this Consideration is due prior to the commencement date of this Second Option Period, which is November 15, 2012. If Hines should exercise either of the two additional six month options beyond the identified Second Option Period, the consideration for each additional option period is FOUR THOUSAND SEVEN HUNDRED NINETEEN DOLLARS AND 00/100 (\$4,719.00), which will be non-

refundable and will not be credited against the rental in the event Hines enters into a Lease with the City. Payment of this Consideration is due prior to the commencement date of each additional option period.

3. Paragraph 6. **Negotiation**, of the Contract, is revised in its entirety to read as follow:

6. **Negotiation**. Upon completion of the Feasibility Period, which will be completed within one hundred eighty (180) days of the date of the Effective Date of this First Amendment to Contract or within one hundred eighty (180) days of each additional option to extend the term of the contract, the City and Hines will work diligently and in good faith to negotiate and execute a mutually acceptable Lease and any related agreements which must be approved by the El Paso City Council.

The Lease and any related agreements may address:

- Incentives which may be offered by the City, including, but not limited to, potential tax abatements and potential tax increment financing mechanisms;
- Key roles of the Parties;
- General timelines for deliveries and key milestones of the project(s);
- Possible cost sharing arrangements and use of outside third parties;
- Development, Financing, and related fees; and
- Ownership of land improvements on the Site

4. **January 31, 2012 Contract**. Except as expressly modified herein, all other terms and conditions of the Contract dated January 31, 2012 shall remain in full force and effect and shall remain as written.

5. **Effective Date**. Regardless of the date executed, the Effective Date of this First Amendment to the Contract shall be November 15, 2012.

IN WITNESS WHEREOF, this First Amendment to the Contract has been approved by the parties hereto as of the dated first noted above.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

CITY OF EL PASO

Joyce A. Wilson
City Manager

APPROVED AS TO FORM:

Theresa Cullen
Deputy City Attorney

APPROVED AS TO CONTENT:

Monica Lombrafia

Monica Lombrafia, A. A. E.
Director of Aviation

ACKNOWLEDGMENT

THE STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me on this ____ day of _____, 2012
by Joyce A. Wilson, as City Manager of the City of El Paso (Lessor).

Notary Public, State of Texas

My Commission Expires:

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

LESSEE: Hines Interests, L.P.
As an Agent for Hines Holdings, Inc.

By: *Travis Overall*
Printed Name: Travis Overall
Title: Vice President

ACKNOWLEDGMENT

STATE OF Texas)
COUNTY OF Harris)

This instrument was acknowledged before me on this 5th day of November, 2012
by Travis Overall as Vice President of Hines Interests, L.P., as an Agent for Hines Holdings, Inc.

Sarah Cunningham
Notary Public, State of

My Commission Expires:
7/15/2014

