

Status of Convention Center Hotel Negotiations

Business and Commerce Committee

April 4, 2005

Background

- On December 15, 2004, the City Council authorized
 - Exclusive negotiations with the Woodbine Development Corporation for the development of a Convention Center Headquarters Hotel
 - Negotiation of a Memorandum of Understanding outlining the requirements for a development agreement

Status

- The Memorandum of Understanding has been executed
- Staff is working with Marriott to ensure the feasibility of placing the hotel on Parking Lot C, including:
 - How the hotel will be parked
 - How common space will be shared between the Convention Center and the Marriott
 - How back of house functions such as delivery, trash pick up, laundry, HVAC, and food service will be handled

Status (cont.)

- How to configure taxi waiting and guest pick up and drop off
- How to fit the desired multipurpose space on the site, including the use of a portion of the existing Convention Center
- Also, the City has engaged Perkins Coie, LLP, as its special counsel to provide expertise relating to hotel development and to assist in the negotiations of the development agreement.

Status (cont.)

- The City also is negotiating with Dallas City Limits, Inc. to develop an entertainment venue on the existing Parking Lot E, west of the Convention Center.
- Although this project is separate from the hotel, an entertainment venue nearby would enhance the marketability and thus improve financing opportunities for the hotel.

Status (cont.)

- Locating the entertainment venue on Parking Lot E would require a revision to the Convention Center Master Plan, but there are feasible alternatives to construct the next generation of expansions more to the south.

Recommended Actions

- Authorization for exclusive negotiations with Woodbine Development Corporation expires April 16, 2005
- Negotiating a project of this magnitude takes considerable time and effort
- Staff recommends continuing the exclusive negotiations with Woodbine through November 16, 2005 so that a development agreement can be successfully finalized

Recommended Actions (cont.)

- In its negotiations with Woodbine, the City has required, and Woodbine has agreed to enter into, a fee letter for legal expenses.
- Under the fee letter, Woodbine will pay when invoiced the legal fees and expenses of the City's special counsel, Perkins Coie, LLP, relating to negotiation of a pre-development agreement and definitive agreements.

Recommended Actions (cont.)

- Although it is unlikely that Woodbine will breach its agreement to pay for legal fees Perkins Coie requested the City to guarantee up to \$100,000 of its fees and expenses
- To provide the requested guarantee, staff recommends entering into a contract with Perkins Coie that provides that the City will pay up to \$100,000 of the fees and expenses incurred.

Recommended Actions (cont.)

- Financing for this contract will be with Convention Center funds
- If the City has to pay Perkins Coie because Woodbine does not pay as invoiced, the City will pursue legal action to obtain funds from Woodbine

April 13th Council Action Item

- Authorize continued exclusive negotiations with the Woodbine Development Corporation for the development of a Convention Center Headquarters Hotel
- Authorize a professional services contract with Perkins Coie, LLP to provide legal services for negotiating a pre-development and definitive agreements with the Woodbine Development Corporation