



GATEWAY HOTEL & CONFERENCE CENTER

Recommendation and Alternatives

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Objective

- Work with the private sector to establish a recommendation for the best strategy to move forward with the Gateway Hotel and Conference Center project.

Goal

- Provide for an analysis of the cost, risk, and product types that are feasible for the site.

Recommended Solution

- Build a Sheraton-quality full-service hotel on the existing site, but reducing from the original scope to ± 185 rooms and $\pm 20,000$ of Conference Center space at a public cost of approximately \$18 million.

BACKGROUND

- Planned and partially built 222 room Westin Hotel and 59,000 square foot conference center.
- Construction stopped in late 2008 due to financial constraints.
- Two years of litigation and settlement negotiations.
- Site now owned by the MCDC.

RECOMMENDATION

- Partner with the Beck Group and Champ Hospitality to construct an approximately 185 room full-service hotel and 20,000 square foot conference center utilizing the existing structure.

FINANCIAL INFORMATION

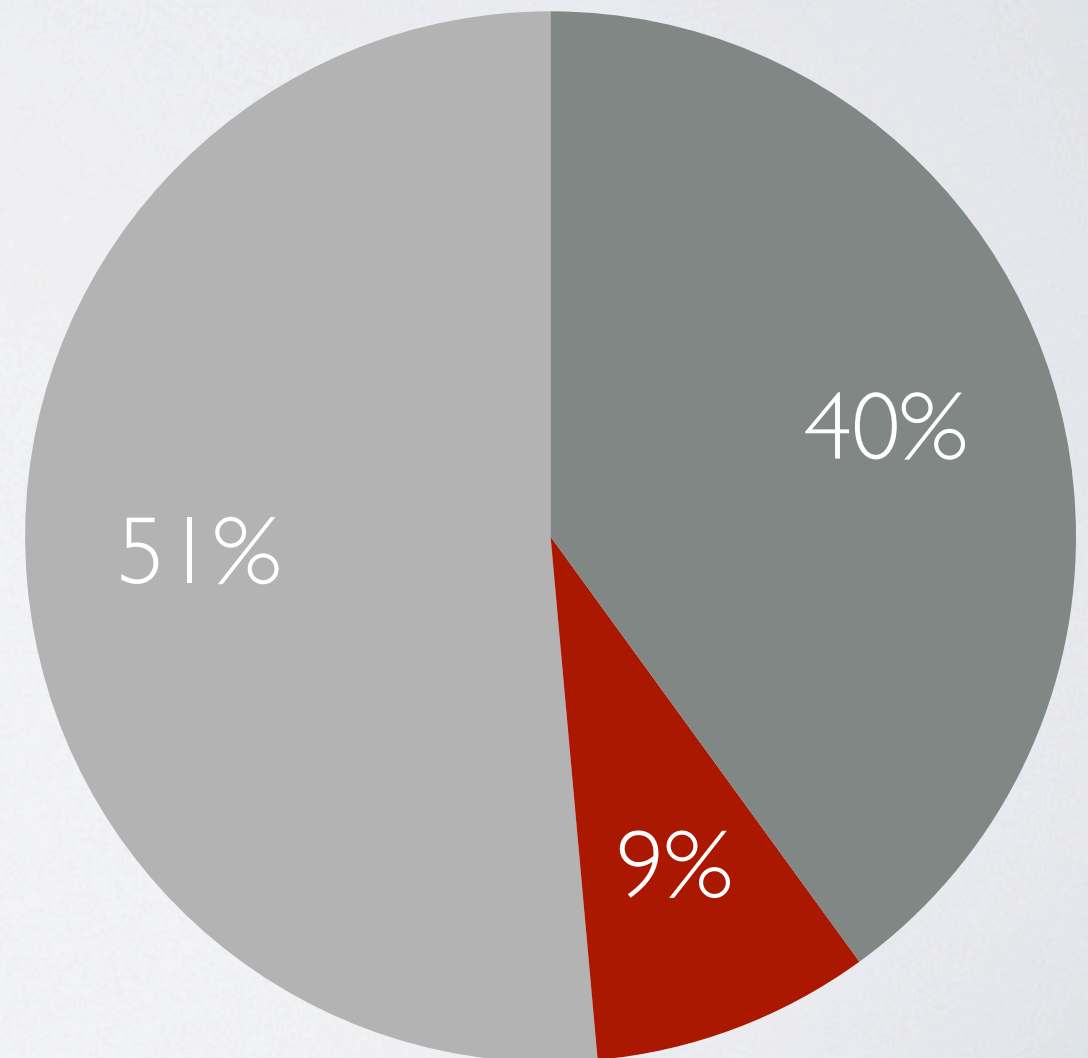
ALL FIGURES ARE APPROXIMATE

- Private Debt
- Private Equity
- Public Contribution

Private Debt - \$14 million

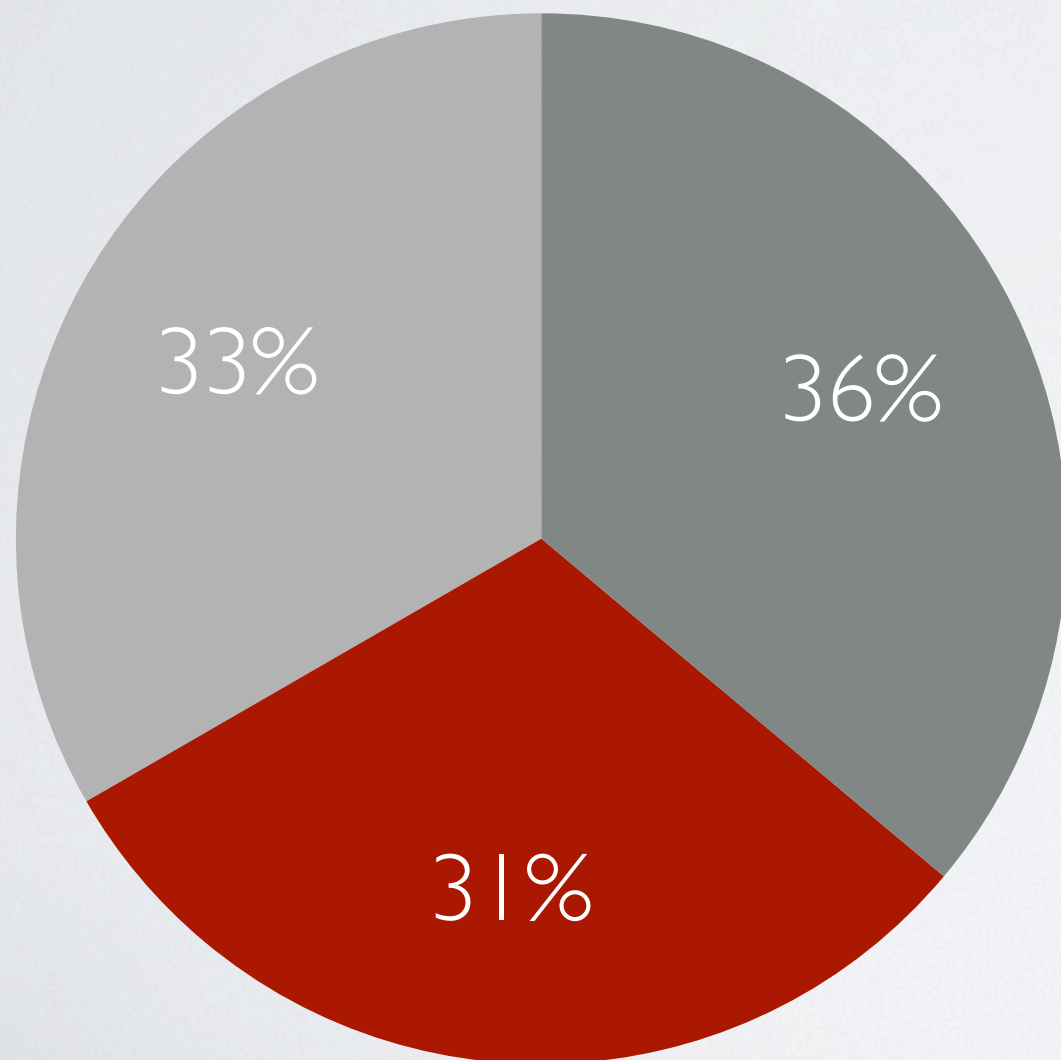
Private Equity - \$3 million

Public Contribution - \$18 million



PROPOSED SOURCES OF PUBLIC CONTRIBUTION

- MCDCR Remaining
- CO Debt
- Other Cash



MCDCR Funds Remaining - \$6.5 million

Other Cash Funds - \$5.5 million

CO Debt - \$6 million

ALTERNATIVES

STATE HOUSE

- Luxury quality, full-service hotel with executive/relocation suites to be converted to hotel rooms.
- Built on new site within Gateway.
- $\pm 10,000$ square feet of meeting space
- Public cost of approximately \$45 million
- Lack of private debt or equity market.
- Strategy to sell property within 7 years to recoup investment.



LUXURY FULL-SERVICE HOTEL

- Approximately 200 room luxury full-service hotel (Westin or similar) with 10,000 square feet of meeting space.
- Built at existing or new site within Gateway.
- Approximate public cost of \$45-\$50 million.
- Publicly owned, managed professionally by national luxury brand.
- Lack of private debt and equity market.
- Strategy to sell within 7 years to recoup investment.

LIMITED-SERVICE HOTEL

- Approximately 175 room limited service hotel (Hyatt Place or similar) with 10,000 square feet of meeting space.
- Built at new site within Gateway.
- Approximate public cost of \$3-\$5 million.
- Hotel privately owned, conference center publicly owned, managed professionally by national limited-service brand.
- Solid private debt and equity market.

RECOMMENDATION

- Partner with the Beck Group and Champ Hospitality to construct an approximately 185 room full-service hotel and 20,000 square foot conference center utilizing the existing structure.



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