

**REPORT/ RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF
ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY AND
August 12, 2021**

FROM: Robert Olislagers, CEO

SUBJECT: Hotel Ground Lease and Agreement between Pinnacle Hospitality, LLC ("Lessee") and Arapahoe County Public Airport Authority ("Authority")

RECOMMENDATION: Motion to conditionally approve the Hotel Ground Lease and Agreement between Authority and Lessee pending review by Staff and Counsel of (a) all associated documents; (b) verification of funds; and, (c) payment of all past-due fees and taxes, and authorize the Chair and Clerk to Sign.

BACKGROUND: Following bankruptcy proceedings, the US Bankruptcy Court in Denver approved the sale of the hotel to Pinnacle Hospitality, LLC, headed by Mr. John Reed of Parker CO; however, the transaction as of this writing is out of contract. Pending completion of the ALTA Survey and transfer of funds, closing is expected prior to September 1, 2021. Neither the Court appointed Receiver nor Wells Fargo Bank, which has a financial interest in the hotel, will provide any extensions to closing beyond 1 September 2021. If there is no closing by then, the bank has the option to foreclose or restart the process of finding an acceptable hotel operator.

The Hotel Ground Lease and Agreement is substantially the same as the prior lease except the lease rate has been reduced to \$0.10 PSF until December 31, 2022 to accommodate reconstruction of the hotel, giving an annual starting rate of \$25,518.88 and an ending rate of \$443,926.51 in 2071, provided all options are exercised and the tenant or assigns remain in good standing.

FINANCIAL DATA: The annual starting rate is \$25,518.88 until 12/31/2022. On January 1, 2023 the annual rate is \$114,834.98 and escalates by 3% every year thereafter beginning in 2026.

REVIEW BY OTHERS: Robert Olislagers, Gwen Balk, Luke Skaflen, Roxy Hahn, Kimberly Bruetsch

PRESENTERS: Robert Olislagers, CEO

Action of the Board of Commissioners

	1 st	2 nd	YES	NO	ABS
Bagnato	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Baker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doubek	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Holen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sharpe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>