



Department Source: City Manager

To: City Council

From: City Manager & Staff

Council Meeting Date: April 16, 2018

Re: Approving a redevelopment agreement in connection with the Broadway Hotel Phase Two TIF Redevelopment Plan and Project

Executive Summary

Staff has prepared for Council consideration an Ordinance to approve a redevelopment agreement between the City of Columbia and Broadway Lodging Two, LLC for the demolition of an existing building and construction of an approximately 73,000 square feet, seven story hotel tower on a site located at 1104 East Walnut Street.

Discussion

On December 4, 2017 by a vote of 5-2, the City Council voted to designate a site located at 1104 East Walnut Street as a redevelopment area; approved the Broadway Hotel Phase Two Redevelopment Plan and project; adopted tax increment financing (TIF) within the redevelopment area; and directed staff to bring back to Council a redevelopment agreement detailing the specific requirements to be met.

The attached agreement is similar to the previous two redevelopment agreements that were approved by Council for The Tiger Hotel and The Broadway. However, based on Council input, a few changes have been incorporated into the agreement. These changes are summarized briefly below:

1. TIF Obligations (Article 5.1.1) – The two prior redevelopment agreements specified that the TIF Notes would bear interest at a variable rate equal to the Prime Rate less 150 basis points for a tax-exempt rate. The taxable rate was calculated by taking the tax-exempt rate divided by 0.65. The interest rate was capped at a rate of 10%. The change made in this agreement fixes the interest rate for the entire period of the agreement.
2. Jobs Requirement (Article 6.6) – There were no provisions in the original two TIF agreements for job creation. After much deliberation between the City and the Developer, the agreement contains provisions for the Developer to certify during the first year of operation of the new tower that a minimum of 37 jobs (FTEs) were created.

Clawback provisions regarding the final certified project cost are addressed by the definition of the “Final Certified Amount” (Article 4.1.5) which means “an amount certified by the City after the City verifies the actual project costs submitted pursuant to Section 4.1.5 equal to (1) if the verified actual Project Costs are equal or greater than \$20,250,000, the Maximum Reimbursement Amount, or (2) if the verified actual Project Costs are less than the



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\$20,250,000, the Maximum Reimbursement Amount less \$1 for every \$5 that the verified actual Project Costs are less than \$20,250,000.”

In addition, should the property be sold or transferred during the term of the agreement resulting in an Excess Profit Calculation, a transfer fee shall be paid to the City as detailed in Article 7.11.

For clarification purposes, the Economic Activity Taxes (EATS) resulting from Tower Two will flow to The Broadway (Tower One), as the point-of-sale for both towers is located in the original hotel. Fifty percent of the EATS will be deposited into the Special Allocation fund used to pay off the Notes issued for The Broadway (Tower One). The other fifty percent will be distributed to the affected taxing jurisdictions.

Fiscal Impact

The total of all revenues generated for local taxing districts over the life of the TIF project is forecasted to be over \$9 million dollars, an increase of \$8.9 million dollars. These revenue projections do not consider the more global benefits that will stem from the project, including secondary levels of taxes generated and ancillary benefits such as jobs created during construction, utility taxes, taxes on construction materials, state taxes, building fees, connection fees, increased number of visitors spending dollars, increased parking garage revenue, improvements to existing buildings or new building construction.

Vision, Strategic & Comprehensive Plan Impact

Vision Impacts:

Primary Impact: Downtown, Secondary Impact: Development, Tertiary Impact: Economic Development

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Land Use & Growth Management, Secondary Impact: Economic Development, Tertiary Impact: Not Applicable



Legislative History

Date	Action
12/04/2017	B360-17 Designating a portion of the City of Columbia as a redevelopment area; approving the Broadway Hotel Phase Two Redevelopment Plan and project; adopting tax increment financing (TIF) within the redevelopment area.
07/17/2017	B256-17 Authorizing a professional services agreement with Stifel Nicolaus & Company, Incorporated for financial advisory services for The Broadway Phase II tax increment financing application; appropriating funds.
05/15/2017	R197-17 Authorizing a preliminary funding agreement with Broadway Lodging Two, LLC relating to tax increment financing of The Broadway Phase II construction project; appropriating funds.
03/04/2013	R67-17 Authorizing the issuance of Request for Proposals for redevelopment of property located north of The Broadway Hotel and west of the Short Street Garage (1104 E. Walnut Street) in Columbia, Missouri to allow for construction of an approximately 73,000 square foot, seven (7) story hotel tower.
07/02/2012	B57-13 Authorizing a Second Amendment to the Redevelopment Agreement with Broadway Lodging, LLC and Columbia TIF Corporation relating to the Regency Hotel TIF Redevelopment Plan & Project.
02/21/2011	B159-12 Authorizing a First Amendment to Redevelopment Agreement with Broadway Lodging, LLC and Columbia TIF Corporation relating to the Regency Hotel TIF Redevelopment Plan & Project.
02/21/2011	B40-11 Designating a portion of the City of Columbia as a redevelopment area; approving the Regency Hotel financing (TIF) redevelopment plan and project.
02/21/2011	B41-11 Approving a redevelopment agreement in connection with the Regency Hotel TIF Redevelopment Plan & Project.



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Suggested Council Action

Approval of the legislation authorizing a redevelopment agreement between Broadway Lodging Two, LLC and the City in connection with the Broadway Hotel Phase Two TIF Redevelopment Plan and Project.