

GPAC Lease Termination

On 14, April 1978 the City and County of Denver entered into a Master Lease with Mickey E. Fouts for the Galleria premises (retail spaces that wrap the parking garage) at DPAC. Through Amendatory Agreements the name of the tenant has since changed to GPAC, but the principals have essentially remained the same. This long term lease has a current expiration date of 2028.

Under the terms of the Master Lease, GPAC retains 55% of the rental revenue and the City receives the balance of 45%. The current annual net revenue is approximately \$450,000. The City has now successfully negotiated an opportunity for an early termination of the GPAC Lease. The Termination Fee is \$1,900,000, which will be paid out of the AVD Capital Special Revenue Fund and will provide 100% of the revenue will now come to the City. The added revenue received as a result of this transaction will be retained by AVD.

As part of the potential redevelopment of the DPAC, the City will have direct control over all tenants within the property as a result of this transaction which will allow the City to be in a stronger position of control for the potential redevelopment of the entire campus.

Once this Lease Termination Agreement is complete, the City will be perform day-to-day property management as well as future leasing. The Division of Real Estate will perform/oversee these duties and work directly with AVD as their service provider on the delivery of these services. AVD will have staff performing some of the exterior maintenance, which they already perform as part of their larger responsibilities on the DPAC campus.

The Division of Real Estate will engage a property management firm that will perform daily direct management services for the existing tenants, develop an operating budget, provide monthly reports on actual vs. budgeted expenses and be the first line of response for tenant needs (and coordinate with AVD staff on delineation of day-to-day maintenance).

Currently, the property is 100% leased and as leases expire or tenancy changes, Real Estate will coordinate with AVD in order lease vacant space and maintain the long term vision for the overall campus.