



City of Chicago



O2019-2581

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	3/1/2019
Sponsor(s):	Dept./Agency
Type:	Ordinance
Title:	Amendment to food and beverage agreement with Hyde Park Hospitality LLC regarding base management fee at Chicago O'Hare International Airport Hilton Hotel
Committee(s) Assignment:	Committee on Aviation

ORDINANCE

WHEREAS, The City of Chicago ("City") is a home rule unit of government as defined in Article VII, §6(a) of the Illinois Constitution, and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, The City owns and operates Chicago O'Hare International Airport ("Airport") and possesses the power and authority to lease its premises and facilities and to grant other rights and privileges with respect thereto; and

WHEREAS, On November 14, 2018, the Chicago City Council passed an ordinance, C. J. P. pp. 90885-91279, that authorized the City to enter into an agreement with Hilton Management LLC ("Hilton") to manage and operate the only existing hotel ("Existing Hotel") at the Airport on behalf of the City; and

WHEREAS, The ordinance also authorized the City to enter into a food and beverage agreement with Hyde Park Hospitality LLC ("Hyde Park"), to operate and manage the food and beverage operations at the Existing Hotel, including the (i) restaurants within the Existing Hotel, along with the kitchen, food storage areas, refrigerators, freezers and other back-of-house areas related to the restaurants, (ii) provision of food and beverage services to the banquet and second floor meeting spaces at the Existing Hotel, and (iii) grab-and-go retail outlet (the "Food and Beverage Agreement"); and

WHEREAS, The City desires to amend Section 8.4(a) of the Food and Beverage Agreement to properly reflect the base management fee to be paid to Hyde Park by Hilton on behalf of the City; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated by reference as if fully set forth herein.

SECTION 2. The Mayor or the mayor's proxy is hereby authorized to execute, upon the recommendation of the Commissioner of the Chicago Department of Aviation ("Commissioner") and the approval of the Corporation Counsel as to form and legality, an Amendment to the Food and Beverage Agreement with Hyde Park, substantially in the form attached hereto as Exhibit A.

SECTION 3. The Commissioner and such other City officials and employees as may be required are authorized to take such actions and execute such other documents, including incorporating this Amendment into a final executed comprehensive document, as may be necessary or desirable to implement the objectives of this ordinance.

SECTION 4. This ordinance shall take effect immediately upon its passage and approval.

Amendment to Food and Beverage Agreement

Section 8.4(a) is hereby stricken in its entirety and replaced with the following:

(a) Base Management Fee. From the Opening Date through the Renovation Completion Date, Hotel Operator, on behalf of Owner, shall pay to F&B Operator, without setoff or reduction, an annual fee for each year (the “Base Management Fee”), in the amount of: (i) six percent (6%) of F&B Operation Receipts, where F&B Operation Receipts are \$0 to \$15,000,000.00; plus (ii), seven percent (7%) of the amount of the incremental F&B Operation Receipts that are greater than \$15,000,000.00 but less than \$18,000,000.00; and (iii) eight percent (8%) of the amount of the incremental F&B Operation Receipts that are greater than \$18,000,000.00. Starting with the Renovation Completion Date Hotel Operator, on behalf of Owner, shall pay to F&B Operator, without setoff or reduction, an annual fee for each year (the “Base Management Fee”), in the amount of: (i) six percent (6%) of F&B Operation Receipts, where F&B Operation Receipts are \$0 to \$25,000,000.00; plus (ii), seven percent (7%) of the amount of the incremental F&B Operation Receipts that are greater than \$25,000,000.00 but less than \$30,000,000.00; and (iii) eight percent (8%) of the amount of the incremental F&B Operation Receipts that are greater than \$30,000,000.00. The Base Management Fee shall be payable in monthly installments within twenty (20) days after the conclusion of each calendar month, based on the F&B Operation Receipts for such month and a pro-rata portion of the dollar thresholds above. The dollar thresholds above (i.e. the \$25,000,000 and \$30,000,000 thresholds) shall be subject to an increase every five (5) years equal to the increase in the Consumer Price Index for All Urban Consumers most recently published by the Bureau of Labor Statistics of the United States Department of Labor.

[SIG LINES]