

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
SEPTEMBER 29, 2026 AGENDA**

Subject:	Action Required:	Approved By:
A Resolution to authorize the execution and delivery of a Lessor Estoppel and Agreement in connection with the Construct and Lease, Parking and Concession Agreement for the property located at 424 West Markham Street, Little Rock, Arkansas (the DoubleTree Hotel site). Submitted By: City Attorney's Office	Ordinance √Resolution	Delphone Hubbard City Manager
SYNOPSIS	The City is the fee owner and, together with the City Advertising and Promotions Commission, the lessor under a long-term ground lease of the DoubleTree Hotel property at 424 West Markham Street. The Lessee, FAC-W Markham, LLC, is refinancing and increasing its leasehold mortgage loan with its lender, AREIT WH II LLC, to a principal amount not to exceed approximately \$30,500,000 As a condition to that financing, the Lessee and Lender have asked the City, as Lessor, to sign a Lessor Estoppel and Agreement confirming the status of the lease and recognizing the Lender's customary leasehold-mortgagee protections. This Resolution approves that Estoppel Agreement and authorizes the Mayor to execute it and the City Clerk to attest it on the City's behalf.	
FISCAL IMPACT	None.	
RECOMMENDATION	Adopt the Resolution.	

BACKGROUND

The City and the City Advertising and Promotions Commission (collectively, the Lessor) entered into the Construct and Lease, Parking and Concession Agreement dated November 2, 1994, with the Lessee's predecessor-in-interest, respecting the DoubleTree Hotel property at 424 West Markham Street. The lease has since been amended four times — a First and Second Amendment (both September 25, 2002), a Third Amendment (June 7, 2007), and a Fourth Amendment (December 30, 2014). The lease term commenced November 2, 1994, and runs through September 30, 2044, subject to Lessee's right to extend for three consecutive twenty-five-year periods.

FAC-W Markham, LLC now holds the leasehold interest as Lessee. Its lender, AREIT WH II LLC, first made a leasehold mortgage loan in 2020 (original principal not to exceed \$26,500,000), later increased to approximately \$28,500,000, and is now further increasing it to approximately \$30,500,000. Each loan is secured only by the Lessee's leasehold estate, not by the City's fee interest.

In connection with this refinancing, the Lender requires a Lessor Estoppel and Agreement in which the Lessor certifies, as of its date, that the lease is in full force and effect, that no uncured default exists, and that the lease has not been modified except as described. In the Estoppel Agreement, the Lessor also consents to the increased loan, acknowledges the Lender as a Mortgagee entitled to the leasehold-mortgagee rights under Section 6.1(b) of the lease, and agrees to customary lender protections regarding notice, application of insurance and condemnation proceeds, and non-merger of the fee and leasehold estates.

Because the Commission is a separate governmental body and co-lessor, it will execute the Estoppel Agreement through its own governing body; this Resolution authorizes execution only on behalf of the City. The City Attorney has reviewed the Estoppel Agreement and recommends approval and adoption. A copy of the Estoppel Agreement is attached to the Resolution as Exhibit A.