



17-467

TITLE: Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Chapter 380 Economic Development Program and Agreement with Aimbridge Hospitality, LLC for the Resort Hotel at Craig Ranch

COUNCIL GOAL: Direction for Strategic and Economic Growth

MEETING DATE: May 2, 2017

DEPARTMENT: City Manager's Office

CONTACT: Barry Shelton, Assistant City Manager

RECOMMENDED ACTION: Approval of the Resolution

ITEM SUMMARY:

- Aimbridge intends to construct and operate a resort hotel on an eight acre parcel on the northeast corner of Collin McKinney Parkway and Van Tuyl Parkway.
- The proposed Chapter 380 economic development agreement sets forth the terms of the economic development grants provided by the City of McKinney to this project.
- The agreement requires the resort hotel to be branded as a Marriott Autograph Collection hotel.
- The agreement also sets forth the conditions that must be met in order to qualify for the economic development grants, including the minimum requirements for number of rooms, amount of conference center space and on-site and off-site amenities.

BACKGROUND INFORMATION:

- On April 18, 2016, a presentation was made to the City Council by a group looking to develop a resort hotel within the Craig Ranch Town Center.
- Staff worked with the development team to negotiate terms of an agreement whereby the City of McKinney and the McKinney Community Development Corporation may choose to partner with this project.
- On April 18, 2017, Scott Tarwater, of Tarwater Hospitality Consulting presented

additional information on the proposed hotel and city staff presented the deal points of the proposed partnership for discussion.

- The City Council directed staff to bring back the finalized Chapter 380 agreement for consideration.
- During the 12-month negotiation period, the development group commissioned a 3rd party feasibility study to analyze the hotel market conditions in McKinney.
- The City contracted with CBRE to review the feasibility study and to analyze the data to help the city negotiate the best deal for this project.
- The proposed hotel will consist of the following:
 - A minimum of 285 guest rooms
 - A minimum of 33,000 square feet of conference space consisting of:
 - At least a 6,000 square foot main ballroom
 - At least a 4,000 square foot junior ballroom
 - At least 12,000 square feet of breakout rooms
 - At least 1,000 square feet of boardrooms
 - At least 5,000 square feet of pre-function space
 - At least 5,000 square feet of outdoor event space
 - On-site amenities shall include a resort style pool with “lazy river”, fitness center, concierge, three-meal restaurant, lounge with terrace/pool seating and food/beverage service, coffee/bakery kiosk, structured parking, valet and self-parking, gift/sundries shop, business center and Facility-wide high speed internet.
 - Access to off-site amenities shall include guest access to the TPC golf course and Cooper Aerobics Center fitness facility, together with at least 3,000 square feet of conference meeting space.

FINANCIAL INFORMATION:

- The City of McKinney will provide economic development grants to Aimbridge as follows:
 - Reimbursement to Aimbridge seventy-five percent (75%) of the Sales Tax Receipts for a five (5) year period and fifty percent (50%) of the Sales Tax Receipts for an additional five (5) years thereafter.
 - Reimbursement to Aimbridge an amount equal to seventy-five percent (75%) of the ad valorem taxes for a period of five (5) years and fifty percent (50%) of the ad valorem taxes for an additional five (5) years thereafter.
 - Reimbursement to Aimbridge an amount equal to seventy-five percent (75%) of the Hotel Occupancy Taxes (“HOT”) received by the City for room-night transactions at the Facility for a period of five (5) years and fifty percent (50%) of the HOT received by the City for room-night transactions at the Facility for an additional five (5) years thereafter.
 - The cumulative reimbursements to Aimbridge listed above shall not exceed \$10,000,000.
- The McKinney Community Development Corporation (MCDC) will, by separate agreement (and not part of this agenda item), offer the following incentives:

- A loan to the developer, secured by a subordinate lien on the Facility, in the amount of \$5,000,000 to be funded at the commencement of construction of the Facility.
- A grant to the developer in the amount of \$3,000,000 payable at the time of the issuance of a certificate of occupancy for the Facility.

SUPPORTING MATERIALS:

[Resolution](#)

[380 Agreement](#)

[Presentation](#)