

Master Ground Lease for DART's Addison Transit Center Property

**City Council Presentation
November 14, 2023**

The logo for Addison Transit Center, featuring the word "ADDISON" in blue, uppercase, sans-serif font inside a white circle. The circle is set against a blue background that has a white diagonal line running from the top-left to the bottom-right, creating a triangular shape on the right side of the slide.

ADDISON

DART Master Ground Lease

ADDISON

- The Master Ground Lease establishes the terms and conditions for the Town's lease of DART's Addison Transit Center property for inclusion in the planned transit-oriented development around the Silver Line rail station
- The provisions of the lease are in accordance with the Interlocal Agreement approved in 2021 by the Town and DART



DART Master Ground Lease

Timeline for Engaging Developer and Commencement of Construction

Town Early Termination Period

Town has 48 months from the Effective Date (Nov. 2023) to engage a master developer and sublease the property



Developer has 60 months from Effective Date (Nov. 2023) to secure zoning, financing, plan preparation and commence construction

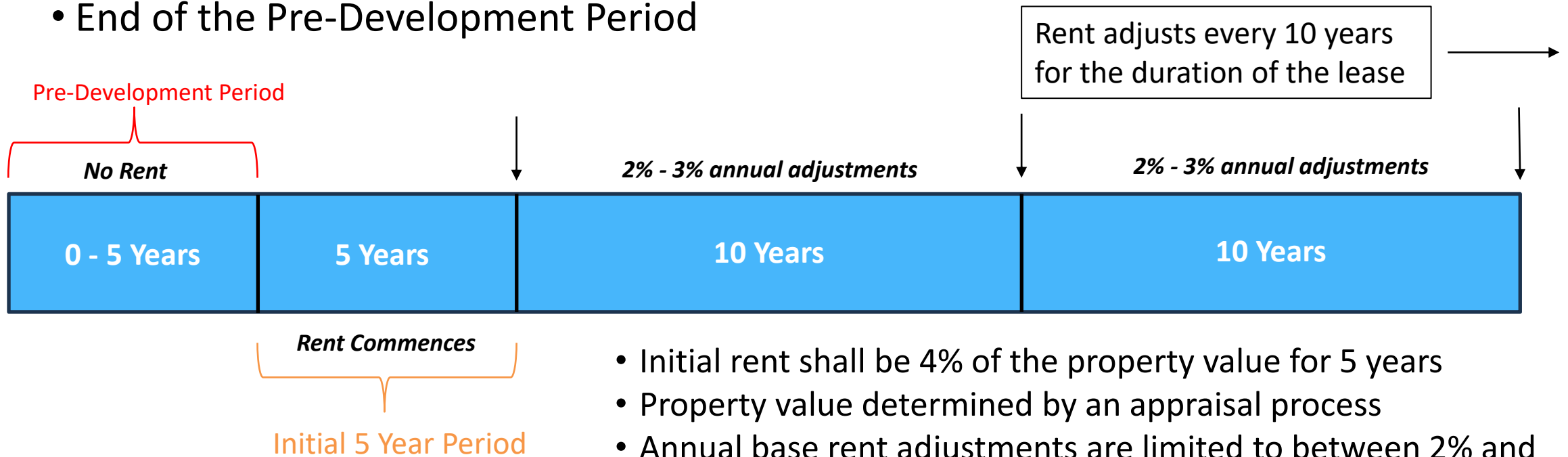
Pre-Development Period

DART Master Ground Lease

Rent Commencement, Determination of Annual Base Rent and Subsequent Rent Adjustments

Annual rent is not due until the first to occur of the following:

- Construction activities impact DART's transit operations; or
- A Certificate of Occupancy is issued for the first building; or
- End of the Pre-Development Period



- Initial rent shall be 4% of the property value for 5 years
- Property value determined by an appraisal process
- Annual base rent adjustments are limited to between 2% and 3% per year thereafter

DART Master Ground Lease

Unsubordinated Ground Leases

- The master developer and tenants of the project may obtain financing and use the leasehold to secure loans
- If the master developer defaults on a loan, its lender has no right to foreclose on DART's interest in the property

DART Master Ground Lease

Sublease with Master Developer

- Town has 48 months from the Effective Date (Nov. 2023) to engage a master developer and negotiate the sublease of the property
- Revenue from the sublease can be used to offset rent on the master lease
- Should the rent income generated from the sublease exceed the amount due under the master lease, the Town and DART will equally share the resulting surplus, fifty-fifty.

QUESTIONS?