

REDEVELOPMENT AGENCY RESOLUTION NO. 817

AUTHORIZING AMENDMENT TO LEASE TERMS – LEASE OF BALLROOM AREA TO CUSTOM HOUSE HOTEL, LP, dba DOUBLTREE HOTEL – DE ANZA BALLROOMS I, II & III (ADJACENT TO MONTEREY CONFERENCE CENTER)

WHEREAS THE REDEVELOPMENT AGENCY OF THE CITY OF MONTEREY entered into a Lease in the Monterey Conference Center with Custom House Hotel, LP in 1976 for construction of a convention hotel and the leasing of the ballroom, and;

WHEREAS, the parties to the lease wish to negotiate and amend the Lease to their mutual benefit and subject to the following terms and conditions:

- Location: DeAnza Ballrooms I, II & III (the "Ballrooms")
- Size: Approximately 10,655 ± square feet
- Term: Twenty-five (25) years, commencing January 1, 2004 (the "Effective Date") and expiring on December 31, 2028
- Minimum/Base Rent: \$111,982.50 annually, \$10.50 per sq. ft., payable in twelve (12) equal monthly installments, for calendar years 1 – 5. Thereafter minimal base rent shall be calculated in four (4) five (5) year periods, commencing in the 6th, 11th, 16th and 21st year, adjusted by cumulative annual Consumer Price Index ("CPI") increases, plus additional per square foot rent.
- Additional Rent: The minimum/base rent as increased by the annual CPI and payable for each successive five (5) year period, shall also be increased by the following additional rent amounts: \$0.25 psf, \$0.50 psf, \$0.75 psf and \$1.00 psf to determine the annual rental amounts for each successive 5-year period, commencing in the 6th, 11th, 16th and 21st year.
- Schedule of Adjustment of Additional Rent: Adjusted for the periods January 1, 2009 – December 31, 2013; January 1, 2014 – April 27, 2018; January 1, 2019 – December 31, 2023; and January 1, 2024 – December 31, 2028.
- Option Term: Upon mutual consent of both parties, Tenant is granted two (2) additional ten (10) year periods. To exercise the first option, Tenant shall give written notice to City not sooner than April 27, 2027, and not later than October 27, 2027. To exercise the second option Tenant shall give written notice to City not sooner than April 27, 2037, and not later than October 27, 2037.
- Rent Option Period/Fair Market: At the commencement of each option period, if exercised, the rent shall be renegotiated to the fair market value; but in no event shall the rent be less than the previous year's annual rent.

Percentage Rent: 2% of gross receipts in excess of \$1,250,000 (the "Threshold") for years 1-5; thereafter, 2% of gross receipts in excess of the threshold which is adjusted by the CPI for each successive 5 year period.

Insurance: Tenant shall maintain \$5,000,000 per occurrence and \$10,000,000 in the aggregate Comprehensive General Liability Insurance naming the City, its officers, employees, assigns and agents. Workers Compensation Insurance as required by the State of California.

Net, Net, Net Lease: Tenant will be responsible for all possessory interest taxes, taxes levied by any governmental agency, utilities, maintenance, furniture, fixtures and equipment (including all necessary replacements thereof) for the operations of the "Ballrooms." Additionally, Tenant will pay its proportionate share of all net charges, including but not limited to common area, fire, casualty and liability insurance, security protection and landscaping.

City Use: City shall be entitled to utilize the DeAnza Ballroom III for six (6) conferences and/or meetings per calendar year at no cost. Additionally, the City shall have the right to designate the caterer for two (2) of the events.

THEREFORE;

BE IT RESOLVED THAT THE REDEVELOPMENT AGENCY OF THE CITY OF MONTEREY does hereby authorize and approve the Amendment to the Agreement for Rental of Ballroom Space Lease, dated February 2, 1976, subject to the terms and conditions outlined herein. All other terms and conditions of the Lease remain in full force and effect.

BE IT FURTHER RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF MONTEREY that the Agency Chairperson is hereby authorized and directed to execute the necessary documents to effect the transaction.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF MONTEREY this 6th day of April 2004, by the following vote:

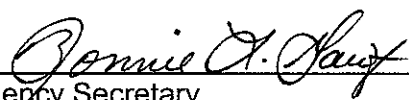
AYES: 5 AGENCY MEMBERS: ALBERT, CANEPA, DELLA SALA
ROBERSON, VREELAND
NOES: 0 AGENCY MEMBERS:
ABSENT: 0 AGENCY MEMBERS:

APPROVED:



Agency Chairperson

ATTEST:



Agency Secretary