

LEGISLATIVE

110631

Downtown Hotel and Conference Center Invitation to Negotiate (ITN)

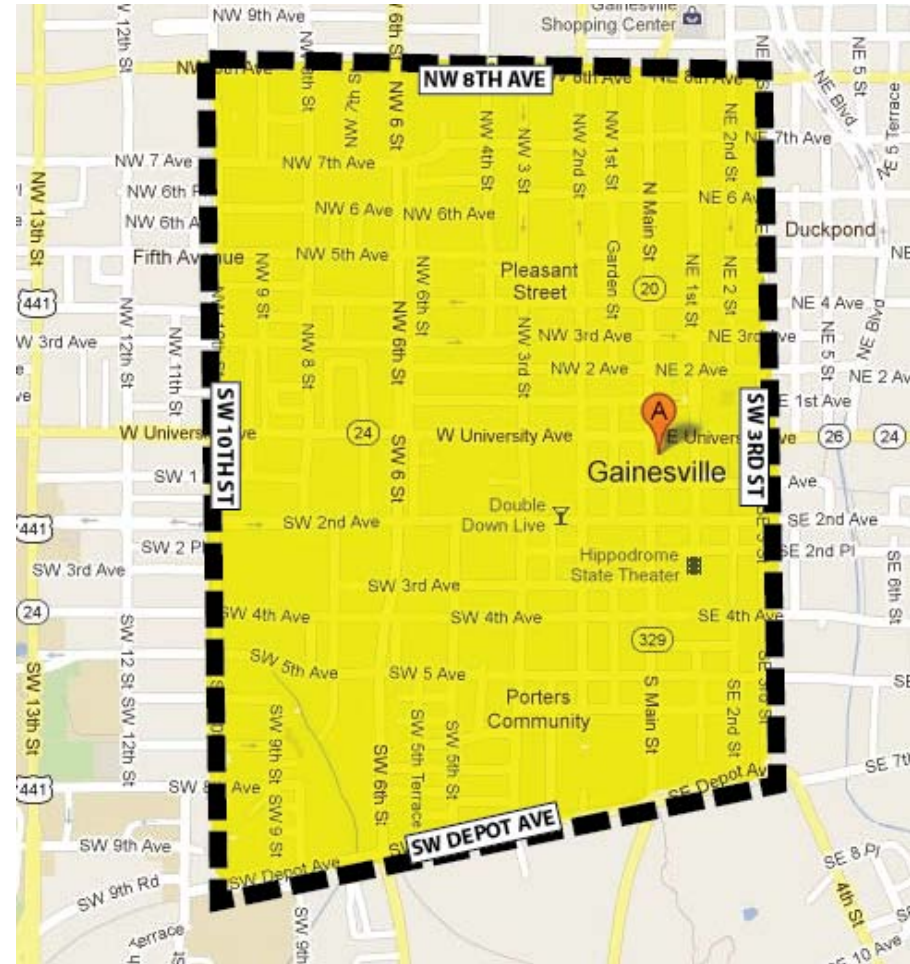
City Commission
June 21, 2012

Background

- Interest in Downtown Hotel and Conference Center dates back to 2009
 - County Commission issued RFI for Bed Tax Projects
 - City proposed downtown conference center on Lot 10
 - CRA Commissioned Global Spectrum Study
 - \$9mm Bed Tax would have closed the gap in financing
 - Downtown conference center was not selected
- Developers have continued to approach the City to request financial assistance to partner to build and operate this project

Multi-Step Invitation to Negotiate

- Phase I of Multi-Step ITN distributed in February 2012
- Project to occur within designated boundary area
 - Responsive to and in support of new development patterns within the City
- Phase I designed to determine:
 - Interest level among qualified developers
 - Understanding if public assistance would be sought for project



Responses Received for Invitation to Negotiate

- A non-mandatory pre-proposal conference was held March 14th to address Phase I related questions
- Response deadline for the Multi-Step Invitation to Negotiate was April 5, 2012
- Process stipulated that the top three respondents to be invited to participate in Phase II

Respondents were Required to Provide the Following:

- 1) Description and information about the company/developer/development team
 - Experience
 - Number of years experience
 - Level of technical knowledge
 - Educational degrees, certificates
 - Financial stability
 - Recent financial statement
 - Certified audit
 - Balance sheet
 - Evidence of bonding capacity
- 2) Detailed description of relevant past hotel and or conference center development experience
 - Must demonstrate successful completion and operation of at least one comparable hotel conference center project
- 3) Specified location w/in the boundary area
 - Specify ownership structure or acquisition plans
- 4) Brief business plan/model for this project
 - Cost estimate
 - Funding sources
- 5) Any public financial assistance sought (*For informational purposes only*)

Responses Received for Invitation to Negotiate

- Two responses were received from:
 - Acquest Realty Advisors, Inc.
Bloomfield Hills, MI
 - Gainesville Hotel & Conference Center, LLC
Savannah, GA
- Both were determined to be responsible and responsive hotel and conference center developers
- Both requested significant public financial assistance

Evaluation of Responsiveness:

- Both respondents met minimum criteria for Phase I
- More thorough financial information would be required in Phase II

Respondent	1) Company Information		2) Past Project Experience	3) Location	4) Business Plan/Model		5) City or CRA Assistance
	1a) Qualifications of Team	1b) Financial Stability	2a) Minimum of One Hotel/Conference Center	3a) Ownership Structure/ Acquisition Plans for Private Property	4a) Cost Estimate	4b) Funding Source	
Acquest Realty Advisors, Inc.	✓	✓*	✓	---*	✓	✓	✓
Gainesville Hotel and Conference Center, LLC	✓	✓*	✓	✓	✓	✓	✓

***Notes:**

Acquest Realty Advisors, Inc.

1b: Financial stability could be inferred based on past experience. Did not provide financial statements.

3a: Described elements of a good location within the designated boundaries but did not specify a location.

Gainesville Hotel & Conference Center, LLC

1b: Evidence of bonding capacity only. Financial stability could be inferred based on past experience. Did not provide financial statements.

Business Plan/Model:

- Both respondents have extensive experience with hotel and conference center projects
- Both respondents initially proposed a similar sized facility

	# Hotel Rooms	Conference Space	Initial Cost Estimate
Acquest Realty Advisors	250	30,000 sq ft	\$50,000,000 - \$60,000,000
Gainesville Hotel & Conference Center, LLC	200-250	20,000-25,000 sq ft	\$32,000,000 - \$36,000,000

- Detailed information on the proposed facility was not sought in Phase I

Phase II of Invitation to Negotiate

- If authorized, Phase II of the Invitation to Negotiate will request the following:
 - More in-depth project program, design and cost information
 - Long-term financial plans
 - Long-term business operating plans
 - Oral presentations on technical qualifications and approach to the project
- Phase II proposals will also be evaluated on potential economic impacts and benefits to the Downtown area
- Given all the variables involved in this solicitation, including location, cost, ownership structure and availability of requested assistance, the City and CRA reserve the right to terminate the solicitation at any time even after negotiation with the proposers, and is not under obligation to make an award

Phase II - Decision Points

- Financial incentives suggested (verbatim) by respondents included:

Acquest Realty Advisors, Inc.	Underwrite conference center costs through a guaranteed lease, tax recapture or other financing method
Gainesville Hotel & Conference Center, LLC	Lot 10 land contribution and infrastructure support Parking revenue participation for expanded use due to hotel, conference and restaurant uses and for parking garage pay-off Tax Increment Funds from Downtown CRA for transformational projects Real estate tax rebates from State QTI Funds from the increase in sales tax revenues due to the newly built Hotel and Conference center

Phase II - Decision Points

Requested incentives:	Commission has authority to make this available?	Notes:
Underwrite conference center costs through a guaranteed lease, tax recapture or other financing method	Yes	A lease guarantee would be a legal agreement and a funding source would need to be identified (see below for tax recapture)
Lot 10 land contribution	Yes	City owned lot
Infrastructure support	Yes	Must identify a funding source for infrastructure improvements
Parking revenue participation for expanded use due to hotel, conference and restaurant uses and for parking garage pay-off	Yes	Would need to be structured through a legal agreement May impact existing legal agreement for garage
Tax Increment Funds from Downtown CRA for transformational projects	No (CRA Board Decision)	TIF funds must be approved by the CRA Board Projects must demonstrate a but-for gap in financing to be eligible. TIF is not normally paired with a land contribution
Real estate tax rebates from State QTI	No	QTI application is a separate process
Funds from the increase in sales tax revenues due to the newly build Hotel and Conference Center	Yes	Sales tax revenue rebates are not within the City's domain, but rather through the tax collector. City could theoretically create a reimbursement agreement based on a portion of the new sales tax revenues collected

Phase II - Decision Points

For consideration by City Commission:

- Underwrite conference center costs
- Lot 10 contribution
- Infrastructure support
- Parking garage revenue
- Reimbursement for portion of new sales taxes

Recommendation:

The City Commission:

- 1) Receive presentation from staff on financial assistance requested by the phase one respondents;
- 2) Discuss requested assistance and whether it is feasible for the City to make any assistance available; and
- 3) Provide direction to staff on whether to terminate the ITN or, if assistance is made available, to initiate phase two of the ITN.