STATE BUDGET AND CONTROL BOARD | BLUE AGENDA

MEETING OF May 15, 2007 | ITEM NUMBER 6

AGENCY: General Services Division

SUBJECT: Patriots Points Development Authority (PPDA) – A Proposed Settlement Agreement and Lease Amendment Settling an Arbitration Proceeding and a Proposed Amendment to a Lease

Arbitration was instituted to resolve a dispute concerning the interpretation of a provision in certain leases. The leases currently prohibit PPDA from permitting or constructing hotels, motels or similar facilities on certain parcels until January 1, 2012. The Settlement Agreement and Lease Amendment would resolve the parties' disputes regarding Article XXXI by amending all of the applicable leases to allow PPDA to permit and construct hotels, motels and similar facilities immediately, but not to operate them on those lands until January 1, 2010. The Settlement Agreement and Lease Amendment would also clearly set forth which parcels are subject to the prohibition. The Settlement Agreement and Lease Amendment further provides for the dismissal of the arbitration and related state court action.

The second proposed amendment to the lease between PPDA as landlord and Great American Life Insurance Company (GALIC) as Tenant relating to designated Parcels B, C and D would make the following substantive changes:

1. extend the date by which GALIC must commence construction from July 31, 2007, to August 1, 2008; and

2. provide for a payment of minimum rent of $15,000.00 per month until such time as a specified percentage rent exceeds the minimum.

BOARD ACTION REQUESTED:

Approve the Patriots Point Development Authority proposed Settlement Agreement settling an arbitration proceeding and the second proposed amendment to the lease between Patriots Point Development Authority and Great American Life Insurance Company.

ATTACHMENTS:

Agenda item worksheet

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: May 15, 2007 **Blue Agenda**

1. **Submitted by:**
   (a) Agency: General Services Division
   (b) Authorized Official Signature: M. Richbourg Roberson, Director

2. **Subject:** Patriots Points Development Authority (PPDA) – A proposed Settlement Agreement and Lease Amendment settling an arbitration proceeding and a proposed amendment to a lease.

3. **Summary Background Information:**

Arbitration was instituted to resolve a dispute concerning the interpretation of a provision in certain leases. The leases currently prohibit PPDA from permitting or constructing hotels, motels or similar facilities on certain parcels until January 1, 2012. The Settlement Agreement and Lease Amendment would resolve the parties' disputes regarding Article XXXI by amending all of the applicable leases to allow PPDA to permit and construct hotels, motels and similar facilities immediately, but not to operate them on those lands until January 1, 2010. The Settlement Agreement and Lease Amendment would also clearly set forth which parcels are subject to the prohibition. The Settlement Agreement and Lease Amendment further provides for the dismissal of the arbitration and related state court action.

The second proposed amendment to the lease between PPDA as landlord and Great American Life Insurance Company (GALIC) as Tenant relating to designated Parcels B, C and D would make the following substantive changes:

1. it would extend the date by which GALIC must commence construction from July 31, 2007, to August 1, 2008; and

2. it would provide for a payment of minimum rent of $15,000.00 per month until such time as a specified percentage rent exceeds the minimum.

4. **What is Board asked to do?** Approve the Settlement Agreement and Lease Amendment and the second proposed amendment to the lease.

5. **What is recommendation of Board Division involved?** Recommend approval of the Settlement Agreement and Lease Amendment and the second proposed amendment to the lease.

6. **List of Supporting Documents:** N/A