



# MEMORANDUM

Council Agenda  
Item No. IX.K.  
7/18/2017

## The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution approving in principle the Omni Hotel Funding Plan for the development and construction of an Omni Hotel to be constructed by Omni OKC, LLC, an Oklahoma limited liability company, in association with the MAPS 3 Convention Center; providing that full implementation of the Omni Hotel Funding Plan shall be subject to any necessary amendments to the Downtown/MAPS Economic Development Project Plan or the Core to Shore Reinvestment Area Project Plan; directing the City Manager to take all administrative and necessary actions required to implement the Omni Hotel Funding Plan; requesting that the Oklahoma City Urban Renewal Authority take all actions necessary to support the Omni Hotel Funding Plan and the development and construction of the Omni Hotel; requesting that the Oklahoma City Economic Development Trust take all actions necessary to support the Omni Hotel Funding Plan and the development and construction of the Omni Hotel; further authorizing the Mayor or Vice-Mayor to execute all documents necessary to implement the Omni Hotel Funding Plan; and authorizing all other actions necessary or appropriate to implement this Resolution. Ward 6.

### Background

Based on consultant studies and industry standards, it has been determined that an integral component necessary to support and maximize the potential of the new \$288 million convention center is the development of an adjacent designated convention center hotel ("Hotel"). On June 11, 2013 (Item No. VIII. O.), the City Council approved a resolution authorizing the Executive Director of the Oklahoma City Urban Renewal Authority to lead negotiations for the development of a potential Hotel. On April 1, 2014 (Item No. VI. R.), the City Council approved an amended contract with Public Financial Management to provide professional services and perform due diligence as it pertained to a potential Hotel.

On January 20, 2015 (Item No. VIII. C.), the City Council approved the Request for Proposals ("RFP") and authorized the solicitation of proposals from potential hotel developers and/or operators. The City received seven proposals in response to the RFP on March 3, 2015. On March 26, 2015, the Selection Committee reviewed the seven proposals and selected the top four finalists for future consideration. The selection process was delayed for more than six months while the potential location of the new convention center was discussed and determined. On October 13, 2015, the City Council selected a new site for the convention center.

Additional information related to the potential hotel financial structure and operating revenues and expenditures was solicited from the proposal finalists on June 6, 2016. The Executive Director of the Oklahoma City Urban Renewal Authority received two responses to the request for additional information, one from Marcus/Mortenson and one from Omni Hotels and Resorts on the deadline of August 1, 2016. On September 21, 2016, the Selection Committee convened with the two finalists in order to obtain additional information and clarification pertaining to the final proposals. Subsequent to the September 21, 2016 meeting, the Selection Committee unanimously recommended Omni Hotels and Resorts as the lead developer of the Hotel with a minimum of 600 guest rooms.

On September 27, 2016, the City Council adopted a resolution to authorize and direct the City Manager and the Executive Director of the Oklahoma City Urban Renewal Authority to negotiate an Economic Development Agreement with Omni Hotels and Resorts, and any other necessary parties. The resolution also directed the City Manager and Executive Director of the Oklahoma City Urban Renewal Authority to develop a funding plan to support the proposed Economic Development Agreement.

Since October 2016, the Executive Director of the OCURA and City staff from the Finance Department, Municipal Counselor's Office and City Manager's Office along with PFM have been in negotiations with Omni Hotels for the construction and development of the Convention Center Hotel. This group has also developed the attached funding plan to construct and develop an Omni Hotel. Several available sources of revenue have been identified to fund the necessary public assistance. The revenue sources include the following, of which potentially more than half shall come directly from the operations of the hotel:

**Hotel Generated Revenues**

- 1) Hotel Property tax increment and other new developments in a Tax Increment District to be initiated under the provisions of the Core to Shore Reinvestment Project Plan, including the minimum tax payment required by Omni under the terms of the Redevelopment Agreement
- 2) Sales Tax increment generated by operations of the Hotel in the Tax Increment District to be initiated under the provisions of the Core to Shore Reinvestment Project Plan
- 3) Hotel Occupancy tax increment generated by operations of the Hotel in the Tax Increment District to be initiated under the provisions of the Core to Shore Reinvestment Project Plan
- 4) State matching funds generated from the sales tax and hotel occupancy tax increment available under the Oklahoma Local Development and Enterprise Zone Incentive Leverage Act, 60 Okla.Stat. 2016 Supp. §§ 840, et seq.

5) The land payments made to OCURA for purchase of the hotel site

**Other Revenue Sources**

6) Skirvin Hotel Lease and/or mortgage payments

7) An allocation of tax increment from Increment District Number Two, City of Oklahoma City

8) An allocation of tax increment from an increment district to be initiated in accordance with the Core to Shore Reinvestment Area Project Plan

9) An allocation of tax increment from Increment District Number Eight, City of Oklahoma City

10) All lease payments received from the Bass Pro Lease or any subsequent lessee of said property, as more specifically reflected in the Estimated Funding Plan, attached hereto as Exhibit No. 1 (Omni Hotel Funding Plan).

It is anticipated that OCEDT will issue a general appropriation revenue anticipation bond within the next 16 months pledging the above revenue sources for repayment to Omni in order to fulfill the City's contribution of \$85.4 million. A revenue stabilization fund will be created to minimize the City's risk as it relates to funding continuous daily City services.

The attached resolution will approve the Omni Hotel Funding Plan in principle and will authorize the City Manager to take all administrative actions necessary to implement the Omni Hotel Funding Plan. Additionally, the Resolution will authorize and direct the Executive Director of the Oklahoma City Urban Renewal Authority and the General Manager of the Oklahoma City Economic Development Trust to take all necessary administrative actions to implement the Omni Hotel Funding Plan. It will also authorize the Mayor or Vice-Mayor to execute any necessary documents to implement the Omni Hotel Funding Plan.

Total Cost	\$85,400,000 – amount of public participation
Source of Funds	Various sources of funds as identified in the Omni Hotel Funding Plan
Previous Action	<p>City Council adopted resolution on September 27, 2016 (Item No. IX. P.) authorizing negotiation of an Economic Development Agreement with Omni Hotels and Resorts and any other necessary parties as well as directing the development of a funding plan to support the proposed Economic Development Agreement.</p> <p>City Council approved Request for Proposals to be advertised for a Downtown Convention Center Hotel Developer and Management Services on January 20, 2015 (Item No. VIII. C.).</p>
Review	City Manager's Office - Economic Development

Recommendation: Resolution be adopted.

Attachment