



## ARLINGTON COUNTY, VIRGINIA

<b>County Board Agenda Item Meeting of January 27, 2007</b>
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**DATE:** January 3, 2007

**SUBJECT:** Approval of First Amendment to Deed of Lease between the County Board of Arlington County, Virginia (“County”) and Arlington Hotel Associates LLC (“Arlington Hotel”) for the real property known as Lot Six (6), Courthouse Plaza, RPC No. 18005042.

**C. M. RECOMMENDATIONS:**

1. Approve the attached First Amendment to Deed of Lease between the County Board of Arlington County, Virginia and Arlington Hotel Associates LLC for the real property known as Lot Six (6), Courthouse Plaza, RPC No. 18005042.
2. Authorize the Real Estate Bureau Chief, Engineering and Capital Projects Division, Department of Environmental Services to execute, on behalf of the County Board of Arlington County, Virginia, the above referenced First Amendment to Deed of Lease, and all related documents, subject to approval as to form by the County Attorney.

**ISSUES:** None

**SUMMARY:** Arlington Hotel is seeking approval of the First Amendment To Deed Of Lease (“First Amendment”), attached hereto as Exhibit A, which would amend its ground lease with the County to provide it with an additional year to meet certain deadlines required by the Deed of Lease dated June 20, 2005 between Arlington County and Arlington Hotel (“Original Lease”).

**BACKGROUND:** Arlington Hotel and the County entered into the Original Lease, whereby the County agreed to ground lease Arlington Hotel certain real property known as Lot Six (6), Courthouse Plaza, RPC No. 18005042 (“Property”). (See Vicinity Map, attached hereto as Exhibit B). In return, Arlington Hotel agreed to construct a hotel on the Property and to complete certain steps in the development and construction process by definitive dates set forth therein. More specifically, Arlington Hotel agreed to procure the initial construction permit and close on financing for the construction of the hotel within 12 months after final and unappealable site plan approval and to substantially complete the construction of the hotel within 36 months after final and unappealable site plan approval. According to this timetable, the initial construction permit would have to be issued by March 26, 2007 and the hotel would have to be substantially complete by March 26, 2009.

County Manager: _____
County Attorney: _____
Staff: Linda Collier, Real Estate Bureau, Department of Environmental Services; Bruce Borque, Arlington Economic Development

**DISCUSSION:** Arlington Hotel Associates LLC has requested that the Original Lease be amended to extend by one year, respectively, the time within which it is required to obtain an initial construction permit and close on financing, and the time within which it is required to substantially complete the hotel. Arlington Hotel has been actively pursuing construction of the hotel and remains committed to construction of the hotel, however, it feels that it cannot obtain all of the necessary approvals within the stated time limits. Therefore, Arlington Hotel is seeking approval of the First Amendment to Deed of Lease (“First Amendment”), attached hereto as Exhibit A.

The First Amendment would grant Arlington Hotel:

- 1) Twenty-four (24) months, instead of twelve (12) months, after final unappealable Site Plan approval, to procure the initial construction permit for the hotel and obtain financing for the construction. This provision would extend the applicable deadline from March 26, 2007 to March 26, 2008; and
- 2) Forty-eight (48) months, instead of thirty-six (36) months, after final unappealable Site Plan approval, to substantially complete the hotel and other improvements under the Site Plan. This provision, would extend the applicable deadline from March 26, 2009 to March 26, 2010.

**FISCAL IMPACT:** None.