



COMMISSIONERS COURT COMMUNICATION

REFERENCE NUMBER _____

PAGE 1 OF 5

DATE: 09/19/2023

**SUBJECT: APPROVAL OF SIXTH MODIFICATION TO THE LEASE
AGREEMENT BETWEEN TARRANT COUNTY HOSPITAL
DISTRICT AND ANDREWS-DILLINGHAM PROPERTIES, LTD.
FOR THE BUILDING LOCATED AT 501 W. MAIN STREET,
ARLINGTON**

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court approve the sixth modification to the office lease agreement between Tarrant County Hospital District (TCHD) and Andrews-Dillingham Properties, Ltd.(successor in interest to Exile on Main Partners, Ltd.) for the building located at 501 W. Main Street, Arlington, Texas 76010.

BACKGROUND

On October 26, 2004, the Commissioners Court, through Court Order #94008, approved a lease agreement between TCHD and Exile on Main Partners, Ltd. (Exile) for the lease and occupation of approximately 10,500 rentable square feet in the building located at 501 W. Main Street, Arlington. The initial term of the agreement was for a period of five (5) years. The cost of the lease for the first and second years was \$126,000.00 annually and \$136,500.00 for the remaining years. TCHD currently houses its JPS Health Center-Central Arlington in this building.

On February 16, 2010, the Commissioners Court, through Court Order #107443, approved the First Amendment to the Lease Agreement with Exile to renew the Lease for an additional five (5) year term, expiring October 31, 2014.

On November 1, 2010, Andrews-Dillingham Properties, Ltd. purchased and acquired from Exile on Main Partners, Ltd. all of its rights, title, and interest to the property.

On April 22, 2014, the Commissioners Court, through Court Order #117502, approved the Second Modification to the Lease Agreement with Andrews-Dillingham Properties, Ltd. to extend the term by an additional twenty-four (24) months, expiring October 31, 2016.

Over the years, the Lease Agreement with Andrews-Dillingham Properties, Ltd. has been amended to extend the term of the Lease Agreement and increase the Base Monthly Rent.

SUBMITTED BY:	Administrator's Office	PREPARED BY: APPROVED BY:	Lani Taylor Daphne Walker
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REFERENCE NUMBER: _____ DATE: 09/19/2023 PAGE 2 OF 5

On October 26, 2021, the Commissioners Court, through Court Order #136671, approved the Fifth Modification which is the most recent lease modification between TCHD and Andrews-Dillingham Properties, Ltd. This modification extended the term of the Lease by an additional twenty (24) months, expiring October 31, 2023. The Base Monthly Rent for November 1, 2021 to October 31, 2022 was set at \$15,565.00, for an annual total of \$186,780.00. The Base Monthly Rent for November 1, 2022 to October 31, 2023 was set at \$15,815.00, for an annual total of \$189,780.00.

With approval of the Sixth Modification to the Lease Agreement, the term will be extended for an additional thirty-six (36) months, beginning November 1, 2023 and ending October 31, 2026. The Base Monthly Rent for November 1, 2023 to October 31, 2024 will be \$16,150.00, for an annual total of \$193,800.00; \$16,450.00 for November 1, 2024 to October 31, 2025, for an annual total of \$197,400.00; and \$16,750.00 for November 1, 2025 to October 31, 2026, for an annual total of \$201,000.00. The Grand Total for the thirty-six (36) month extension is \$592,200.00 not including NNN charges of \$55,650.00 per year.

The TCHD Board of Managers approved the Sixth Modification at its August 10, 2023, Board of Managers meeting, subject to the approval of Commissioners Court. The TCHD General Counsel reviewed the lease agreement and approved it as to form.

FISCAL IMPACT

The funds for this lease have been approved within the Tarrant County Hospital District (TCHD) budget:

For November 1, 2023 to October 31, 2024, the monthly rent will be \$16,150.00, for an annual total of \$249,450.00 (\$193,800.00 + \$55,650.00).

For November 1, 2024 to October 31, 2025, the monthly rent will be \$16,450.00, for an annual total of \$253,050.00 (\$197,400.00 + \$55,650.00).

For November 1, 2025 to October 31, 2026, the monthly rent will be \$16,750.00, for an annual total of \$256,650.00 (\$201,000.00 + \$55,650.00).

The Grand Total for the three (3) year term is \$759,150.00.