



Convention Hotel RFI: *Process Update*

March 22, 2016



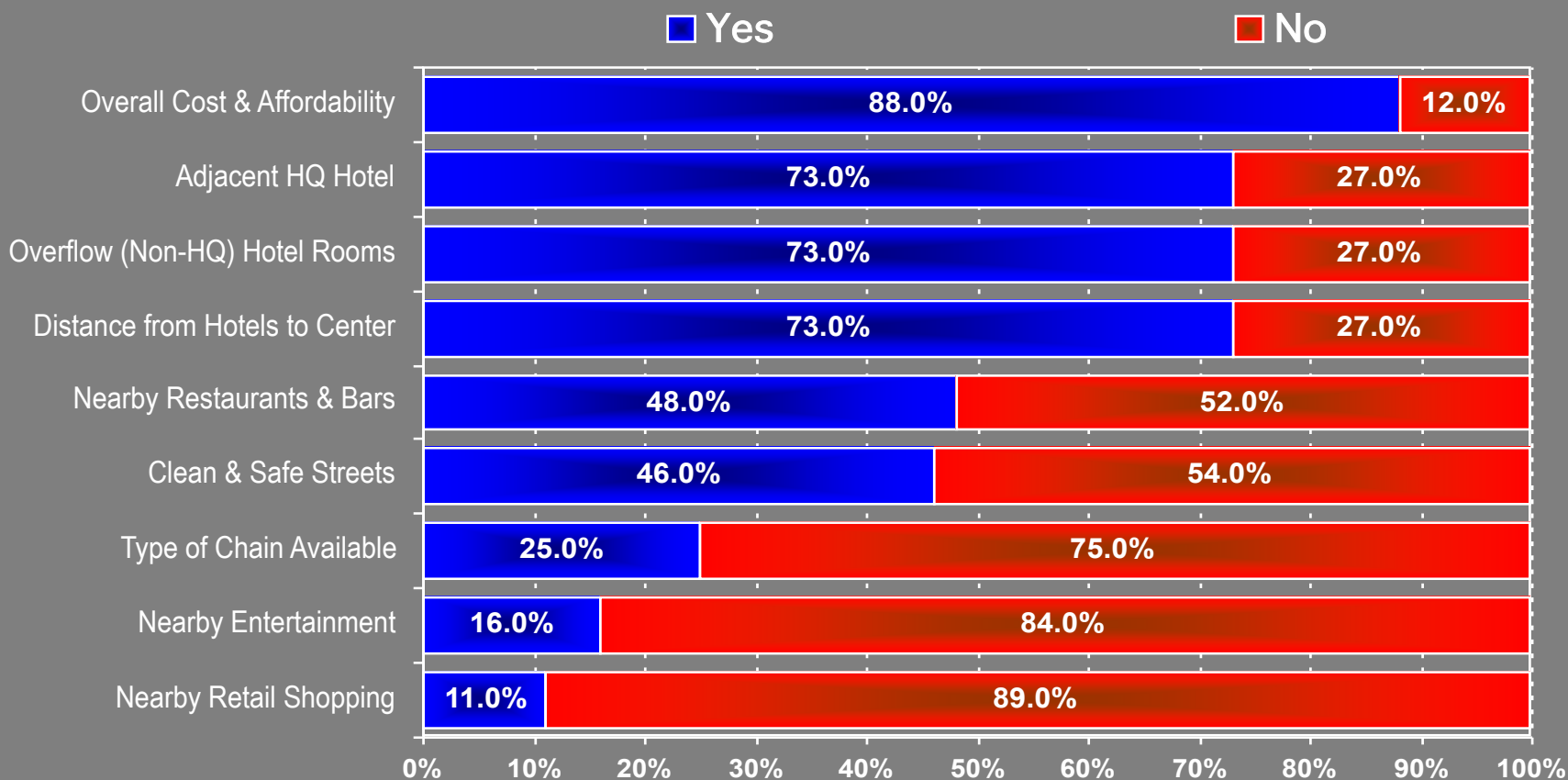
TODAY'S DISCUSSION

- Why the Hotel Project?
- Why is the Public Involved?
- Are other Convention Markets Impacted?
- LA's RFI Process Results
- Q&A

WHY ARE CONVENTION HOTELS IMPORTANT?

Destination Selection Factors

Q: "Can this factor alone have the potential to be a "Deal Breaker"?"

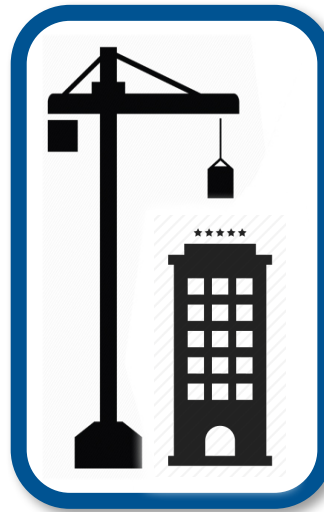


Source: JLL Meeting Planner Survey.

WHY IS PUBLIC INVOLVED? WHY THE GAP?



Tax Reform Act of 1986



**Construction
Costs**



**Limited
Service**



**Room
Rates**

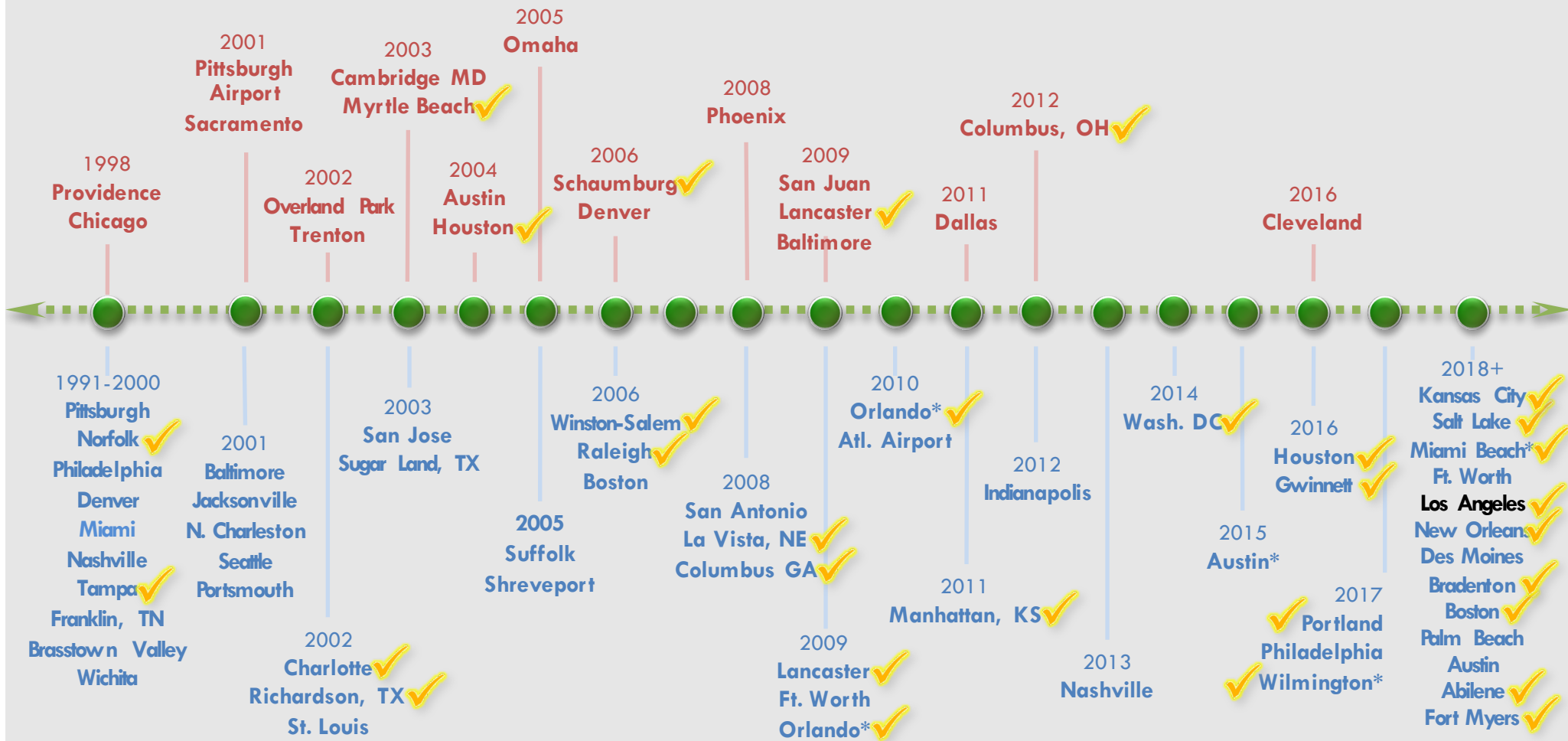


WHY THE GAP?

- Today, almost all convention hotels are infeasible
- Cost to build $>$ Economic value
- The difference between the two is the "Gap"

OTHER CONVENTION MARKETS IMPACTED?

Public Ownership



Private Ownership with Public Incentives

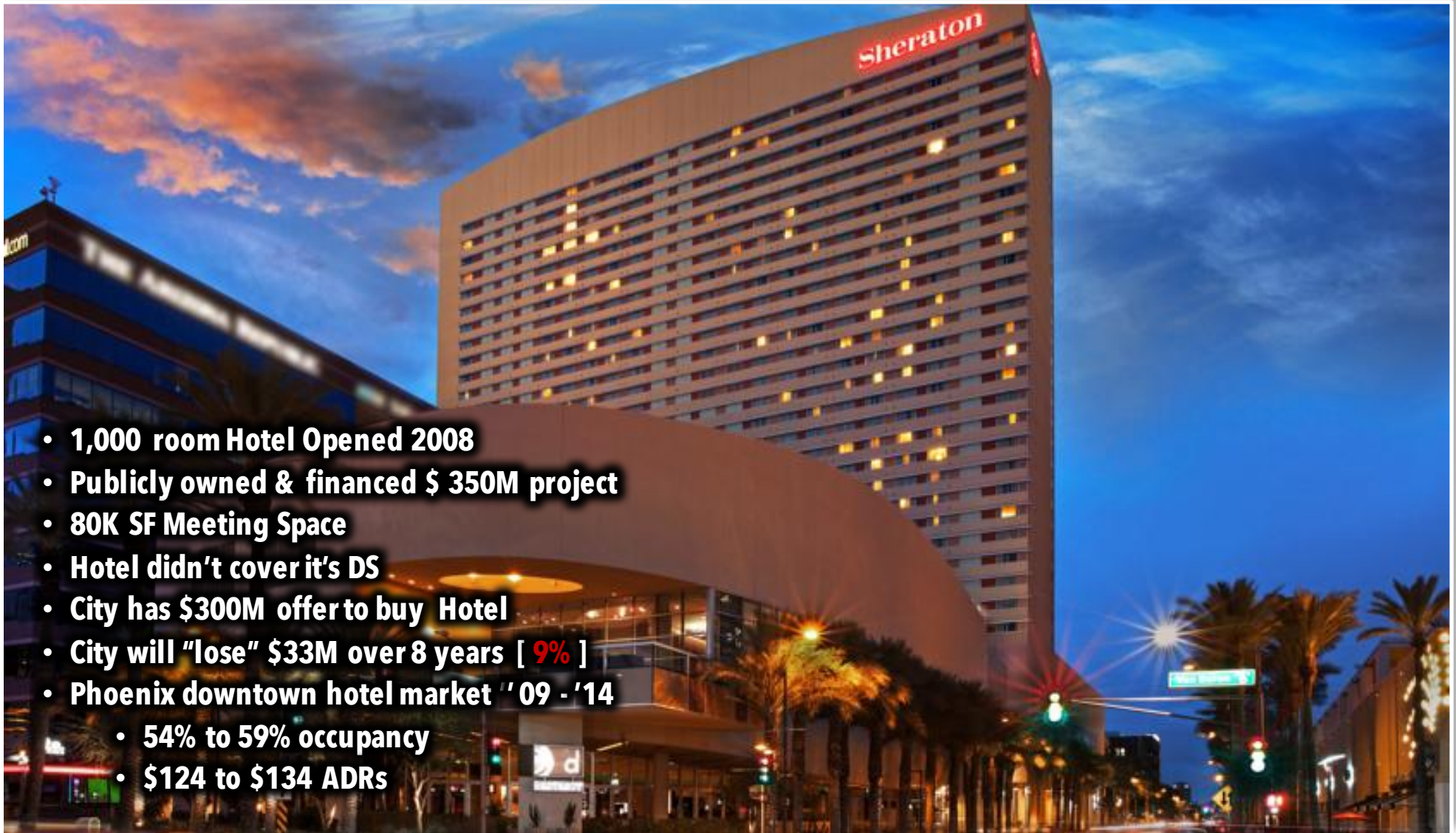
* No Public Incentives

PRIVATE APPROACH CASE STUDY: Houston



- Competitively bid summer 2012
 - Obtained 11 responses
- 1,000 rooms; 100,000 sf meeting space
- \$325.2 million in total project costs
 - \$293.5m w/o land, \$293.5k/key
- \$265.5 million private investment [82%]
- Hotel generated taxes rebated to developer:
 - 10 Year State hotel and sales taxes
 - 20 Year City hotel, sales, mixed-beverage and property taxes
- Public Investment [18%]
 - \$31.7 million in land
 - \$27 million in cash
- Hotel guests park in a HFC garage and pay market rates
- Developer to make annual "parking easement" payments totaling \$62 million over 50 years

PUBLIC APPROACH CASE STUDY: Phoenix



- **1,000 room Hotel Opened 2008**
- **Publicly owned & financed \$ 350M project**
- **80K SF Meeting Space**
- **Hotel didn't cover it's DS**
- **City has \$300M offer to buy Hotel**
- **City will "lose" \$33M over 8 years [9%]**
- **Phoenix downtown hotel market '09 - '14**
 - **54% to 59% occupancy**
 - **\$124 to \$134 ADRs**

L.A.'s RFI RESULTS

- Seven development teams responded, including three or four of most active developers in industry; plus other well-funded organizations
- Proposed hotel brands include:



BELLAGIO



DOLCE
HOTELS AND RESORTS™



Hilton



HYATT



OMNI HOTELS
& RESORTS



MGM RESORTS
INTERNATIONAL™



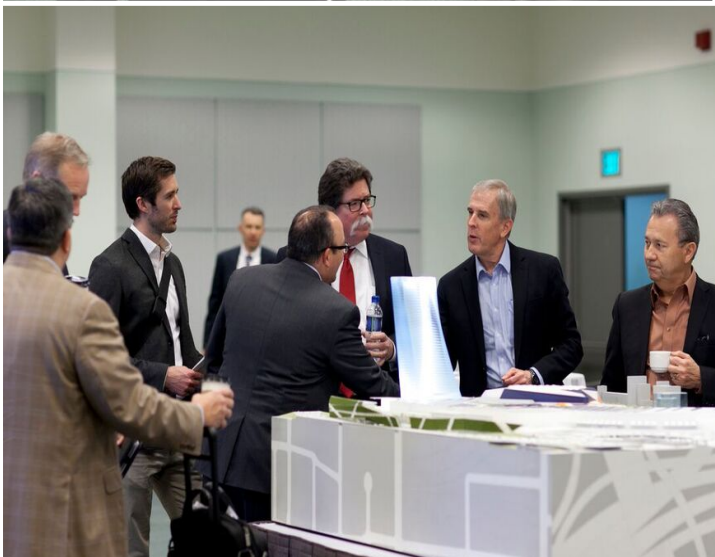
starwood
*Hotels and
Resorts

- Very good response for a non-mandatory RFI and strong interest from developers and hotel brands

SAMPLE LISTING OF 7 TEAM'S HOTEL EXPERIENCE

- | | | | |
|--|------------------|---|---------------------|
| 1. Georgia World Congress Center Hotel | Atlanta GA | 35. Overton Hotel & Conference Center | Lubbock TX |
| 2. Hotel Indigo | Atlanta GA | 36. JW Marriott Marquis | Miami FL |
| 3. Hyatt Regency | Atlanta GA | 37. Omni Convention Hotel | Nashville TN |
| 4. Marriott Marquis | Atlanta GA | 38. Marriott Marquis Times Square | New York NY |
| 5. Omni Hotel @ the Battery | Atlanta GA | 39. Resort at Squaw Creek | Olympic Valley CA |
| 6. Westin Peachtree Plaza | Atlanta GA | 40. Hilton Omaha Convention Hotel | Omaha NE |
| 7. Sands Hotel & Casino | Atlantic City NJ | 41. Portofino Bay Hotel | Orlando FL |
| 8. Hilton Convention Center Hotel | Baltimore MD | 42. Sheraton Convention Hotel | Overland Park KS |
| 9. Waldorf=Astoria Hotel | Beverly Hills CA | 43. Hyatt Regency (u/d) | Portland OR |
| 10. Beau Rivage Hotel | Biloxi MS | 44. Terranea Resort | Rancho Palos Verde: |
| 11. Aloft & Element Hotels at Boston Convent | Boston MA | 45. Hyatt Regency Lake Washington (u/c) | Renton WA |
| 12. Mandarin Oriental | Boston MA | 46. Sheraton Grand Hotel | Sacramento CA |
| 13. Seaport Hotel & World Trade Center Cor | Boston MA | 47. Hilton San Diego Bayfront | San Diego CA |
| 14. Waterside Place Hotel & Mixed Use | Boston MA | 48. Hyatt Regency Mission Bay | San Diego CA |
| 15. Westin Boston Waterfront | Boston MA | 49. Intercontinental Hotel (u/c) | San Diego CA |
| 16. Century Plaza Hotel | Century City CA | 50. Lane Field Hotel | San Diego CA |
| 17. Westin Convention Hotel | Charlotte NC | 51. Le Meridien at Coronado | San Diego CA |
| 18. Suncadia Resort | Cle Elum WA | 52. W Hotel | San Diego CA |
| 19. Marriott Quorum | Dallas TX | 53. Grand Hyatt SFO (u/d) | San Francisco CA |
| 20. Omni Hotel | Dallas TX | 54. Hyatt Regency | San Francisco CA |
| 21. W Dallas Victory Hotel & Residences | Dallas TX | 55. JW Marriott | San Francisco CA |
| 22. Hyatt Convention Center Hotel | Denver CO | 56. Pan Pacific Hotel | San Francisco CA |
| 23. MGM Grand Hotel | Detroit MI | 57. Ritz Carlton | San Francisco CA |
| 24. Omni Hotel | Fort Worth TX | 58. Marriott Hotel | San Jose CA |
| 25. Omni Hotel @ the Star | Frisco TX | 59. Sheraton Puerto Rico Convention Hotel | San Juan PR |
| 26. Hyatt Regency | Houston TX | 60. Renaissance Convention Hotel | Schaumburg IL |
| 27. Westin Convention Hotel | Irving TX | 61. The Portman Ritz Carlton | Shanghai China |
| 28. The Signature at MGM Grand | Las Vegas NV | 62. W Hotel | Silicone Valley CA |
| 29. James Hotel at Sunset | Los Angeles CA | 63. MGM Springfield | Springfield MA |
| 30. The Fig Hotel | Los Angeles CA | 64. Westin La Paloma | Tucson AZ |
| 31. The Hotel & Residences at LA Live | Los Angeles CA | 65. Marriott Convention Hotel | Washington DC |
| 32. W Hollywood Hotel & Residences | Los Angeles CA | 66. MGM National Harbor Hotel | Washington DC |
| 33. Westin Bonaventure | Los Angeles CA | 67. Four Seasons Hotel | Westlake Village CA |
| 34. Omni Convention Hotel (u/c) | Louisville KY | 68. Ritz Carlton Hotel | Xi'an China |

RFI OPEN HOUSE



RFI Open House
January 26, 2016

TEAM'S PRELIMINARY VISION



THE HOTEL SITE





Q&A



Convention Hotel RFI: *Process Update*

March 22, 2016

