

Chapter 380 Agreement Resort Hotel

May 2, 2017



Introduction

- Aimbridge Hospitality 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.



Hotel Location



Hotel Requirements

- The agreement requires the resort hotel to be branded as a Marriott Autograph Collection hotel containing the following:
 - Minimum 285 guest rooms
 - 33,000 square feet of meeting and conference space, including:
 - Minimum 6,000 square foot main ballroom
 - Minimum 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



Hotel Amenities

- On-site amenities shall include:
 - Resort style pool with lazy river
 - Fitness center
 - Concierge
 - Three-meal restaurant
 - Lounge with terrace/pool seating and food and beverage service
 - Coffee/bakery kiosk
 - Structured parking
 - Valet and self-parking
 - Gift/sundries shop
 - Business center
 - Facility wide high speed internet



Hotel Amenities

- Access to off-site amenities shall include:
 - Guest access to the TPC golf course
 - Guest dining at the TPC clubhouse
 - Guest use of the Cooper Aerobics Center fitness facility
 - Use of an additional 3,000 square feet of conference meeting space in the TPC clubhouse



Terms of the Chapter 380 Agreement

- Up to \$10 million in tax reimbursements over 10 years
 - Years 1 – 5
 - 75% reimbursement of Sales Tax and Property Tax
 - Operations grant equal to 75% of Hotel Occupancy Tax collected
 - Years 6 – 10
 - 50% reimbursement of Sales Tax and Property Tax
 - Operations grant equal to 50% of Hotel Occupancy Tax collected
 - Will not exceed 10 years or \$10 million

MCDC Incentives

- 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.



Financial Impact

- Based on various projections of Average Daily Room Rates and Occupancy, the initial \$5 million loan, plus the \$3 million grant will be repaid through loan payments and city tax collections in 7 to 8 years.
- Based on the same projections, the entire proposed incentive package, including the tax abatements/reimbursements, will be earned back in approximately 10 to 13 years.
- After incentives, the hotel is estimated to generate over \$350,000 in tax revenue for the city in year one of operations. The number will increase as the hotel achieves stabilized occupancy. Year five is estimated to bring in approximately \$475,000.
- Upon expiration of the tax incentives, the city expects to collect more than \$2 million annually through sales, property and hotel occupancy taxes from the hotel.

