

PROPOSED HOTEL AND CONVENTION CENTER PROJECT UPDATE

City Council Meeting

March 19, 2013

AGENDA

- ❖ Historical Review
- ❖ Project Overview
 - Location
 - Hotel/Restaurant
 - Convention Center
- ❖ Financing for Convention Center Construction
- ❖ Next Steps

HISTORICAL REVIEW

- ❖ **Sep 2011** – Received Proposal from O'Reilly Hospitality Management (OHM)
- ❖ **Jan 2012** – Non-Binding Agreement on Guiding Principles for Discussion of the Project (OHM, UNT, & City)
- ❖ **Mar 2012** – Presentation to Local Hotel Operators
- ❖ **May 2012** – Presentation to Council/Introduce OHM
- ❖ **Dec 2012** – Presentation to DISD Trustees
- ❖ **Jan 2012 to Current** – Negotiations and Work on Proposed Development Agreement

PROJECT OVERVIEW

- ❖ Collaboration Between City, OHM, and UNT
- ❖ Embassy Suites Hotel, Denton Convention Center and Houlihan's Restaurant
- ❖ Site - 13.5 Acres located on UNT Property (UNT)
- ❖ Hotel & Restaurant (OHM Funded)
- ❖ Convention Center (City Funded)
- ❖ Total Project Cost - \$85 Million
 - Convention Center - \$25 Million
 - Hotel & Restaurant - \$60 Million

PROJECT OVERVIEW – SITE PLAN



Site Plan

1" = 100'



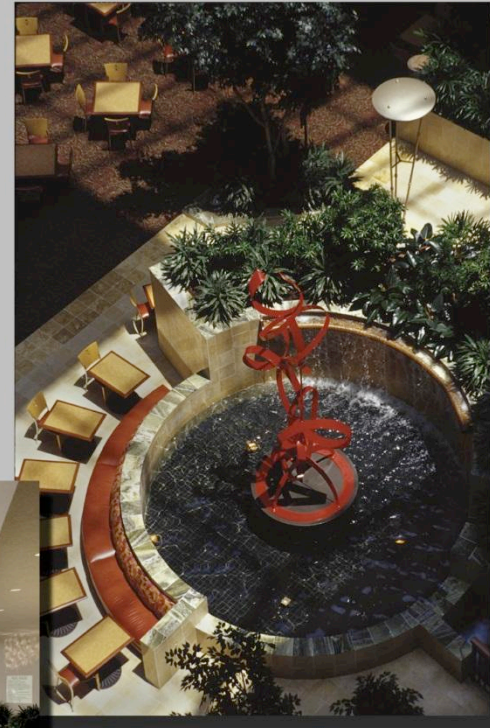
PROJECT OVERVIEW – HOTEL/RESTAURANT

- ❖ OHM to Lease Land from UNT
- ❖ Funded, Built and Owned by OHM
- ❖ Embassy Suites with Latest Design Concepts
- ❖ Approximate 318 Suites & 12 Stories
- ❖ LEED Certified
- ❖ Houlihan's – 8,000 sq/ft with 290 Seats
- ❖ Educational Opportunity Through the UNT School of Hospitality
- ❖ Cost - \$60 Million

EXAMPLES OF COMPLETED HOTELS



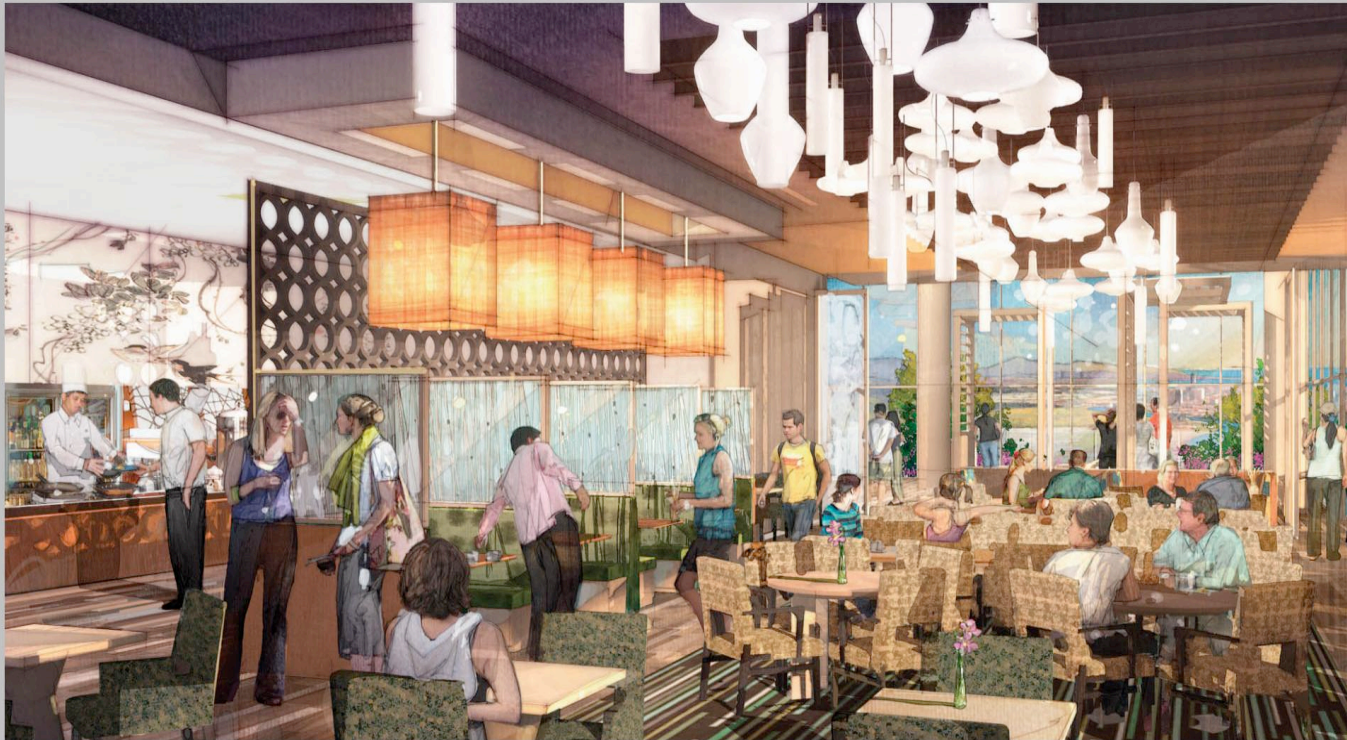
EXAMPLES OF COMPLETED HOTELS



EMBASSY SUITES LATEST DESIGN CONCEPT



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EMBASSY SUITES LATEST DESIGN CONCEPT




EMBASSY SUITES
HOTELS®

King Room Interior

EMBASSY SUITES LATEST DESIGN CONCEPT



EMBASSY SUITES
HOTELS®

Studio King Interior

HOULIHAN'S LATEST DESIGN CONCEPT



HOULIHAN'S INTERIOR



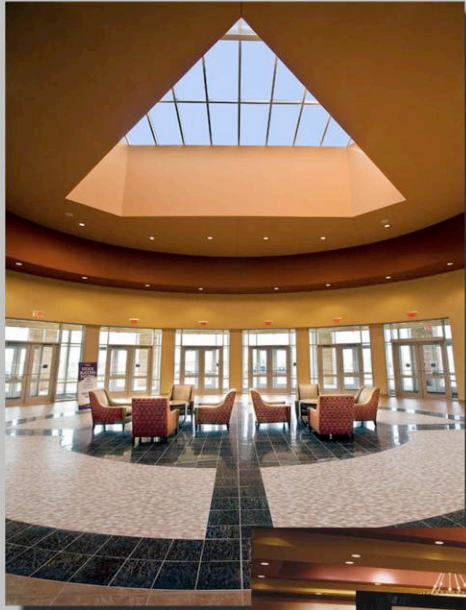
PROJECT OVERVIEW – CONVENTION CENTER

- ❖ City to Lease Land from UNT
- ❖ City to Fund and Own Convention Center
- ❖ City *is not* Funding the Hotel
- ❖ OHM to Serve as Architect and Construction Manager
- ❖ Sub-lease Conv. Center to OHM to Operate and Manage
- ❖ 120,000 Total Square Feet
 - 60,000 sq/ft Exhibit Hall
 - 18,000 sq/ft Ballroom
 - 1,200 Banquet Style Seating
 - 1,800 Reception Capacity
 - 2,000 Theater Style Seating
- ❖ Cost - \$25 Million

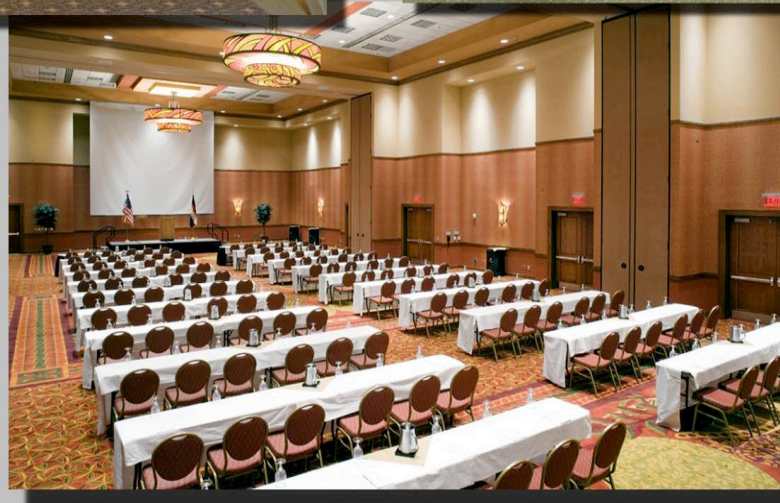
EXAMPLES OF COMPLETED C C'S



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FINANCING – CONVENTION CENTER

- ❖ Goal is to be Self Supporting
- ❖ City to Sell Bonds (COs) to Fund Conv. Center
 - Debt Supported from Project Revenue including OHM rent
- ❖ Creation of a Tax Increment Finance District (TIRZ).
 - Helps Ensure Project is Developed
 - Located on UNT Property that is Currently Tax Exempt
 - Leasehold Interest in Hotel will be Taxable
 - Opportunity for Participation by DISD and County

FINANCING – CONVENTION CENTER

❖ Debt Service Funded by:

- Hotel Occupancy Taxes (HOT) Related to the Development of the Project.
 - This Includes HOT Revenue from Convention Center Hotel and up to \$100K in HOT Revenue from Related Convention Bookings in other Hotels.
- TIRZ Revenue (Ad Valorem Taxes from Increased Value)
- City Sales Taxes
- OHM Lease Payment to City
 - Equal to the Net Balance of Total Project Revenue and the Amount Needed to Completely Satisfy the City's Annual Debt Payment
 - Begins in Year Three of Operations

NEXT STEPS

- ❖ Finalize Development Agreement and Leases
 - Requires City Council and UNT Regents Approval
 - Council Approval of Legal Services to Finalize Development Agreement
- ❖ Creation of TIRZ and Final Project Financing Plan
 - Invite Participation by DISD and County
- ❖ Complete Design
- ❖ Solicit Construction Bids
- ❖ Begin Construction