



**Working Committee on Downtown Hotel Solutions and
Mixed Use Options-Phase I-A (Scaled Down Options)
PLAN OF ACTION FOR COOPERATIVE DEVELOPMENT**



The city of Alexandria shall periodically publish the contents of its work on this phase I-A of the DHI on its website and provide notice of the contents of any new plan and how to review its details. Any notice shall include the following: (1) publication of this document, (2) a detailed description of the city of Alexandria’s assistance to any development, (3) independent appraisals of relevant property in the public domain (e.g., the Alexander Fulton), and (4) the proposed consideration to be given in exchange for public value. Any proposed new CEDA or Memorandum of Understanding (“MOU”) shall be placed on file for public inspection in the office of the City Attorney for the city of Alexandria.

**A. THE DECLARED PUBLIC PURPOSE FOR THE INITIATIVE
AND ECONOMIC PARTNERING**

Introduction:

Alexandria shall at all times until a new process is established by ordinance or MOU negotiate under existing resolutions and ordinances in pursuit of the proposed plan for redevelopment of the Central Business District hotels, convention space and master site plan (known as the Downtown Hotels Initiative, or formally as the plan of work submitted by the **Working Committee on Downtown Hotel Solutions and Mixed Use Options**), subject, however, to any modifications provided by Term Sheet.

The process relating to the public purpose was established when, in 1982, the City entered into an Urban Development Action Grant with the Department of Housing and Urban Development, and, in 1983, with developers for the purpose of cooperative economic development resulting in what is now called the Alexander Fulton Hotel, including a lease for the purpose of providing a first-class, full-service hotel and convention center complex—including a restaurant, coffee shop,

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banquet/ballroom space, meeting rooms, and other uses. This property is struggling at this time through a bankruptcy.

In 2004, the Hotel Bentley shuttered its operations and has remained closed to the public. It has been the subject of numerous attempts to reopen, but with no private investors demonstrating a financial stake commensurate with public investment.

In 2008-2009, the S.P.A.R.C. program made infrastructure and economic partnering dollars available for large-scale development. In order to qualify, developments must meet certain requirements as to scale and type. An initiative of this scale, with accompanying quality jobs creation, housing opportunities, and re-use of distressed large-scale assets are precisely the basis for S.P.A.R.C. funding. While the DHI came somewhat later, it was part of the discussion back in April of 2008 when Alexandria embarked on the largest redevelopment project in its history, a \$96+ million project known as S.P.A.R.C. (or Special Planned Activity Redevelopment Corridors). S.P.A.R.C. addresses decades of neglect and under-investment in three distinct and historic areas within the city's inner core, all in an effort to reduce the effects of unfettered suburban sprawl development. S.P.A.R.C. is based on a simple idea: multiple, strategic investments in infrastructure effectively increase property values, decrease crime and poverty rates, stimulate private-sector development, and generate short and long-term employment opportunities.

Specifically, S.P.A.R.C. is implementing and will continue to implement plans that had, until now, remained on the shelves for over a decade, and because of its scale, S.P.A.R.C. is flexible enough to include an array of incentives for new, *privately-driven* development projects. S.P.A.R.C. tackles everything from housing and retail developments to improving roads, drainage, and police and fire coverage. S.P.A.R.C. is designed to provide immediate, catalytic intervention in three distinct areas of the Alexandria inner core (known as Cultural Restoration Areas), each of which corresponds with important and heavily-trafficked transportation corridors: Downtown and the Riverfront, Bolton Avenue and North MacArthur Drive, and Masonic Drive and Lee Street.

One part of the overall initiative involves reinvestment in public infrastructure surrounding the downtown hotel complex (the Alexander Fulton, Hotel Bentley, and Alexandria Riverfront Center). The aim is to elevate the area to an appropriate level of commerce. In order to facilitate this occurrence, the city of Alexandria embarked

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upon an objective request for proposals from the private world, and called for a “global” solution to the properties: deal with all three assets, focus on common management, and, most importantly, bring private dollars and limit the City’s help to build-out of public infrastructure, not operations or investment in privately-held properties.

This plan marks the removal of the City from the Hotel asset operation business in which it has been engaged since the mid-1980s. It places the City-owned Alexander Fulton in the posture for private development and ownership and does not contribute the Hotel Bentley’s purchase or operations.

On November 23, 2009, the relevant stakeholders achieved a formal memorandum of understanding. On March 23, 2010, the formal term sheets outlining the detailed plans were published to the public. On April 20, 2010, the ordinance’s introduction, originally scheduled for April 6, 2010, placed the cooperative development agreement, formally incorporating the terms published March 23, 2010, in front of the public and City Council for eventual enactment into law, which occurred June 4, 2010.

In exchange for the City’s commitment to surrounding infrastructure development of permanent, publicly-owned property and public assets, the developers were required to: (1) accept the previously-published terms regarding the Alexander Fulton and make certain improvements thereto, (2) with private financing only, purchase the Hotel Bentley from its owner, (3) with private financing, make certain private development investments identified as “Core” or Phase 1 investments as outlined in the agreement with the City, (4) honor the terms of the November 23, 2009 Memorandum of Understanding, and (5) deliver a total value in the project as outlined by the terms published March 23, 2010.

Obstacles to Success and the Need for Transition/Alternative Planning:

With the national and global recessions, the timing was the perfect storm against this particular initiative in a sub-tertiary market, perhaps making the problems even more pronounced.¹

¹ Accordingly, the Mayor granted an extension effective May 6, 2011, until July 31, 2011, at midnight, but allowing the City to terminate as early as July 15, 2011, at 4:30 p.m. The process now continues without preferences or exclusivity. The City reserves all rights to separate the Fulton out of the process and begin a process to solicit offers for its potential sale—subject to title requirements.

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As long as HIP Alexandria LLC demonstrates the continuing ability to manage and operate the Alexander Fulton during the extended period, while agreeing to aid the City in all appropriate contingency measures to transition the property in case the DHI winds down and cannot be completed, there is no material risk to the City.

Diligence and measurable action toward closure of the deal with an Alexander Fulton operator in place neither exposes the City to jeopardy in having to assume operations of the Alexander Fulton nor to financial support of hotel operations, so there were no appreciable risks posed to the public relative to extensions of the current DHI.²

With the date pending in just over two months for cessation of DHI activity in the absence of an agreement or extension caused by activity sufficient to continue the lease of the Alexander Fulton at no risk to the City, the City will begin asset protection measures. The end result is contained in the Term Sheet accompanying this memorandum and signals a new recommendatory process for diminishing the scope of the current DHI by approximately 50%, and removing the guarantee of most, if not all, of the City's contributions to town square activity (\$4.3MM) and parking (up to \$7.5MM upon certification).³

B. COMPETITIVE PROCESS AND PRIVATE CONTRIBUTION

In all cases, the Downtown Hotels Initiative has remained a competitive process. While the COA does not control the private obligations or ownership of key properties, such as the Hotel Bentley, the COA does determine whether incentives will be driven to any property involved. For that reason, the COA is an integral stakeholder, among others, in this key development initiative within the S.P.A.R.C. overall initiative.

² In fact, the City is better positioned while the DHI continues to move forward because the City is not exposed to financial subsidization of Fulton operations.

³ This would leave potential incentives of the value of the Fulton (predicated on milestone achievement) and \$2MM in improvements to the Riverfront Center, but not necessarily grant exclusive management of the center to a scaled-down DHI.

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- **It is the City's goal to minimize the level of public financial participation in the Project and to attain the most distinctive, highest-quality and marketable project possible. Respondents will be expected to provide information regarding sources of debt and equity, and are urged to consider creative development and financing structures that will accomplish these ends. Preference will be given to those developers who/that minimize the use of public financing, emphasize private sector financing and/or participation and provide the greatest economic opportunity for the City.**
- **Respondents must state a single value for the present value of any and all subsidies requested to be provided by any public body, including cost of land. Required funds should be broken out between immediate subsidies (payment for any portion of the project, waived fees, etc.) and the present value of streams of subsidy over time, such as tax rebates.**
- **Respondents are encouraged to limit financial participation by and risk to the City.**

C. TERM SHEET

(attached and incorporated herein as from time to time is amended and incorporating the following terms)

1. The Working Committee and Future Contract Monitoring

- 1.1 The Administration's "Working Committee" is composed of the Mayor, the City Attorney, the Utility Director, and the Chief and Deputy Chief Operations Officers, and other economic development and planning support staff.⁴ These persons shall work with developers to identify obstacles to partnership and alternatives should any of these plans contain fatal flaws.

⁴ Other assigned staff may include staff at the Central Louisiana Economic Development Alliance ("CLEDA") led by its CEO.

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- 1.2 The office of the City Attorney (through its designee) shall separately work through the legal issues and may be a point of contact for the process.⁵
- 1.3 Any development team shall be required to meet outlined deliverables and goals according to a plan and contract monitoring by the city of Alexandria to ensure the public's interests are met timely and fully.

2. Communications

- 2.1 Any attempts to influence the process by exerting influence outside of the Working Committee and the channels established herein shall be grounds to disqualify the respondent, applicant, proposer, or potential partner.
- 2.2 A proposer is restricted from making contacts (i.e., an oral, written or electronic communication which a reasonable person would infer as an attempt to influence the award, denial, or amendment of this process) from issuance of this Memorandum and its initial Term Sheet through final award and approval of the resulting contract by the City Council ("restricted period").
- 2.3 During the restricted period, any contacts outside the City's designated staff for this Memorandum, who is defined as the Working Committee, shall be expressly prohibited.
- 2.4 No "lobbying" of City Council members or other elected or employed officials will be tolerated, even through agents, and violation of this restriction may result in rejection of a proposal and debarment for this process and beyond.
- 2.5 All communications shall commence by mailed or electronically submitted contact to:

⁵ Upon recommendation from the staff assigned to the *Working Committee on Downtown Hotel Solutions and Mixed Use Options-Phase I-A* ("Working Committee")(and eventually the Alexandria City Council), a cooperative economic development agreement should result from a formal and detailed Memorandum of Understanding (MOU).

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Kay Michiels
Office of the Mayor
915 Third Street
Alexandria, Louisiana 71301
kay.michiels@cityofalex.com

- 2.6 Addenda, Rejection and Cancellation. The City reserves the right to revise any Term Sheet by issuing an addendum at any time. Issuance of a letter of intent to negotiate or Term Sheet in no way constitutes a commitment to award a contract at any time even after the completion of the process. The City reserves the right to accept or reject, in whole or part, all Qualification Statements submitted and/or cancel this announcement if it is determined to be in the City's best interest. All materials submitted in this response become the property of the City and selection or rejection of a submittal does not affect this right. The City also reserves the right, at its sole discretion, to waive administrative formalities contained in any future RFQ, RFI, or RFP.
- 2.7 Preparation Costs. The COA shall not be responsible for costs associated with preparing a response or for any other costs, including attorney fees associated with any challenge (administrative, judicial or otherwise) to the determination of the highest-ranked Applicant and/or awarded contract and/or rejection of qualification. By submitting a response, Term Sheet, RFQ/RFI or RFP each Applicant agrees to be bound in this respect and waives all claims to such costs and fees.
- 2.8 Confidentiality. The content of all qualifications is ultimately a public record. Please Note: Louisiana has a very broad public records law. Most written communications to or from the City of Alexandria or its officials are public records available to the public and media upon request. Your e-mail address, submitted materials, and communications may therefore be subject to public disclosure. Please consider this in your messages to the City and in your submissions. If you are expecting confidentiality, please call the City Attorney before forwarding information for an advisory opinion. This office will be liberal in its interpretation in favor of disclosure.

While some e-mails, documents or materials may contain confidential and privileged material regarding ongoing litigation, proprietary plans of a business entity seeking to locate in Alexandria, Louisiana, or security measures of a

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municipality, and are therefore for the sole use of the intended recipients, the submission for purposes of this initiative by you in all likelihood is purely public; accordingly, use professional discretion and assume any information you forward is public. The City will respect proprietary information about methods or plans clearly marked as such when in compliance with La.R.S. 44:1 et seq. If, however, the information becomes material to a decision, it may force its inclusion in the public domain. Please be aware the safest approach is to submit directly and with the understanding your submittal is public.

3. Universal Terms of Engagement

- 3.1 A final *draft* of any MOU, outlining terms for all Cooperative Endeavors needed to accomplish agreed-upon goals, will be a requirement before approaching the City Council, with certain minimum conditions and terms, as more fully set forth herein and as contained in any accompanying Term Sheet.
- 3.2 The City shall be able to deliver or guarantee delivery of the Alexander Fulton to project partners without legal, or with commercially acceptable, impediments.
- 3.3 The Hotel Bentley owner (or the appropriate owner-controlled entity), the winning developer(s), the COA, G.A.E.D.A., APA-CVB, and financing/equity partners shall execute a universal MOU (with simplistic terms), which may reference and incorporate several specific MOUs between or among others.
- 3.4 Sections 3.2-3.3 are conditions precedent to be met before committing resources to a new CEDA or other substantial legal work.
- 3.5 All terms relative to the city of Alexandria shall be subject to private financing being met at any agreed-upon levels in accompanying and subsequent Term Sheets.
- 3.6 Private financing shall be independently verifiable at the point formal MOUs are executed, or as provided in any Term Sheets at a sooner point.
- 3.7 The disclosures and provision of definite acquisition amounts regarding DHI assets or ownership percentages for all parties as to the Alexander Fulton and

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- Hotel Bentley shall be extended through any new due diligence periods with no prejudice to the city of Alexandria.
- 3.8 As to the seller of any real property, the option shall be binding on the seller assuming due diligence and good faith of the parties to bring the matters to completion occur.
- 3.9 The city of Alexandria will offer no monetary consideration for any option contemplated hereunder or negotiated.
- 3.10 The City shall exercise good faith, make available S.P.A.R.C. funds for feasibility and other necessary conditions precedent, and offer staff support, from planning personnel to legal counsel. The city of Alexandria notes it has already provided consideration by its hiring and publication of the RKG *draft* report, as well as actions to preserve the *status quotient* at the Alexander Fulton Hotel.
- 3.11 No further consideration for any option hereunder shall be due or requested of the city of Alexandria, with any such risks more appropriately assumed by the private developers.
- 3.12 All action shall be subject to appropriate action in the United States Bankruptcy Court, with regard to the Alexander Fulton and Capital One Bank; it being expressly understood the City wishes to offer that asset as part, or all, of the City's gap financing of any "global" solution.

4. New Options and Partnering Solutions

- 4.1 Options separating the Alexander Fulton from a "global" deal are now open and encouraged for discussion pursuant to a formal bid or offer solicitation period.
- 4.2 The City notes any eventual recommendation by the City *was and is clearly envisioned* to fall under one of the following scenarios:
- 4.2.1 Selection of a team to develop a Hotel master site plan.

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- 4.2.2 Selection of a team for development of a single Hotel and other related development(s).
- 4.2.3 Selection of elements of different proposals.
- 4.2.4 Selection of part of a proposal.
- 4.3 Although proposals are expected to range in scope and scale, proposals are judged and compared against each other by the City according to the listed criteria to achieve the best economic proposal that achieves the larger redevelopment goals of the City. The best economic proposal is not necessarily the largest, nor the proposal with the least amount of public investment; rather, it is the proposal that best leverages public and private resources to maximize the opportunity of the site and builds upon other existing and future developments in the Downtown area. *From the Request for Proposal process, proposals were “encouraged to interact with other property owners and applicants to achieve these goals.”*

5. Claw Backs

- 5.1 Any eventual plan shall detail and include “claw backs” and other measures to protect the public’s interest, which shall, at minimum, contain address of the appropriateness of the following:
- 5.2 Potentially, liquidated damages for winding down the project during the first year.
- 5.3 A good faith bond.
- 5.4 Any other provisions are subject to additional “clawback” or refund provisions to protect the city of Alexandria in the event of a default—*particularly regarding the Alexander Fulton (which shall be used as the leverage asset for the City).*
 - 5.4.1 In the event the developer or successor entity fails to timely start or to proceed with and/or complete essential or necessary components of the Project, or fails to timely meet its performance objectives and/or any employment requirements, including but not limited to the retention or

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- creation of the number of jobs or the reaching or maintaining of compensation or payroll levels within the time and for the term agreed, or other development requirements, deliverables, special deliverables, or terms, as specified in the Cooperative Endeavor with the city of Alexandria, any such acts, omissions or failures shall constitute a default under the Cooperative Endeavor, and the city of Alexandria shall retain all rights to withhold award funds, investment, subsidy, or City ramp-up activities related to its infrastructure contributions to a S.P.A.R.C. project.
- 5.4.2 In addition, the City may, as a result of any such acts, omissions or failures, modify the terms and conditions of the Cooperative Endeavor, and reclaim disbursed funds or value from the developer or successor entities and/or public entity in an amount commensurate with the scope of the unmet performance objectives and the foregone benefits to the city of Alexandria.
- 5.4.3 Reclamation shall not begin unless the city of Alexandria has determined, after an analysis of the benefits of the project to the City and the unmet performance objectives, that the City has not satisfactorily or adequately recouped its costs through the benefits provided by the project.
- 5.5 “Clawbacks” of this nature will be included and should be understood as necessary before moving into the process.

SUBMITTED:

KAY MICHIELS,
Chief Operations Officer &
Planning Director
City of Alexandria

Attachments:

- 1) Summary of HVS Appraisal (Alexander Fulton)
- 2) RKG Summary Report of its Feasibility Study
- 3) Original Request for Proposals
- 4) Term Sheet antecedent to and the basis of the current Cooperative Endeavor and Development Agreement (CEDA)



Self-Contained Appraisal Report

Alexander Fulton Hotel

Alexandria, Louisiana

Property Location:

701 4th Street
Alexandria, Louisiana 71301

Prepared by:

HVS Consulting and Valuation Services
Division of Hotel Appraisals, LLC
369 Willis Avenue
Mineola, New York 11501
+1 516 248-8828
+1 516 742-3059 FAX

Submitted to:

Mr. Paul Cooper
Lifestyle Hotel Group
1506 Antrim Avenue
Richmond, Virginia 23230
+1 804 340-2994
pcooper@lifestylehg.com



July 9, 2010

Mr. Paul Cooper
Lifestyle Hotel Group
1506 Antrim Avenue
Richmond, Virginia 23230
+1 804 340-2994
pcooper@lifestylehg.com

Re: Alexander Fulton Hotel
Alexandria, Louisiana
HVS Reference: 2010010209

369 Willis Avenue
Mineola, New York 11501
+1 516 248-8828
+1 516 742-3059 FAX
www.hvs.com

Dear Mr. Cooper:

Pursuant to your request, we herewith submit our self-contained appraisal report for the above-captioned proposed hotel. We have inspected the real estate and analyzed the market conditions in the Alexandria, Louisiana area. We have also reviewed the proposed improvements for this site. Our report was prepared in accordance with, and is subject to, the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

Based on our analysis, it is our opinion that the "as improved" market value of the fee simple interest in the Alexander Fulton Hotel, as of July 1, 2011, will be:

\$18,900,000

EIGHTEEN MILLION NINE HUNDRED THOUSAND DOLLARS

This value estimate equates to \$109,000 per room. We have also estimated the prospective market value of the subject property as of its projected date of stabilization. Based on our analysis, it is our opinion that the "when stabilized" prospective market value of the fee simple interest in the Alexander Fulton Hotel, as of July 1, 2014, will be:

\$22,500,000

TWENTY-TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

- Atlanta
- Boston
- Boulder
- Chicago
- Dallas
- Denver
- Las Vegas
- Mexico City
- Miami
- Nassau
- New York
- Newport
- San Francisco
- Toronto
- Vancouver
- Washington
- Athens
- Buenos Aires
- Dubai
- Hong Kong
- Lima
- London
- Madrid
- Mumbai
- New Delhi
- Sao Paulo
- Shanghai
- Singapore

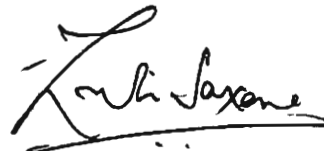
We have made no assumptions of hypothetical conditions in our report. The analysis is based on the extraordinary assumption that the described improvements have been completed as of the prospective "as improved" date of value. The reader should understand that the subject property is operating as a going concern and that the forecasts presented in this appraisal assume that the subject property complete a comprehensive renovation. Our appraisal does not address unforeseeable events that could alter the proposed project and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, will take place between the date of inspection and date of prospective value. We have made no other extraordinary assumptions specific to the subject site. However, several important general assumptions have been made that apply to this appraisal and our valuations of proposed hotels in general. These aspects are set forth in the Assumptions and Limiting Conditions chapter of this report.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
Hotel Appraisals, LLC



Michael J. Pajak, Vice President
mpajak@hvs.com, +1 516 248-8828 ext. 250



Zubin Saxena, Senior Vice President
zsaxena@hvs.com, +1 516 248-8828 ext. 205



Stephen Rushmore, MAI, FRICS, CHA, Managing Member
srushmore@hvs.com, +1 516 248-8828 ext. 204
Temporary Registration Certification (LA)



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Addenda

Explanation of the Penetration Analysis
"As Is" Value Conclusion
Temporary Registration Certification, State of Louisiana
Qualifications



1. Summary of Salient Data and Conclusions

| | |
|--------------------------------------|---|
| Project: | Alexander Fulton Hotel |
| Location: | 701 4th Street Alexandria, Louisiana 71301 |
| Interest Appraised: | Fee Simple |
| Highest and Best Use (as if vacant): | Hold for future speculative use |

Land Description

| | |
|------------------------------|--|
| Area: | ±3.55 acres, or ±154,638 square feet |
| Zoning: | C-2 - Commercial District |
| Assessor's Parcel Number(s): | 201021900 |
| Flood Zone: | X; this area is protected from the one percent annual chance (100-year) flood by levee, dike, or other structures subject to possible failure or overtopping during larger floods. |

Current Improvements Description

| | |
|-------------------------------|--|
| Property Type: | Full-service lodging facility |
| Building Area: | ±125,000 square feet |
| Guestrooms: | 173 |
| Number of Stories: | Seven |
| Food and Beverage Facilities: | A restaurant, a lounge |
| Meeting Space: | ±12,248 square feet |
| Additional Facilities: | An outdoor pool, an exercise room, a business center, and a guest laundry room |
| Parking Spaces: | ±150 |



Summary of Value Parameters

| | |
|-------------------------------|----------------------|
| Number of Years to Stabilize: | Four (after opening) |
| Stabilized Year: | 2014/15 |

Valuation Assumptions

| | |
|-------------------------------|----------|
| Inflation Rate: | 3.0% |
| Terminal Capitalization Rate: | 10.0% |
| Selling Expenses: | 3.0% |
| Holding Period: | 10 years |
| Calculated Discount Rate: | 13.6% |

Value Opinions as of May 20, 2010

| | |
|-----------------------|-------------|
| "As Is" Market Value: | \$3,400,000 |
|-----------------------|-------------|

Value Opinions as of July 1, 2011

| | |
|---------------------------------|------------------------------|
| Income Capitalization Approach: | \$18,900,000 |
| Sales Comparison Approach: | \$14,700,000 to \$22,800,000 |
| Cost Approach: | Not Applicable |

| | |
|---|-----------------------------------|
| "As Improved" Prospective Market Value: | \$18,900,000 (\$109,000 per room) |
|---|-----------------------------------|

Value Opinion as of July 1, 2014

| | |
|---|-----------------------------------|
| "When Stabilized" Prospective Market Value: | \$22,500,000 (\$130,000 per room) |
|---|-----------------------------------|

Assignment Conditions

| | |
|----------------------------|--|
| Extraordinary Assumptions: | The analysis is based on the extraordinary assumption that the described improvements have been completed as of the prospective "as improved" date of value. The reader should understand that the subject property is operating as a going concern and that the forecasts presented in this appraisal assume that the subject property complete a comprehensive renovation. Our appraisal does not address unforeseeable events that could alter the proposed project and/or the market conditions reflected in the analyses; we assume that no |
|----------------------------|--|



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Hypothetical Conditions:

We have made no assumptions of hypothetical conditions in our report.



Photo Credit: *The Town Talk*

Downtown Hotels Initiative and the RKG Report

Feasibility Analysis and Next Steps

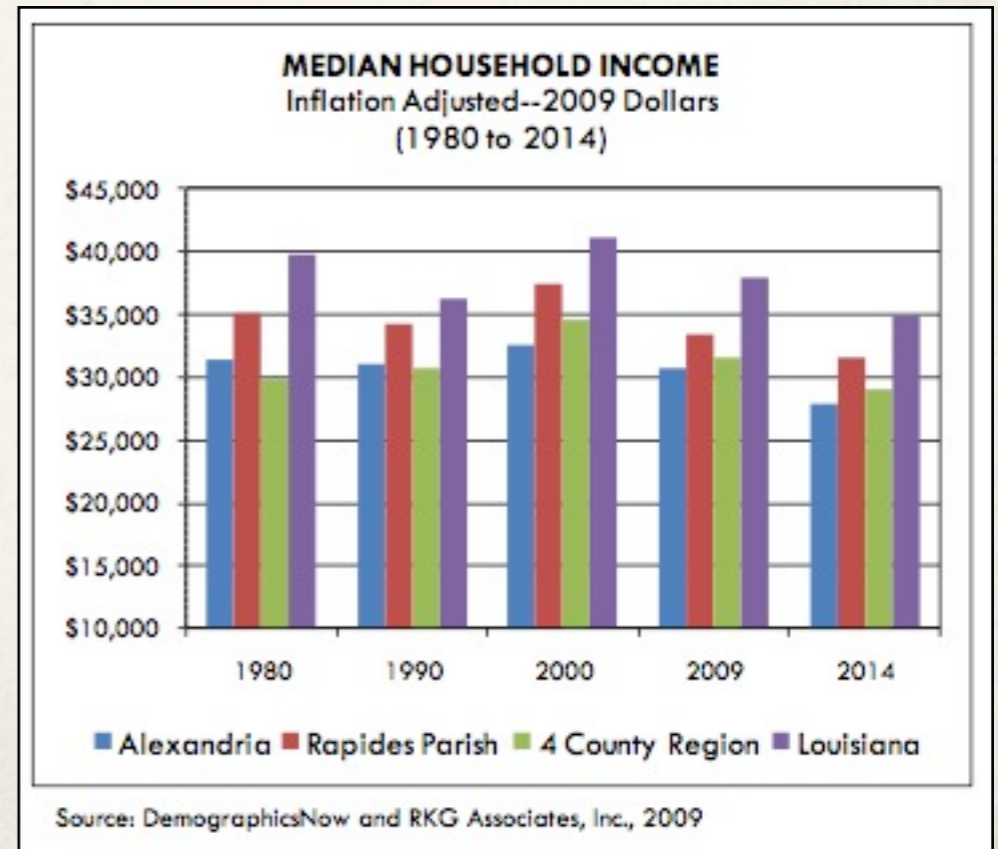
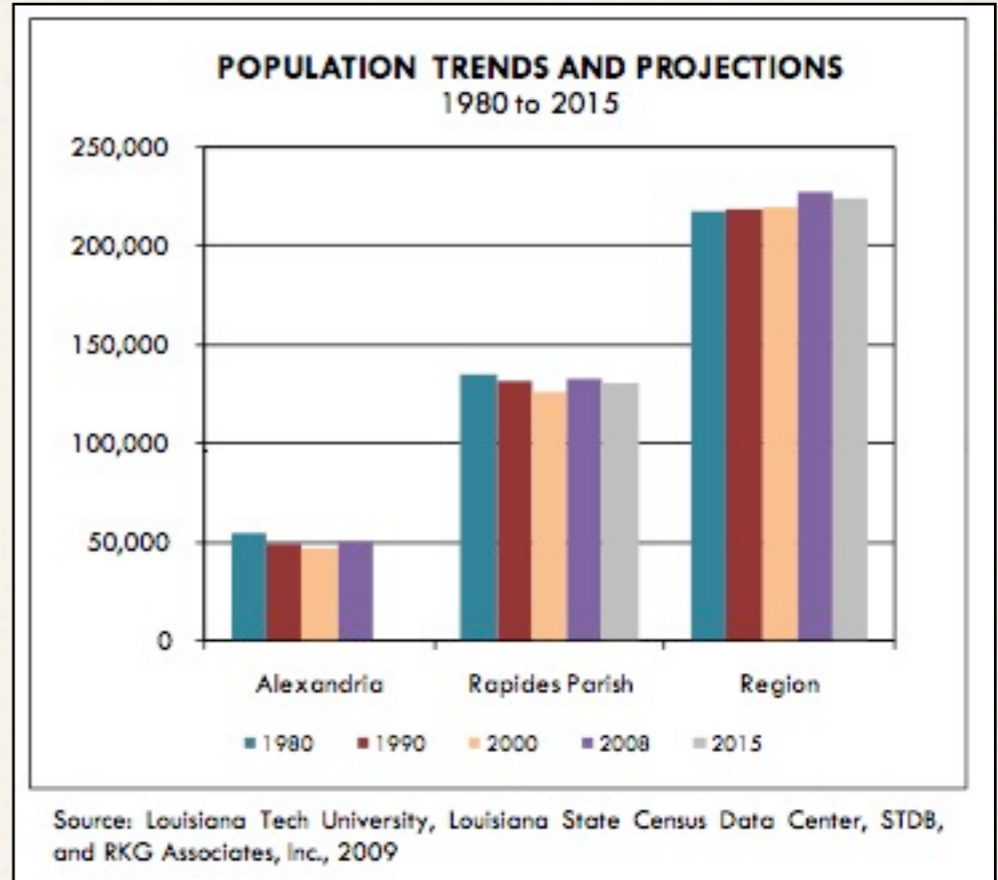
September 15, 2009

Our Objectives:

1. Pursue and locate a global solution for all three assets, ensuring the hotels complement with, and not compete against, one another.
2. Protect the public's investment by requiring that any potential developer demonstrate their financial stability, professional experience, and knowledge of the hotel business.
3. Eliminate political or personal biases by requiring that all potential proposals must be evaluated by an objective expert in real estate development and market feasibility.
4. Require a long-term strategy for success and a plan not exclusively reliant on the short-term value of tax credits and government incentives.
5. Require that any solution involves private equity.

RKG Analysis: Demographics:

- Although the greater Alexandria area has historically been experiencing a shift from the urban center of Alexandria into more suburban areas, there was a significant increase in population from 2000-2008, which may indicate a reversal of the population decline.
- Alexandria's average household size has gone down consistently since 1980, indicating a "graying" of the population and an increase of individuals living alone.
- The growth and overall share of college-educated adults over the age of 25 is higher in Alexandria than in the other study areas, which bodes well for new demand for office space, but the volume of new employees is somewhat shallow and limited to just over 100 adults annually.
- Data indicates that the Alexandria region's suburban areas will experience a decline in population into the future.



RKG Analysis: Demographics:

- The median age in Alexandria has increased from 28.5 years in 1980 to 37.4 years in 2008. The 20 to 24-year-old age cohort has experienced the most substantial decline, 21% (region) and 40% (City).
- The number of persons over 80-years-old has nearly doubled in each of the study areas.
- Alexandria's buying power has decreased since 1980, declining from about \$31,500 per household to an expected \$28,000 per household by 2014.
- A household earning the median income would only be able to afford a mortgage of \$133,400, which gives resale housing a competitive edge over new construction.
- The increase in the share of college-educated adults is outpacing the increase occurring in the region and the state; the total share in Alexandria and Rapides Parish is 50% and 48%, respectively, while the region and state are 42% and 44%, respectively. This increase may be a result of the medical industry cluster, which employs over 3,300 people.
- The City's white population has declined over 35% since 1980, whereas the City's African-American population has increased by nearly 5,000 people, a modest increase of less than 1% annually.

RKG Analysis: Demographics:

There are several significant trends occurring in the City and the surrounding areas.

First, the population is increasing in the City of Alexandria. An increasing population is typically important in sustaining additional housing stock.

Second, the declining household size and increasing median age typically are indicators of potential demand for higher-density, lower-maintenance housing, which are often more attractive to older or single residents.

Finally, the relatively high share of college-age adults is an important indicator of the City's role as a regional job center as well as the City's potential for future job growth, as adults with specialized skills continue to aggregate in Alexandria. These trends, when considered as whole, present positive results for future development in the City.

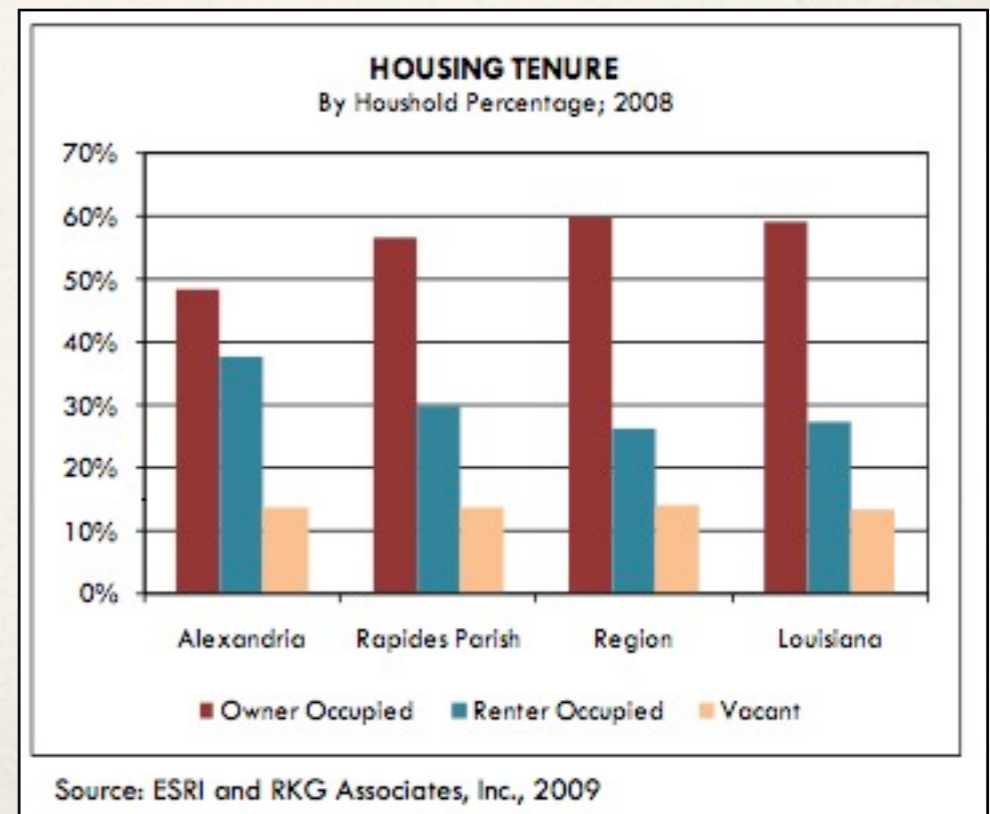
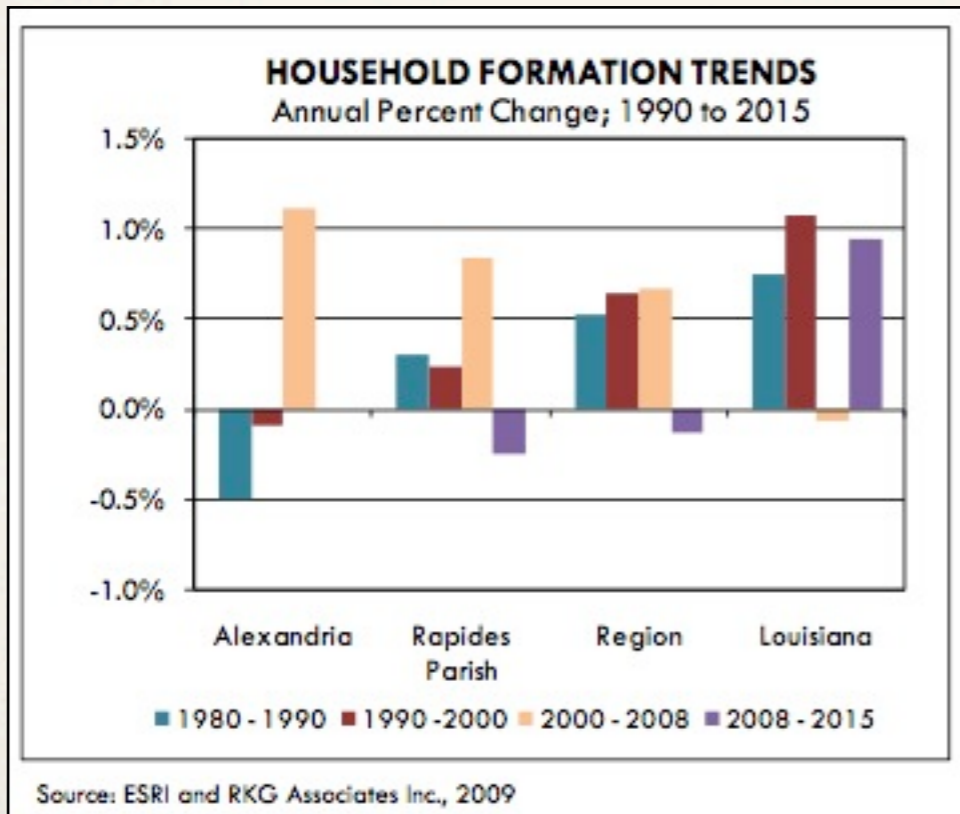
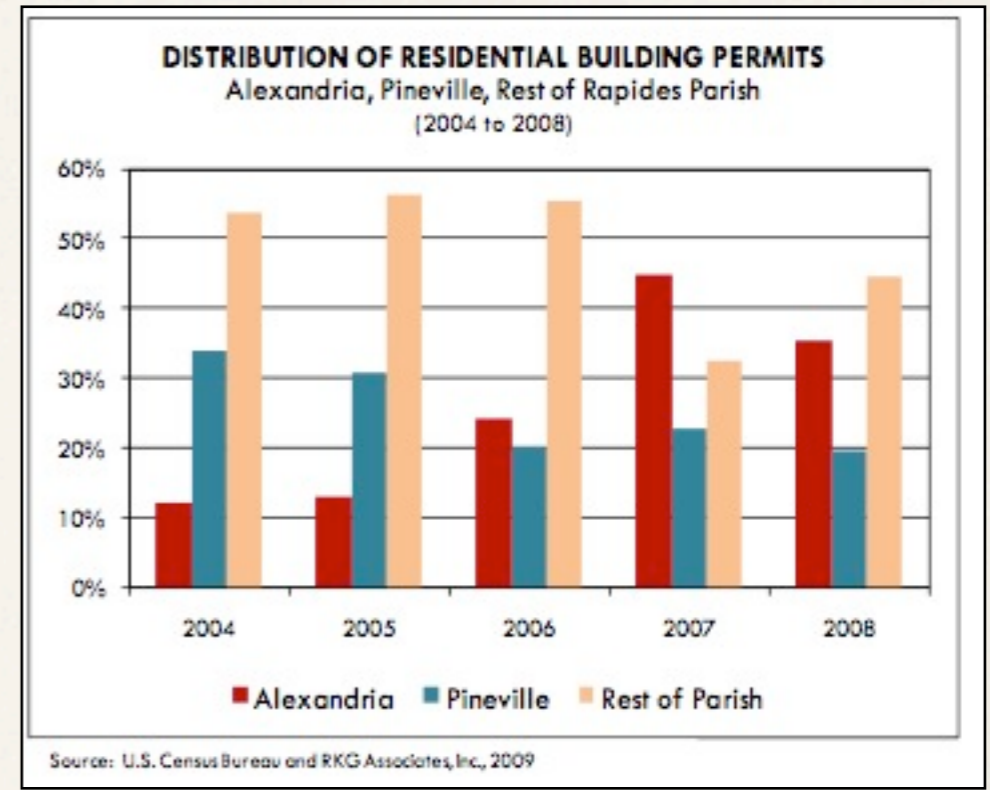
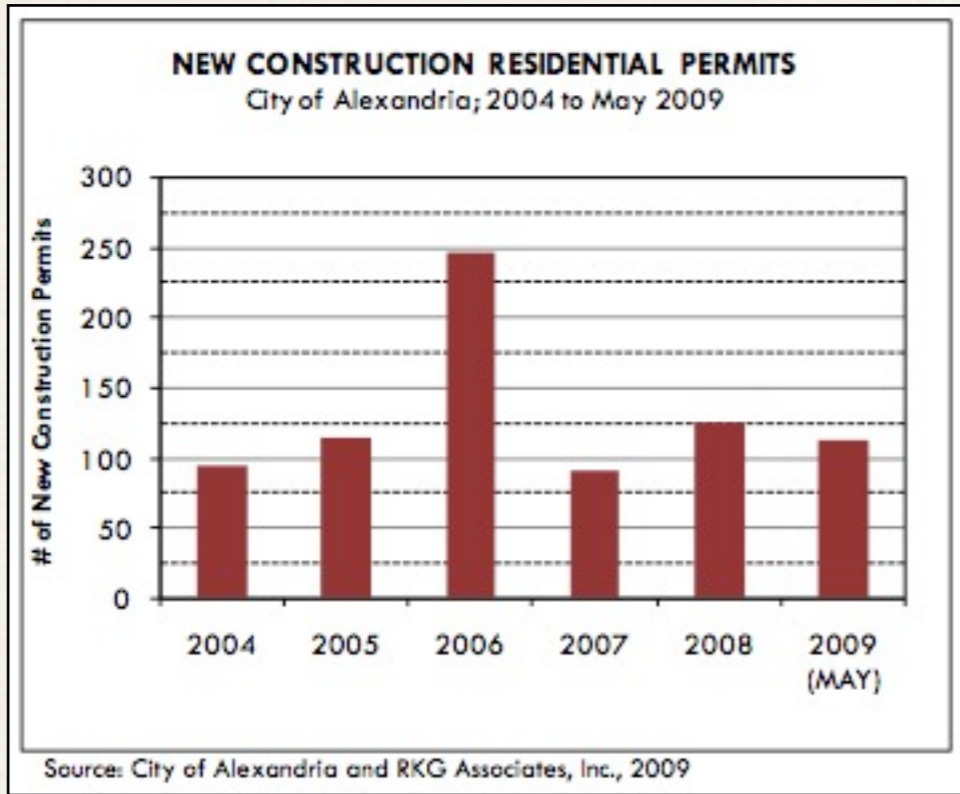
RKG Analysis: Residential Market:

- There is consistent and strong demand for garden-style rental units.
- A luxury apartment complex in Downtown Alexandria would have to offer comparable amenities to Magnolia Trace.
- Officials at Rapides Regional indicate the future need for up to eight living spaces for students enrolled in their residency program.
- There is high interest in the community in rehab / re-use projects.
- The Housing Authority Director believes there is a large need for restricted elderly and / or disabled public housing.
- Recent activity indicates there is a growing interest in the townhome / condominium market.
- Interviews with various brokers and developers have repeatedly mentioned that parking may be the biggest barrier towards residential development in Downtown. Residents typically demand two (2) spots per unit, as well as guest spots.
- Many condominium / townhome owners work at Rapides Regional Medical Center, Cabrini Hospital, and England Airpark.

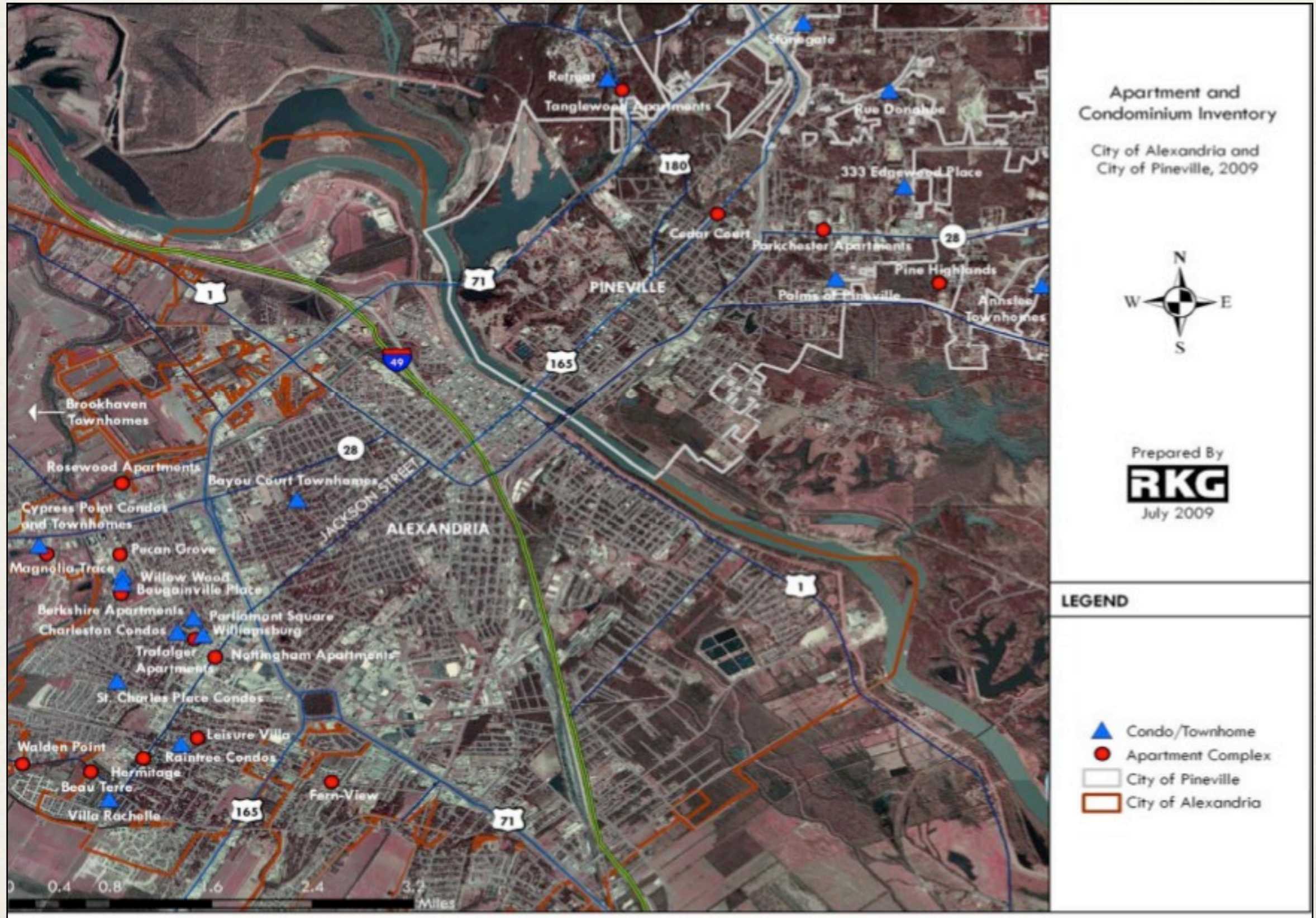
RKG Analysis: Residential Market:

- Based on RKG's analysis, it is estimated that between 44% to 60% of city households and 52% to 68% of Parish households could afford to purchase a unit priced at \$150,000. Assuming that a higher percentage of buyers will come from the City of Alexandria than the Parish and fall within the key age groups, **we estimate that between 43 and 50 households annually would be interested in purchasing a downtown residential unit priced above \$100,000.** However, if units are priced at \$150,000 and above, the number of potential buyers will drop to **between 30 and 41 buyers per year.**
- The largest potential buying segment would be “empty nester” households (55 to 74 age group), which would account for nearly 60% of the demand. **These annual sales projections are in line with recent condominiums sales activity, which have averaged roughly 50 units per year over the last decade.**

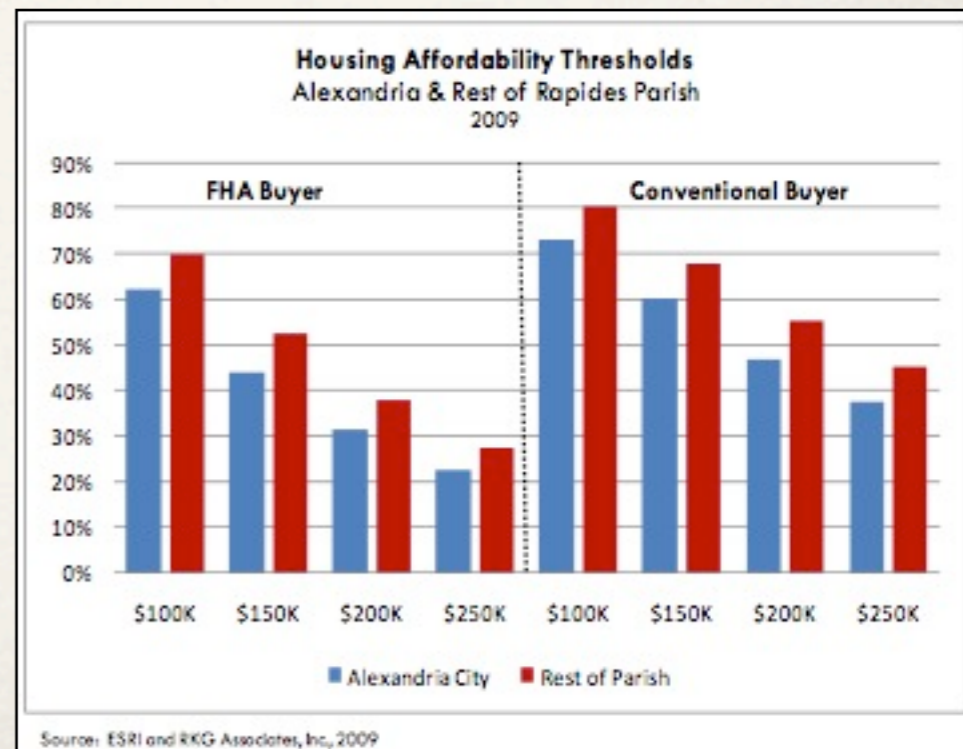
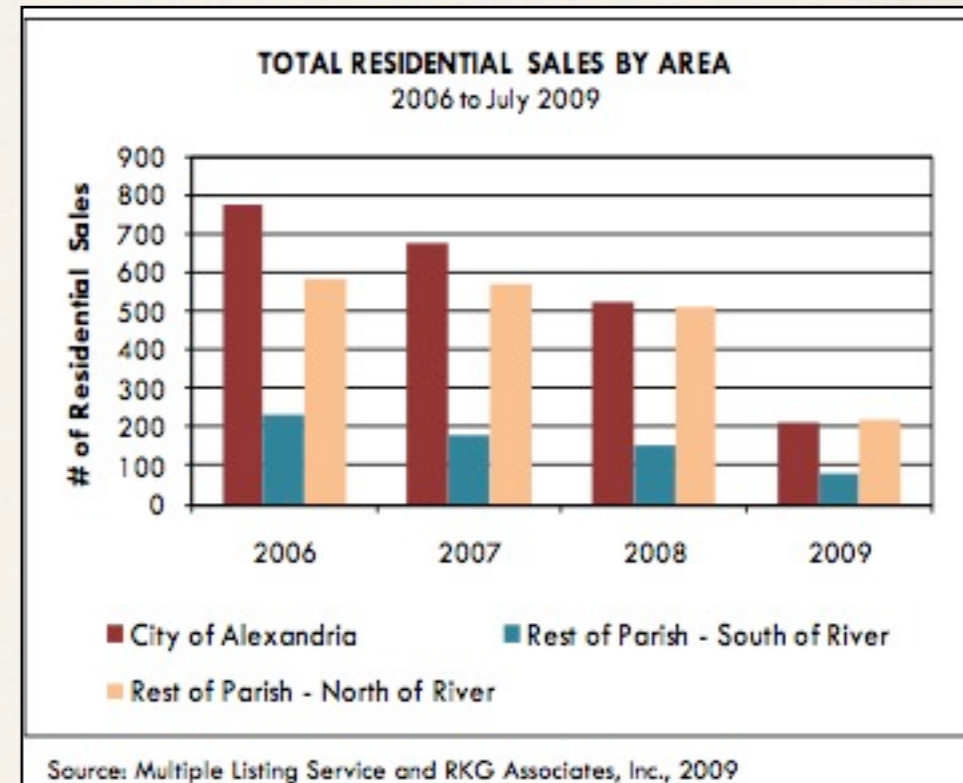
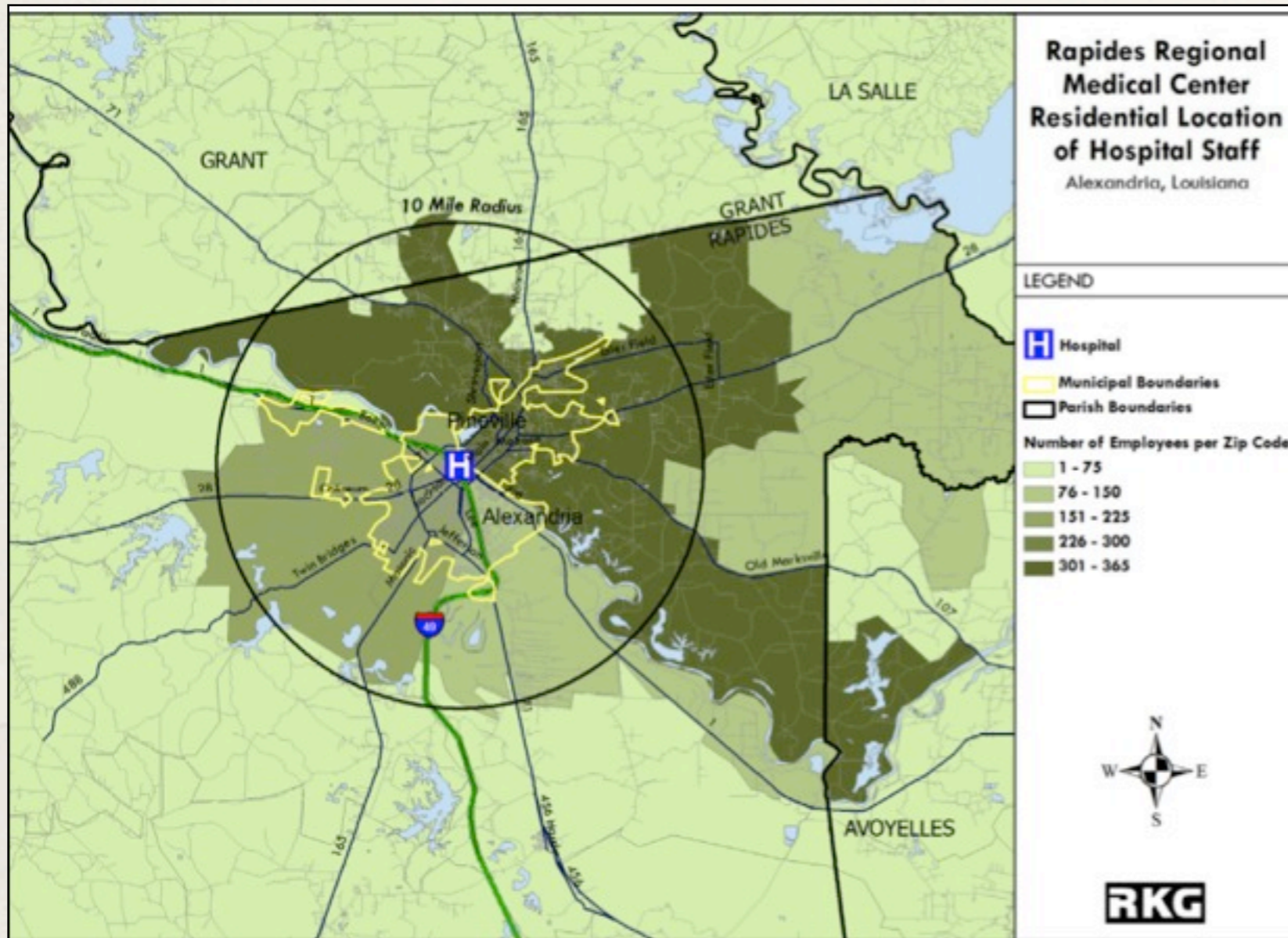
RKG Analysis: Residential Market:



RKG Analysis: Residential Market:



RKG Analysis: Residential Market:



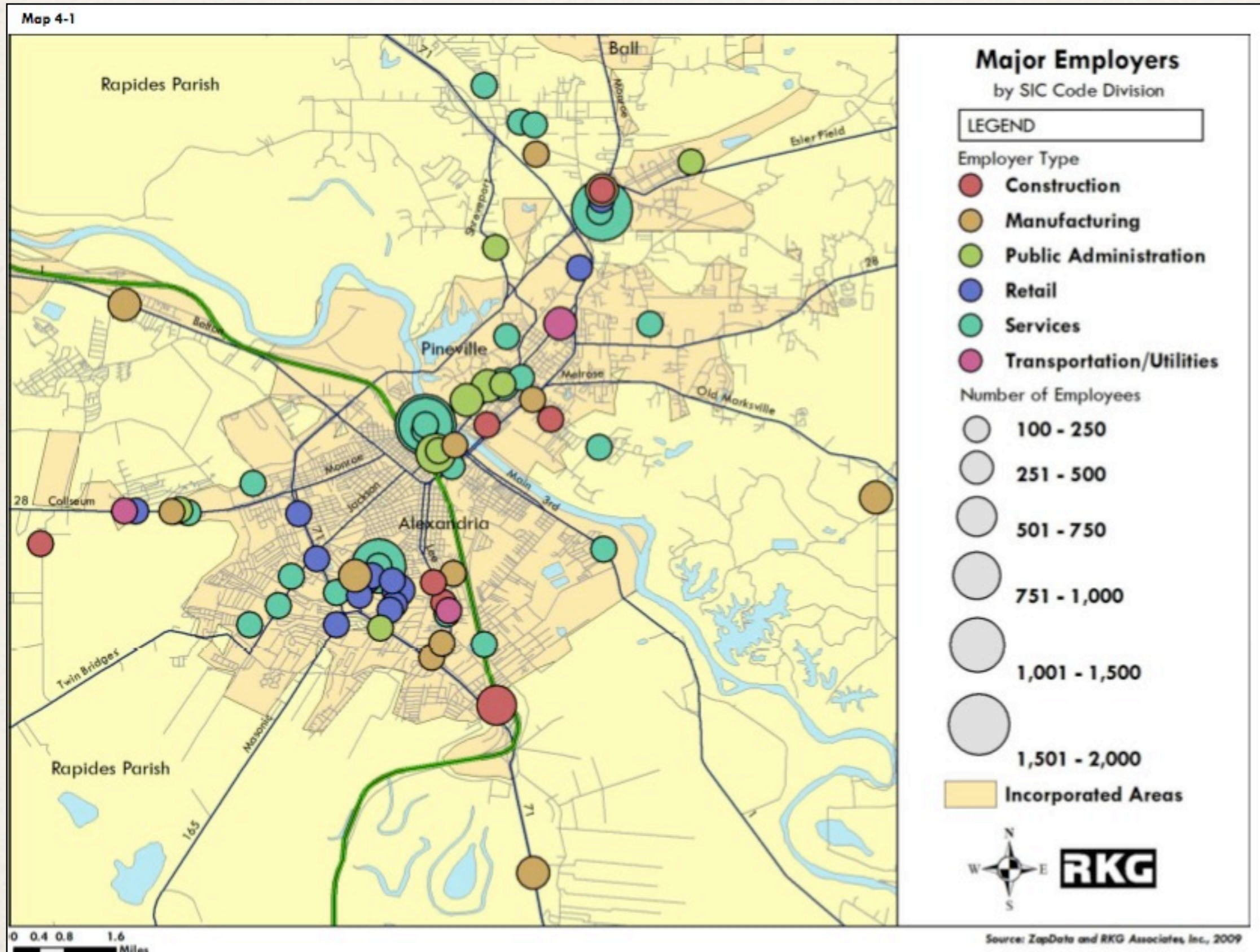
RKG Analysis: Downtown Housing:

The rental market analysis indicates that multi-family apartment units in the City are well occupied and interviews with real estate professionals indicate that the demand for rental housing is strong. The 100% occupied luxury units at Magnolia Trace are the closest comparables to higher density rental units that might be created downtown. **It is likely that residential units at the Hotel Bentley would need to offer similar price points \$850/month for a 1-bedroom units; \$1,100/month for 2-bedroom units; and \$1,350/month for a three-bedroom units. High end apartment units would also offer the potential to convert the building into for-sale condominiums if the market changes.**

Parking spaces and a swimming pool were amenities found at nearly all apartment communities in the City. However, **a higher level of amenities would need to be offered in order to make new luxury development in the Downtown competitive with the Magnolia Trace Apartments.** Such amenities include a fitness center, business center, on-site maintenance and management.

In today's economic climate, it may be necessary to include rental units for age-restricted or moderate income residents. Developers are more often utilizing tax credits to make a project feasible. **It may be necessary for a certain percentage of potential residential units at the Bentley Hotel site or Downtown be designated for moderate-income or age-restricted (age 62 and over) residents.**

RKG Analysis: Office Market:



RKG Analysis: Office Market:

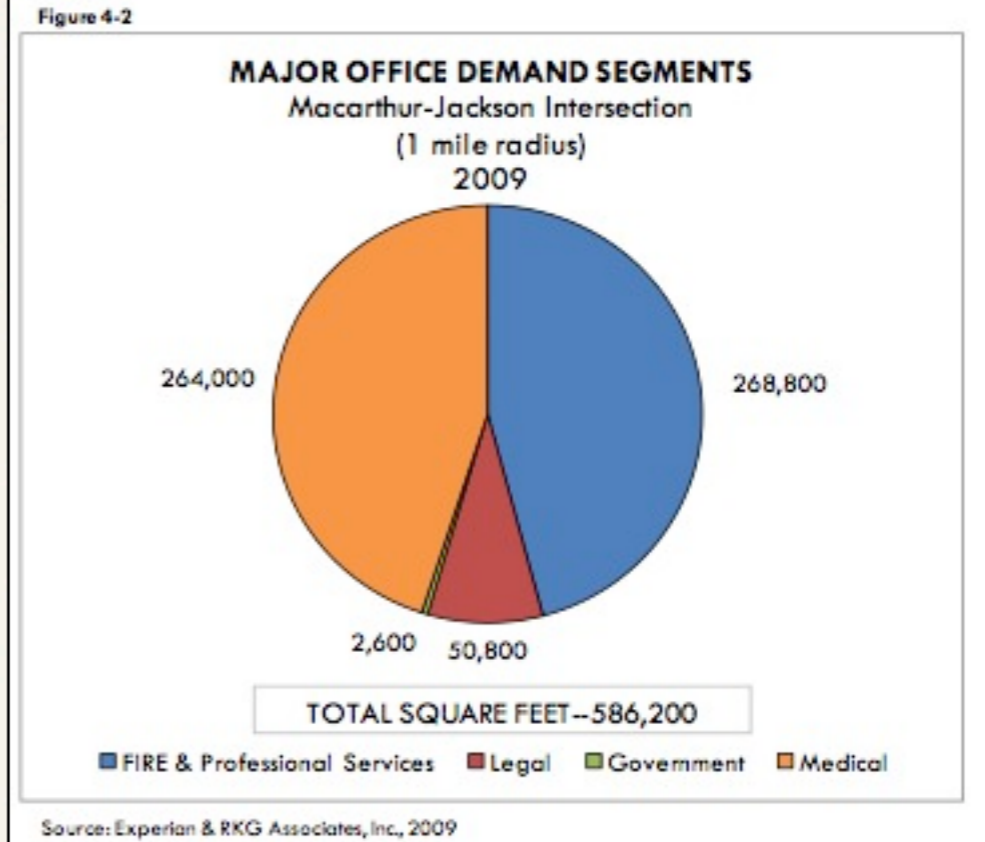
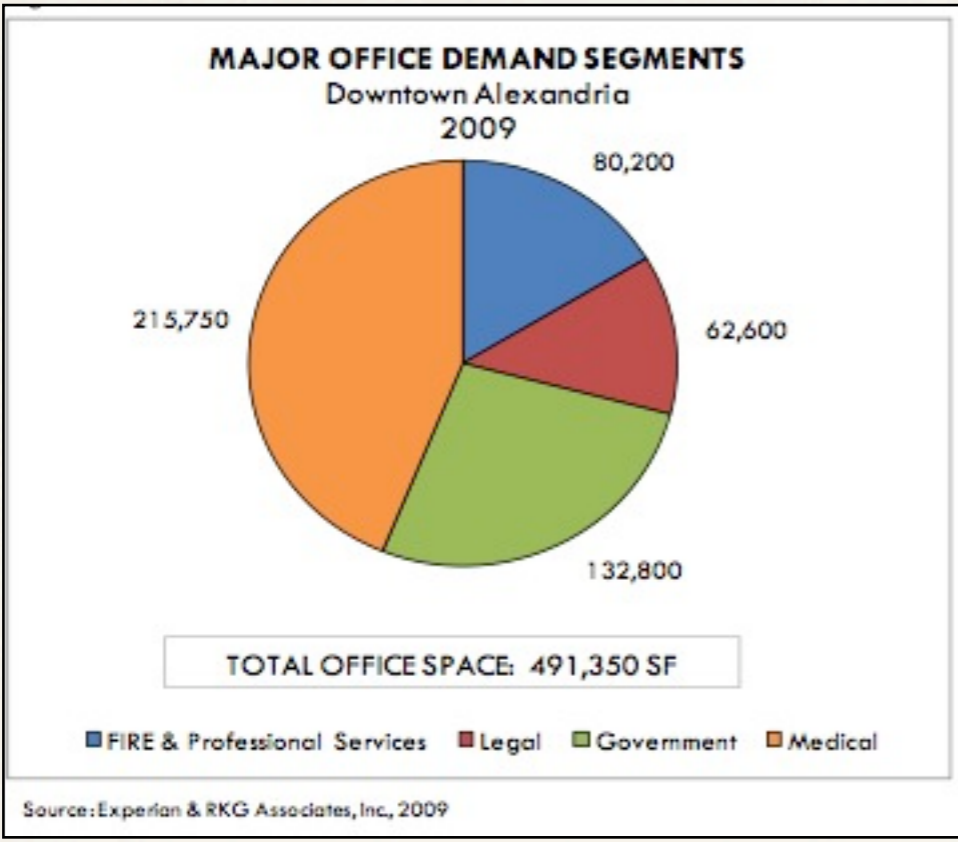
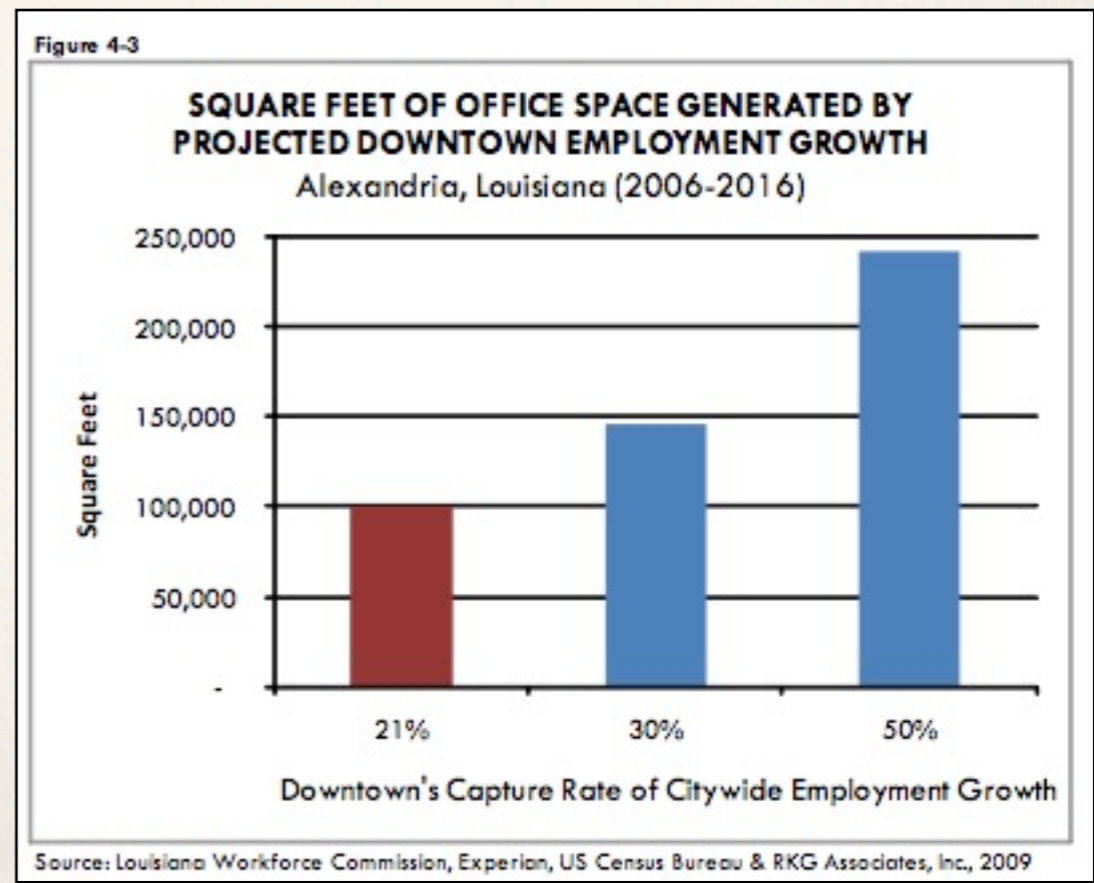


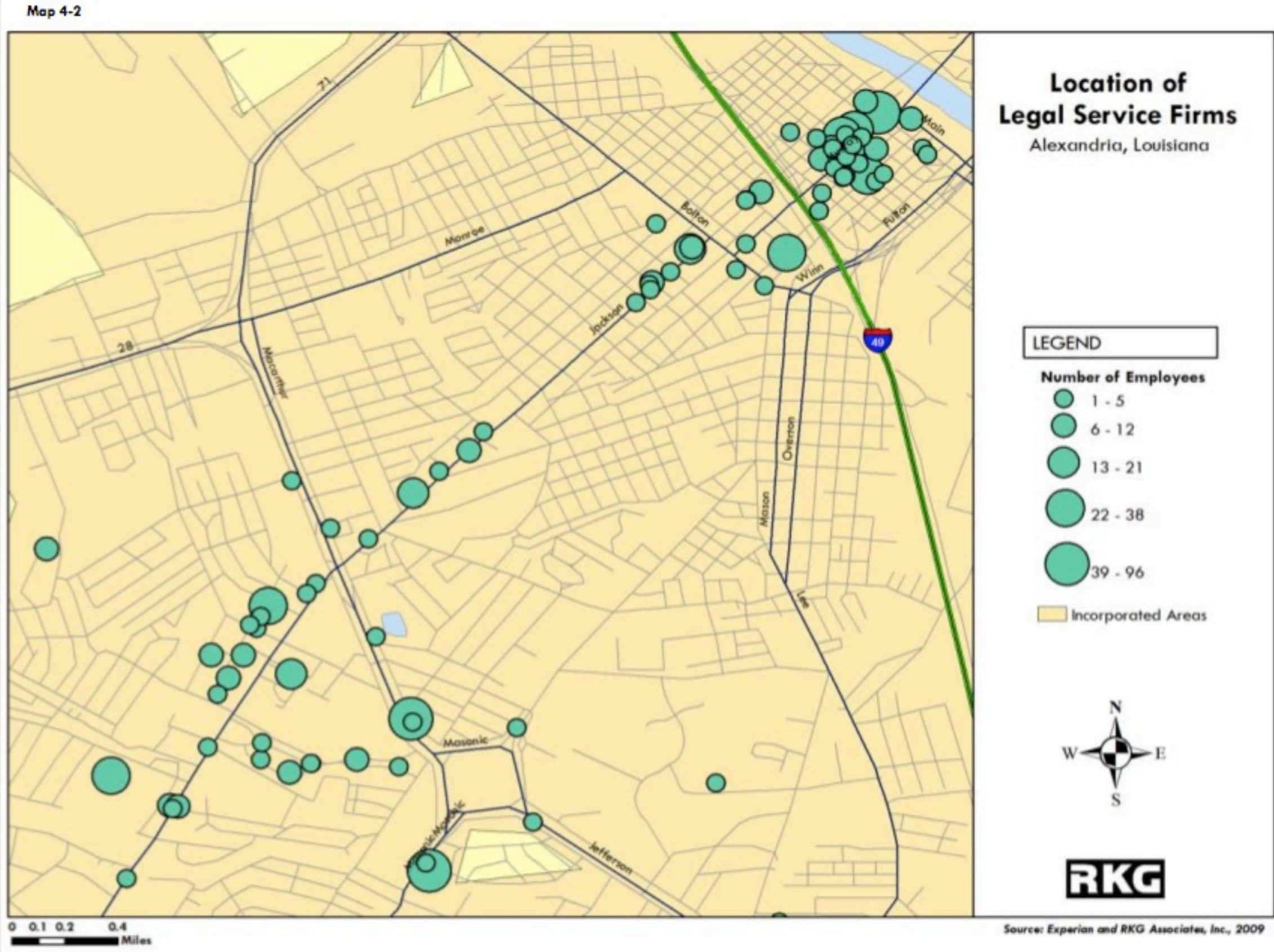
Table 4-6
Office Property for Sale
Alexandria, Louisiana

| Address | Square Feet | Total Price | Price per Square Foot |
|---------------------------|----------------|---------------------|-----------------------|
| Downtown | | | |
| 1416 Fifth Street | 2,349 | \$165,800 | \$70.58 |
| 1321 Main Street | 9,514 | \$798,000 | \$83.88 |
| 934 Third Street | 74,052 | \$3,000,000 | \$40.51 |
| Subtotal | 85,915 | \$3,963,800 | |
| Rest of Alexandria | | | |
| 6501 Coliseum Boulevard | 42,896 | \$6,225,000 | \$145.12 |
| Gus Kaplan Drive | 5,500 | \$625,000 | \$113.64 |
| 2001 Jackson Street | 2,693 | \$215,000 | \$79.84 |
| 1450 Peterman Drive | 6,410 | \$485,000 | \$75.66 |
| 6410 Masonic Drive | 7,469 | \$350,000 | \$46.86 |
| 1212 Bolton Avenue | 3,182 | \$95,400 | \$29.98 |
| 1121 Chester Street | 5,074 | \$99,900 | \$19.69 |
| 1756 Elliott Street | 7,320 | \$99,750 | \$13.63 |
| Subtotal | 80,544 | \$8,195,050 | |
| TOTAL | 166,459 | \$12,158,850 | |

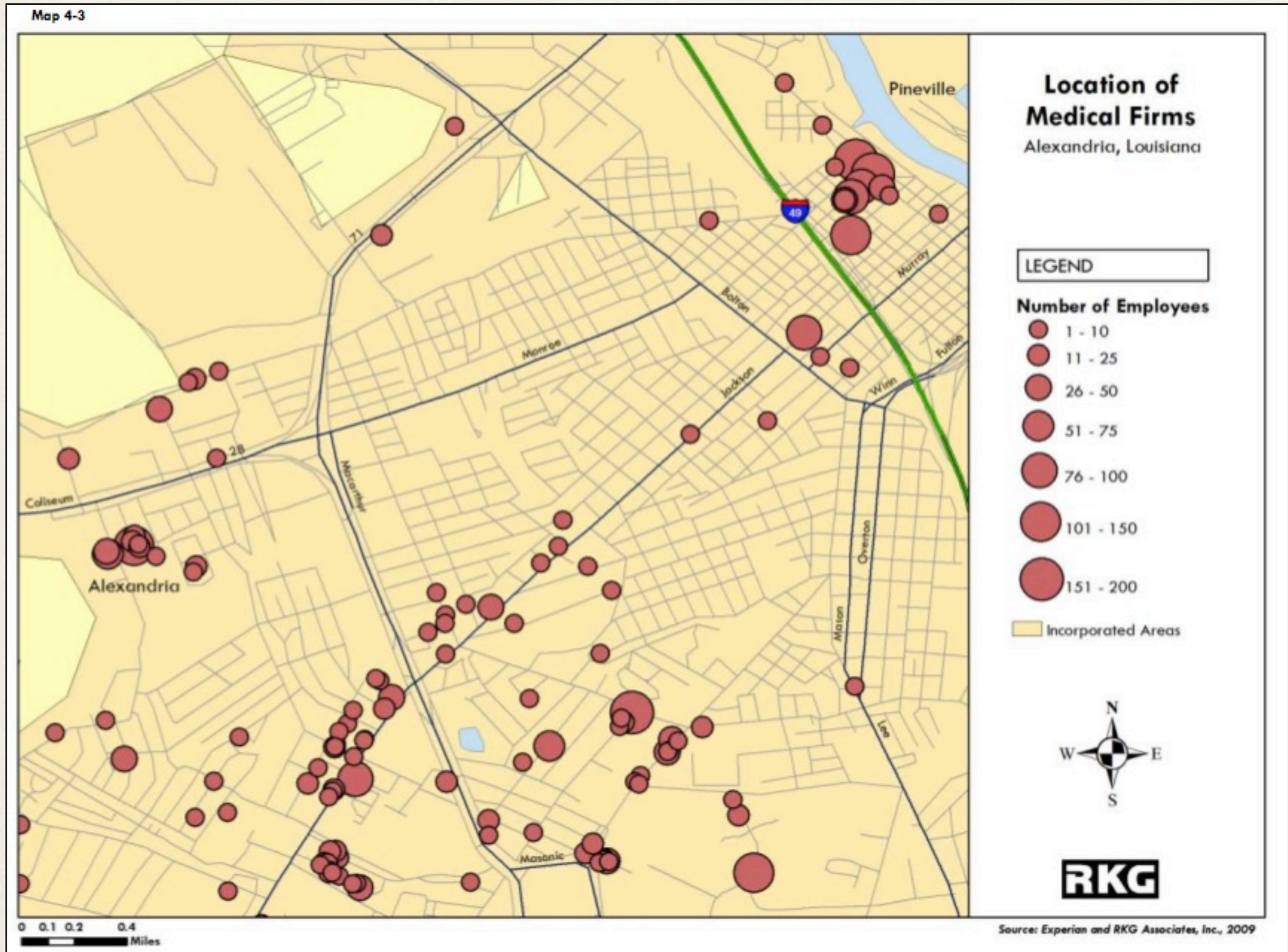
Source: LoopNet, Other Sources & RKG Associates, Inc., 2009



RKG Analysis: Office Market:



RKG Analysis: Office Market:



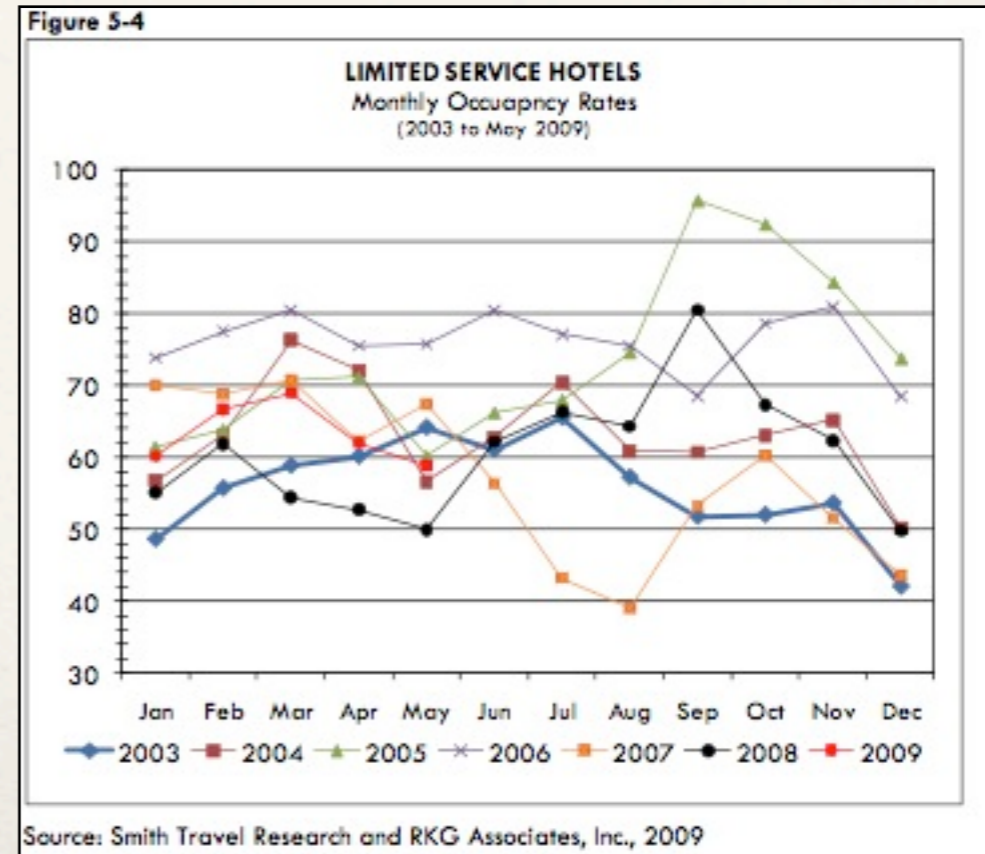
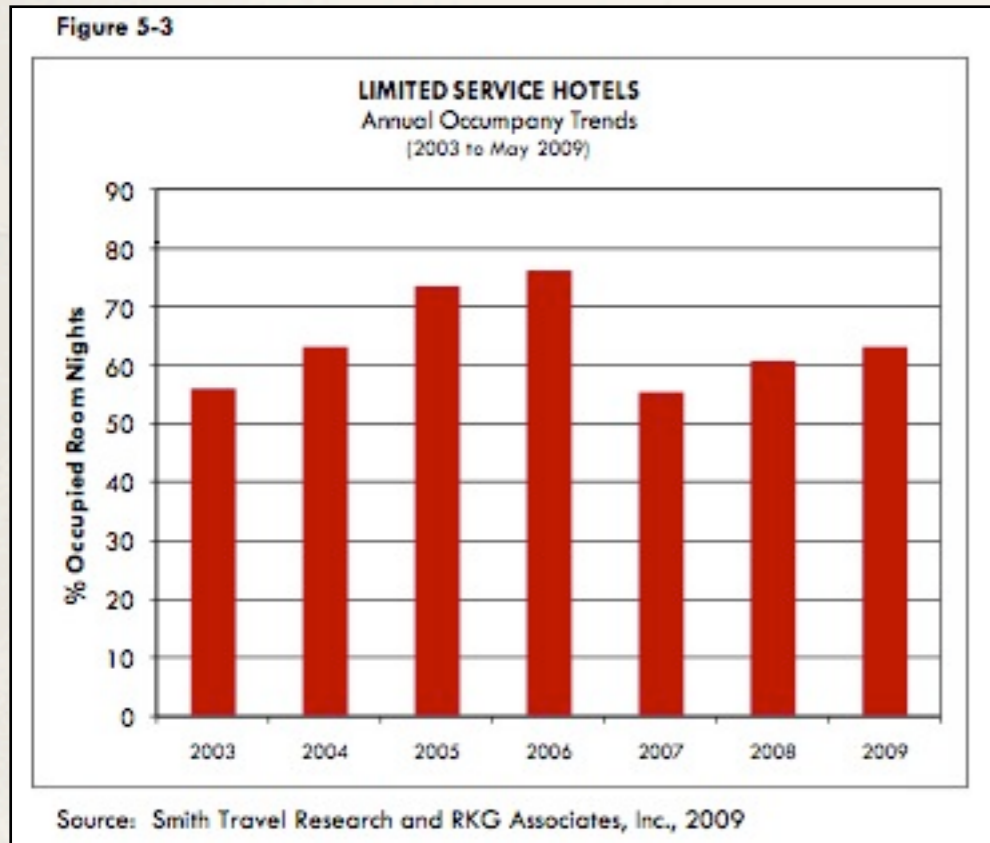
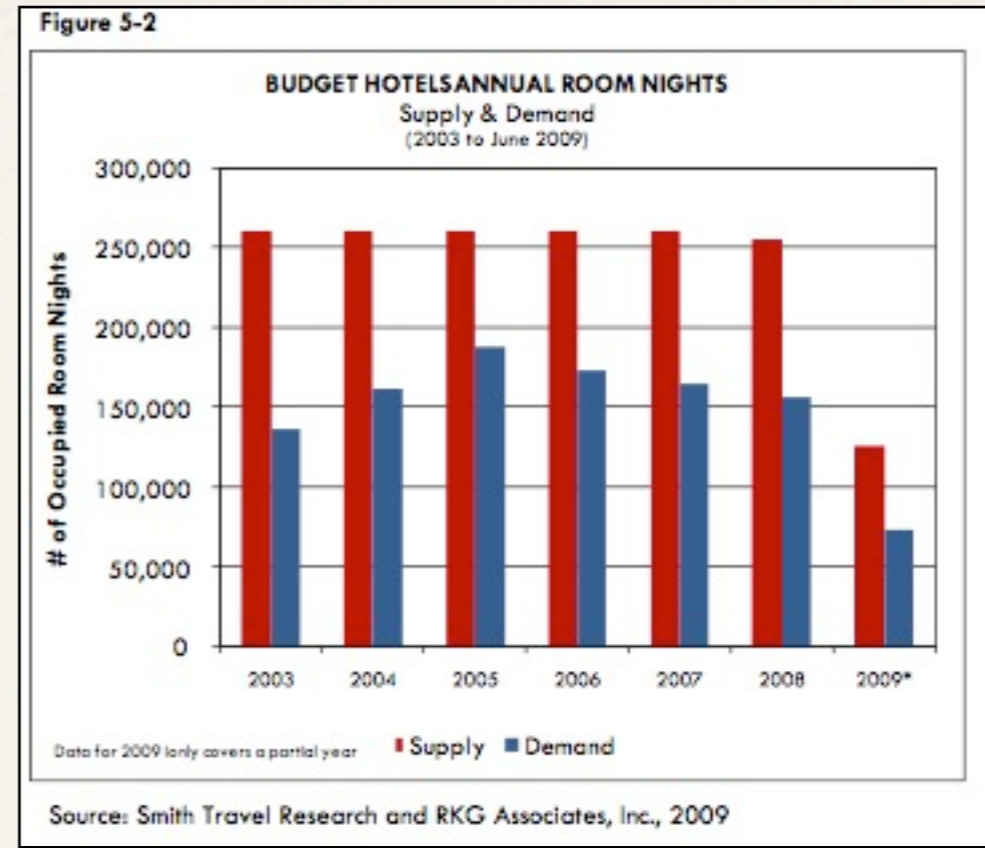
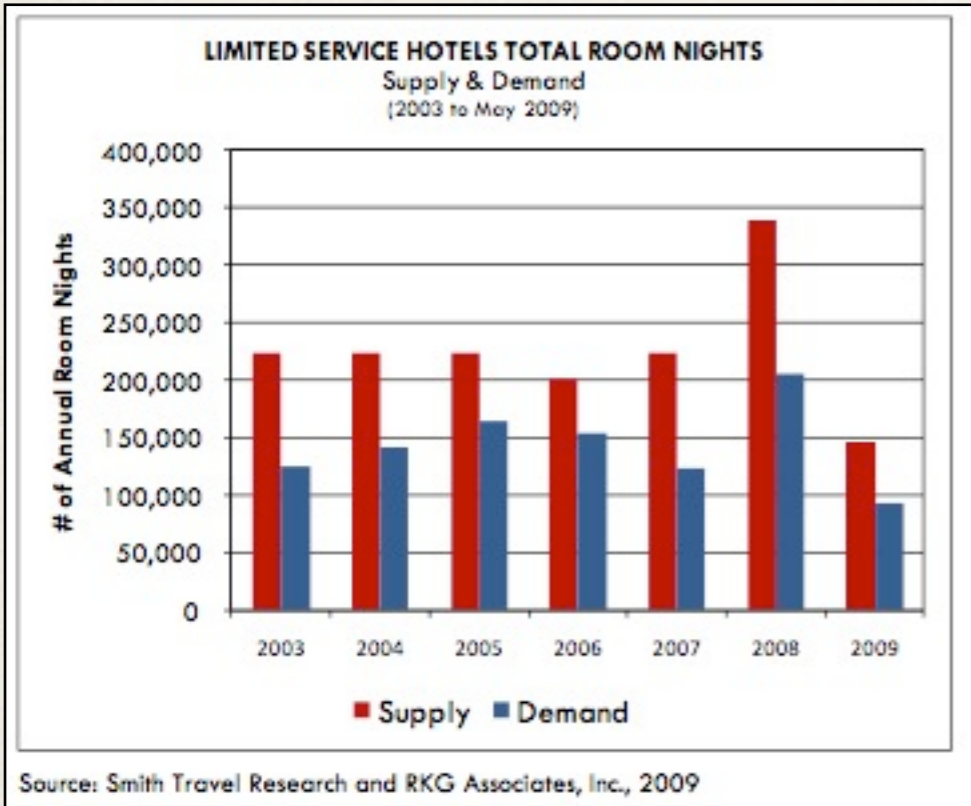
RKG Analysis: Office Market:

- Alexandria's stock of office space, while spread throughout the City, is largely concentrated around the MacArthur-Jackson intersection and downtown. The office properties available in the former are typically newer and lower in density, while downtown's stock is typically older and higher in density.
- The demand for downtown office space by traditional users appears to be waning, and development appears to be moving south and west of the downtown, along Jackson Street and Highway 28 West. Development of office space appears to generally be moving south and west of the downtown along the Jackson Street Extension and Highway 28 West.
- Current office lease rates range from \$3-\$21 per square foot, with an average of about \$9.50. Only the highest rates currently being collected would be sufficient to generate feasibility of additional space.

RKG Analysis: Office Market:

- Vacancy has not been comprehensively measured, but estimates by local real estate professionals indicate that the downtown's rate may be 20% or more, while the rest of the City is probably around 10%.
- Absorption of for sale and for lease space is extremely slow—even the more competitive properties in terms of location and price may have to wait up to a year or more to attract a tenant. Properties up for sale tend to also sit on the market for many months.
- The downtown is outnumbered by the MacArthur-Jackson area in terms of newer space, more convenient parking, and more amenities. In order for the downtown to become more competitive, it may be more effective to offer something very different than what is offered in the outlying areas instead of trying to replicate what is offered elsewhere. The downtown already has a good pedestrian-oriented set of infrastructures that cannot be offered elsewhere in the City—leveraging those unique aspects of the downtown into a revitalization effort is suggested.

RKG Analysis: Hotel Market:



RKG Analysis: Hotel Market:

Figure 5-6

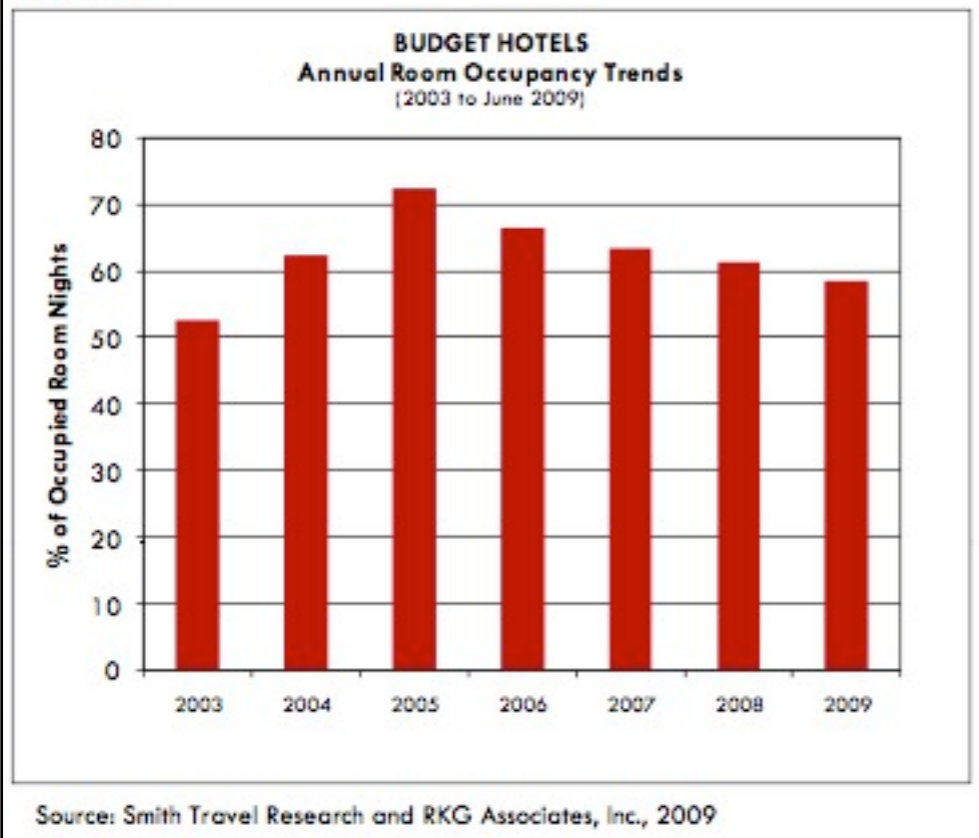


Figure 5-7

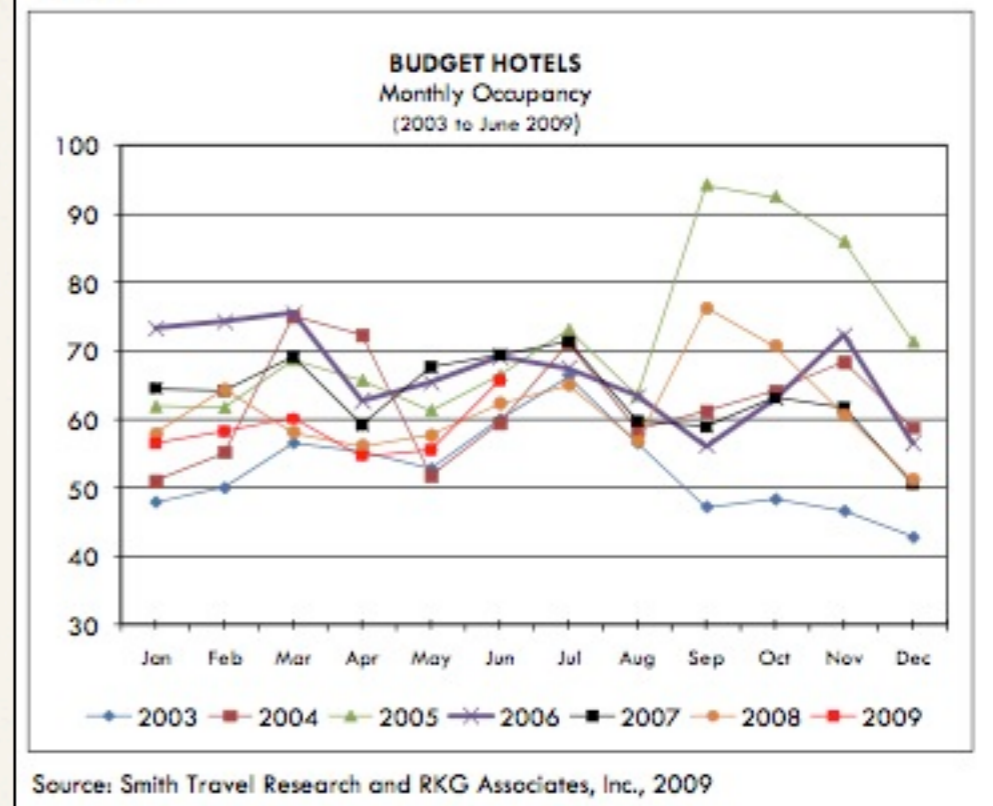
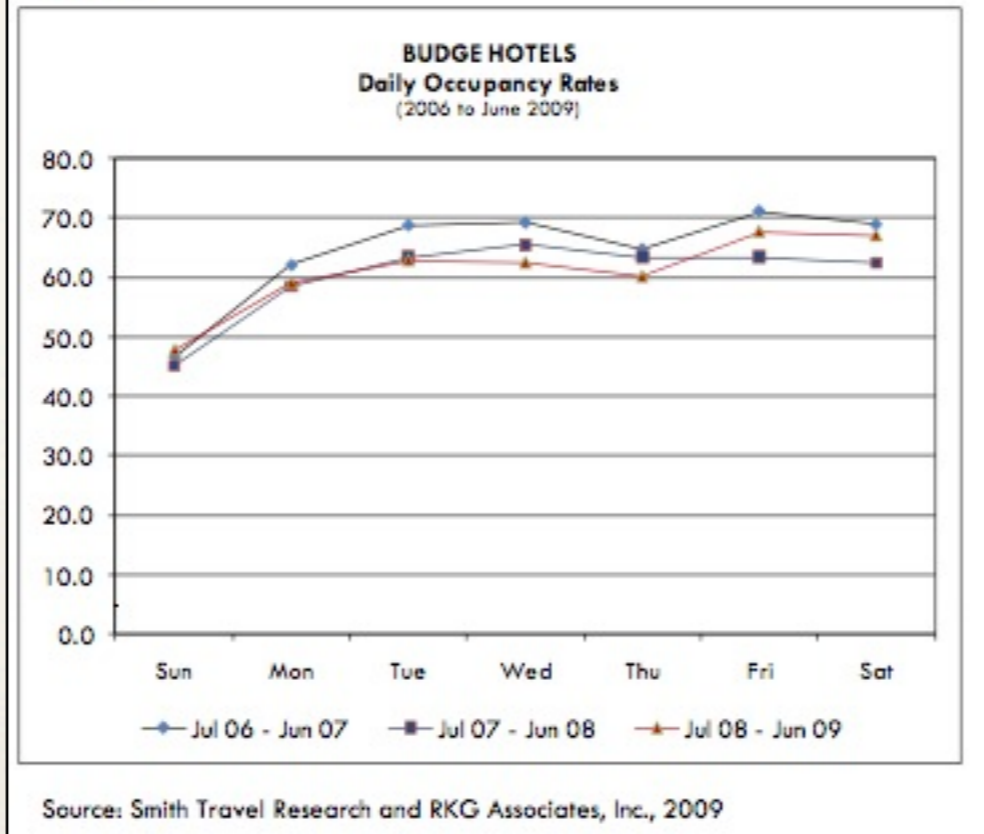


Figure 5-8



RKG Analysis: Hotel Market:

In 2007 and 2008, a total of 354 limited service rooms were added to the hotel supply. RKG's analysis indicates that the market has quickly absorbed these units. **Although occupancy declined in 2007, it bounced back in 2008 and continues to increase into 2009 to about 63%. At the same time, RevPAR has increased, which typically indicates that limited service hotels are improving their operating efficiency while raising daily room rates. This resiliency in the market, and the lack of higher quality hotels, is likely going to attract new hotel development in the relative new future.**

There are preliminary plans for two Marriott hotels, a Holiday Inn Express, and a full-service Holiday Inn to locate to the area. No construction has been initiated to date and it is unknown when development of these hotels will actually occur. However, the two proposed Marriott hotels that are approved for development will constitute an upgrade to the current hotel offerings in Alexandria.

The Alexander Fulton and Hotel Bentley operate in a different market context than many of the hotels included in this analysis. Because of their downtown location, they do not enjoy the same highway visibility and access that most highway hotels enjoy. As such, they are less likely to capture transient business from people traveling through the region in route to other destinations. The two downtown hotels must rely on steady convention and travel tour business, as well as a strong reservation network in order to compete. With the loss of a national hotel flag and reservation service, the Alexander Fulton is currently operating at a competitive disadvantage and will struggle until that is corrected. The level of convention and tour business activity contributes positively to downtown occupancy levels, but is far too low to sustain either of these hotels without developing other sources of demand.

Given the resiliency in the local hotel market, sustained occupancy rates in limited service hotels could rise above 65% in the next 18 months, which will create an opportunity for a new hotel to enter the market. **The Alexander Fulton has the potential to be the only full-service hotel in the city and if a strong hotel operator and national flag are secured, the hotel will be in a much better competitive position.**

RKG Analysis: Hotel Market:

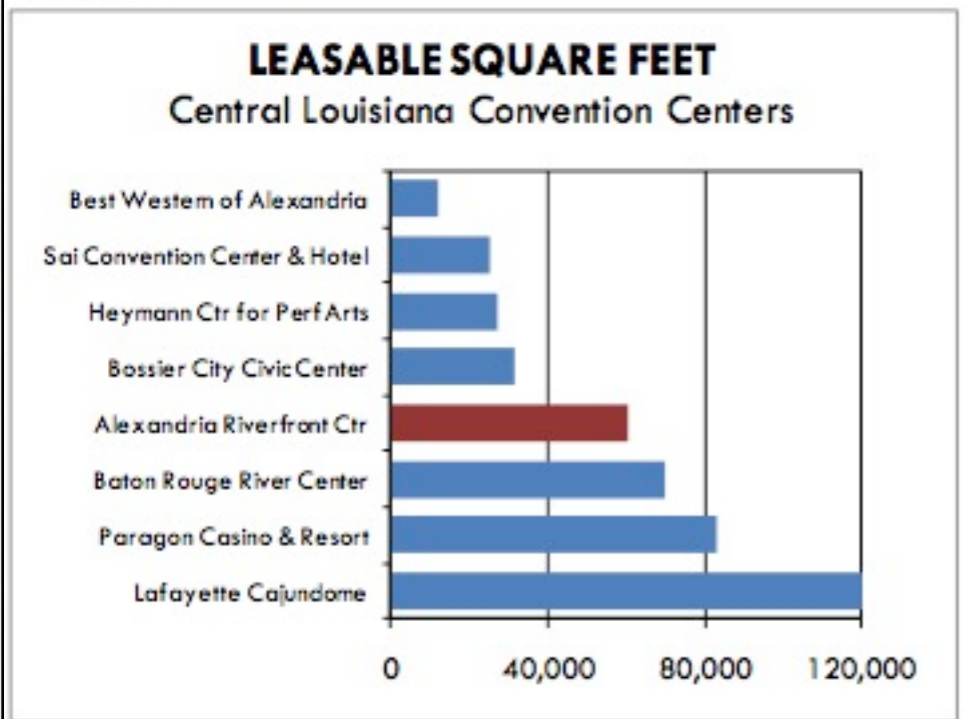
The Hotel Bentley is a historic hotel that has not been in operation since 2004. In order to become a functional hotel again, it will need major renovations of its lobby, main function/ballrooms rooms, kitchen, and 182 guest rooms.

The financial feasibility of operating the Bentley as a historic hotel will depend on the cost of renovation, the potential for public subsidies, and the future success of the Riverfront Convention Center.

Adding to the downtown's hotel room supply will help boost convention center business, which is currently constrained by the lack of quality hotel rooms in close proximity to the Riverfront Convention Center.

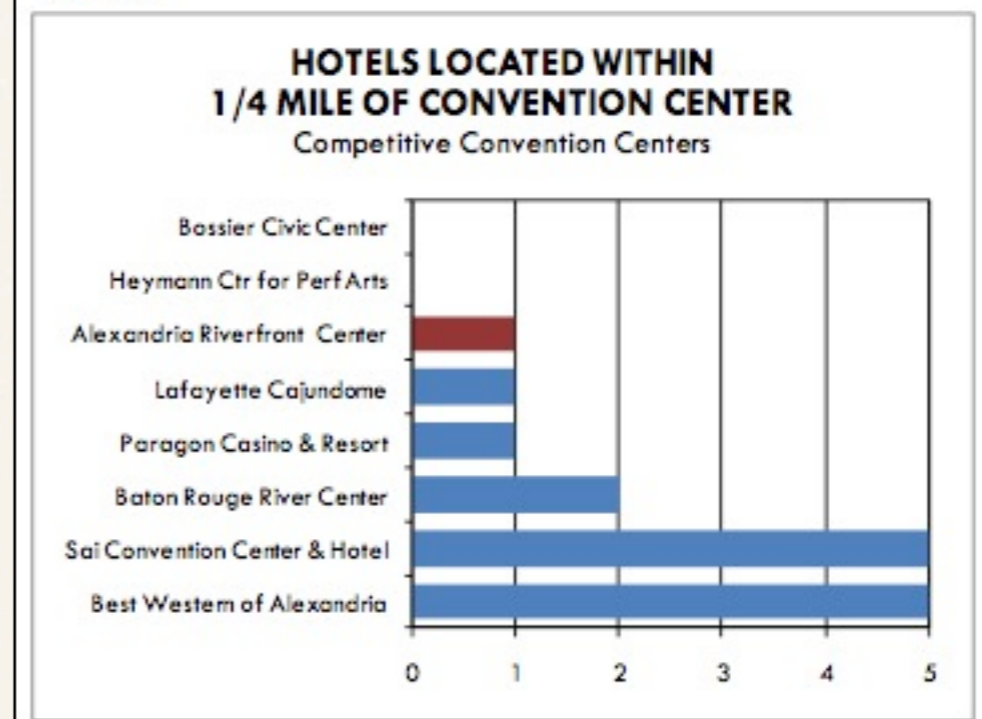
RKG Analysis: Convention Center:

Figure 6-1



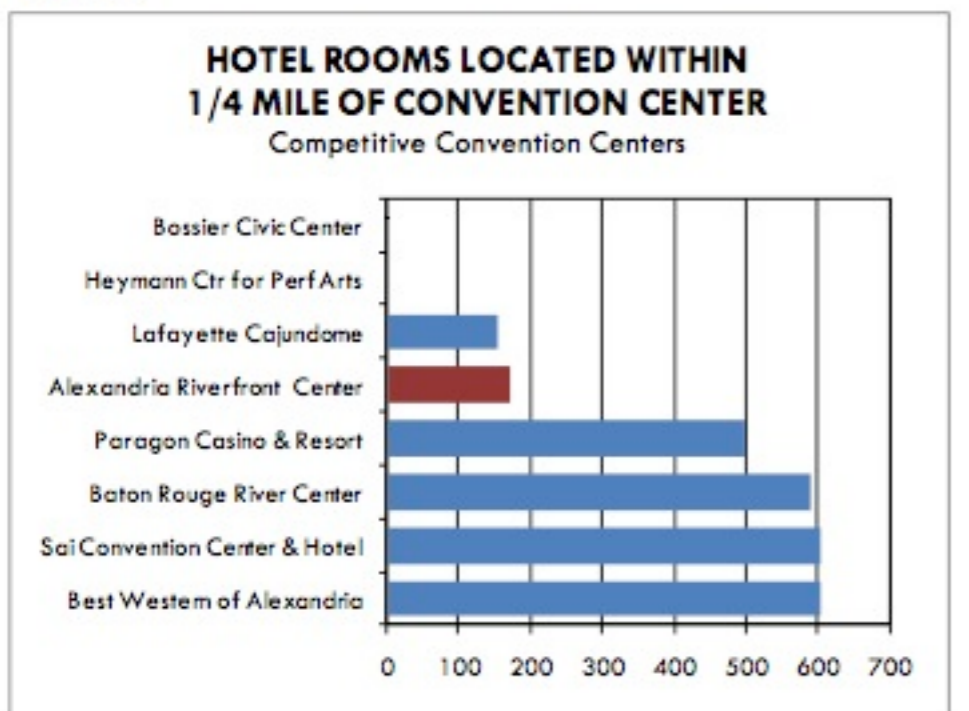
Source: CVent Supplier Network website, Facility Website, and RKG, 2009

Figure 6-2



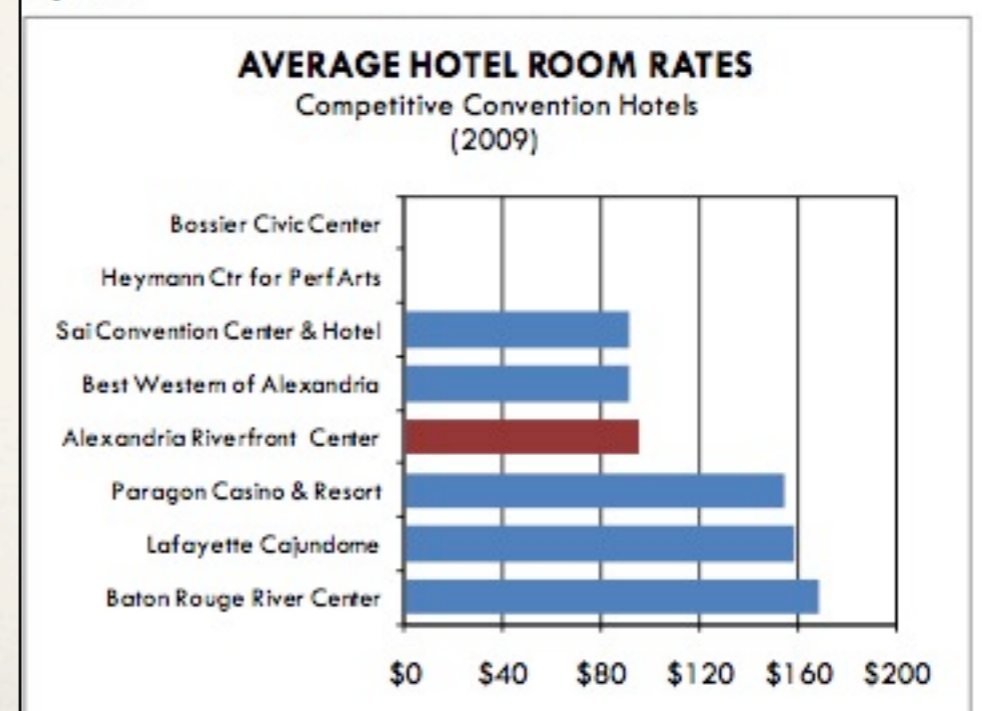
Source: RKG Associates, Inc., 2009

Figure 6-3



Source: RKG Associates, Inc., 2009

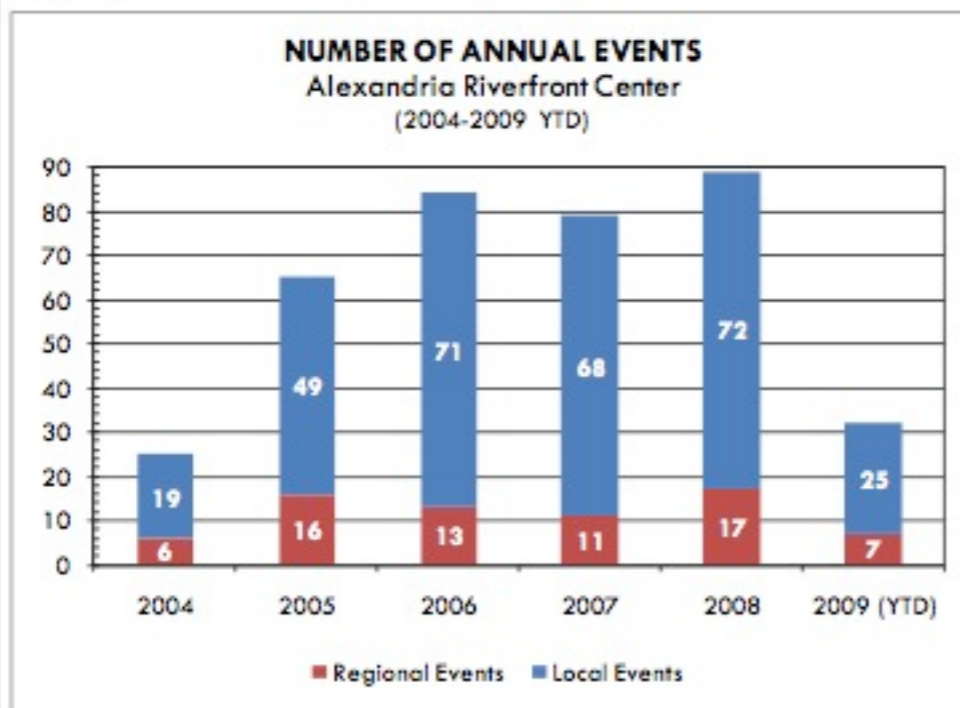
Figure 6-4



Source: Orbitz and RKG, Associates, Inc. 2009

RKG Analysis: Convention Center:

Figure 6-5



Source: Alexandria/Pineville Convention and Visitors Bureau and RKG Associates, Inc., 2009

Table 6-3
Riverfront Convention Center
Regional Events by Organizer

| Organizer | Event Year | | | | | | Total |
|---|------------|-----------|-----------|-----------|-----------|-----------|------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | |
| Pentecostals of Alexandria | | 4 | 2 | 1 | 2 | | 9 |
| LA Rural Water Assn. | 2 | 1 | 2 | 1 | 1 | 1 | 8 |
| AAA Auto | | 2 | | 1 | 1 | 1 | 5 |
| Alexandria Dixie Girls Softball League | | | 1 | | 3 | 1 | 5 |
| LA Parent Congress, Title One | | 1 | 1 | 1 | 2 | | 5 |
| Coburn Supply | | 1 | 2 | 1 | | | 4 |
| Environmental Regulatory Conference | | 1 | | 1 | 1 | 1 | 4 |
| Police Jury Association of LA | | 1 | | | 3 | | 4 |
| Woodmen of the World | | 1 | | 1 | | 2 | 4 |
| LA Baptist Convention | 1 | 1 | | 1 | | | 3 |
| LA Cattleman's Association | | 1 | 1 | 1 | | | 3 |
| School Nutrition Association of LA | | | 1 | 1 | 1 | | 3 |
| Assemblies of God | | | | | 1 | 1 | 2 |
| Grand Lodge of Louisiana | | | 2 | | | | 2 |
| Order of the Eastern Star | | | | | 2 | | 2 |
| Speech Pathologist & Audiologists of LA | 1 | 1 | | | | | 2 |
| Take Off Pounds Sensibly | | 1 | 1 | | | | 2 |
| Knights of Columbus | | | | 1 | | | 1 |
| LA School Board Association | 1 | | | | | | 1 |
| LACUE | 1 | | | | | | 1 |
| TOTAL EVENTS - REGION | 6 | 16 | 13 | 11 | 17 | 7 | 70 |
| ESTIMATED EVENT DAYS (2004-2009 YTD) | 12 | 31 | 25 | 21 | 33 | 13 | 134 |

Riverfront Convention Center
Top 20 Local Events by Organizer

| | | | | | | | |
|---|-----------|------------|------------|------------|------------|-----------|------------|
| City of Alexandria | | 1 | 7 | 1 | 4 | 2 | 15 |
| Convention & Visitors Bureau | | | 4 | 3 | 4 | | 11 |
| Dana Pitcher Productions, Inc. | | | 2 | 4 | 4 | | 10 |
| Krewe of Gratiae | | 2 | 2 | 1 | 2 | 2 | 9 |
| Rapides Regional Medical Center | 1 | 1 | 2 | 4 | 1 | | 9 |
| Tiger Athletic Foundation | | 2 | 2 | 1 | 2 | 2 | 9 |
| Christus Cabrini Foundation | | 1 | 2 | 3 | 2 | | 8 |
| Krewe of Parlangua | | 2 | 1 | 1 | 2 | 2 | 8 |
| LA Restaurant Assn. | 1 | 1 | 2 | 1 | 1 | 2 | 8 |
| LSUA | | | 3 | 2 | 2 | 1 | 8 |
| The Friendship House | | 2 | 1 | 2 | 3 | | 8 |
| Junior League of Alexandria | 1 | 2 | | 1 | 3 | | 7 |
| Krewe of Boogaloo | 1 | 2 | 1 | 1 | 1 | 1 | 7 |
| Alexandria Senior High Prom | | 1 | 3 | 1 | 1 | | 6 |
| Bridal Extravaganza | 1 | 1 | 2 | 1 | 1 | | 6 |
| Global Fighting Alliance, Inc. | | | | | 4 | 2 | 6 |
| Calvary Baptist Church | 1 | 2 | 1 | 1 | | | 5 |
| Menard High School | | 2 | | 1 | 1 | 1 | 5 |
| Captain Jack Promotions | | | 4 | | | | 4 |
| Cm2 Productions, LLC. | | | | 1 | 3 | | 4 |
| All Other Local Events | 13 | 27 | 32 | 38 | 31 | 10 | 151 |
| TOTAL EVENTS - LOCAL | 19 | 49 | 71 | 68 | 72 | 25 | 304 |
| ESTIMATED EVENT DAYS (2004-2009 YTD) | 36 | 94 | 136 | 131 | 138 | 48 | 584 |
| TOTAL EVENTS - REGIONAL & LOCAL | 25 | 65 | 84 | 79 | 89 | 32 | 374 |
| ESTIMATED EVENT DAYS (2004-2009 YTD) | 48 | 125 | 161 | 152 | 171 | 61 | 718 |

Source: Alexandria Pineville Area CVB & RKG Associates, Inc., 2009

RKG Analysis: Convention Center:

Table 6-4
Alexandria Riverfront Center

Top Five Event Organizer Locations

| Organizer Location | Event Days | |
|----------------------------|------------|-------------|
| | Number | % Share |
| Alexandria-Pineville, LA | 75 | 49% |
| Kinder, LA | 20 | 13% |
| Baton Rouge-Port Allen, LA | 23 | 15% |
| Lafayette, LA | 3 | 2% |
| Beaumont, TX | 5 | 3% |
| Other Regional Locations | 26 | 17% |
| Total Event Days | 152 | 100% |
| Total Delegates | 75,585 | |
| Total Delegate Days | 129,145 | |
| Delegate Day Multiplier | 1.71 | |
| % of Regional Event Days | 51% | |

Source: APACVB & RKG Associates, Inc., 2009

Table 6-5
Best Western Convention Center

Top Five Event Organizer Locations

| Organizer Location | Event Days | |
|--------------------------|------------|-------------|
| | Number | % Share |
| Alexandria-Pineville | 147 | 37% |
| Baton Rouge-Port Arthur | 88 | 22% |
| Raceland | 19 | 5% |
| Monroe | 12 | 3% |
| Houston, Texas | 11 | 3% |
| Other Regional Locations | 116 | 30% |
| Total Event Days | 393 | 100% |
| Total Delegates | 40,160 | |
| Total Delegate Days | 86,976 | |
| Delegate Day Multiplier | 2.17 | |
| % of Regional Event Days | 63% | |

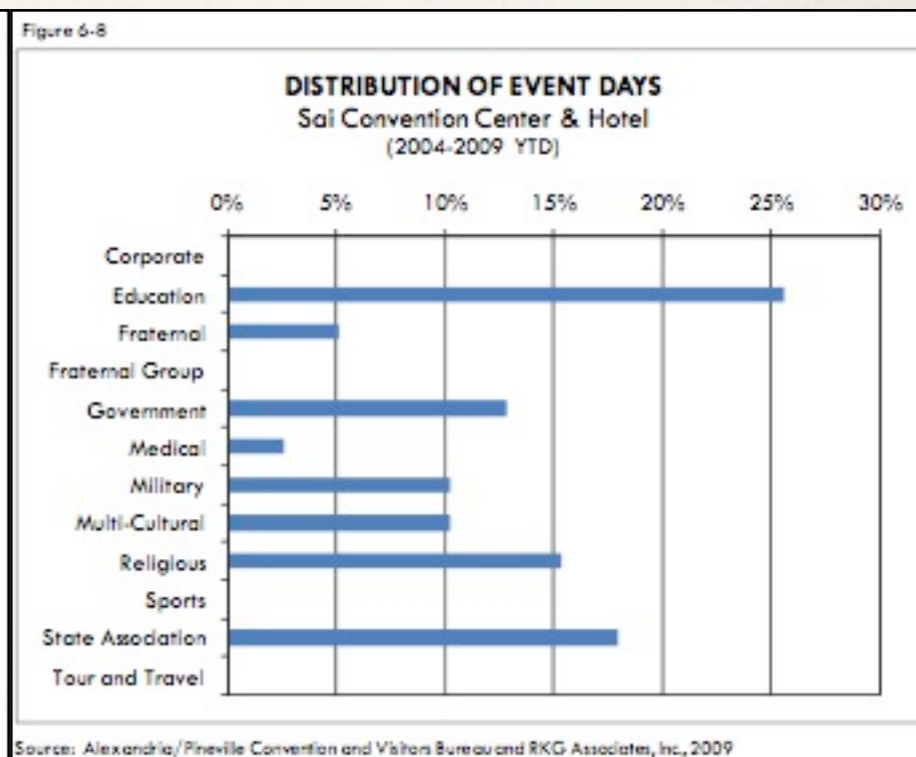
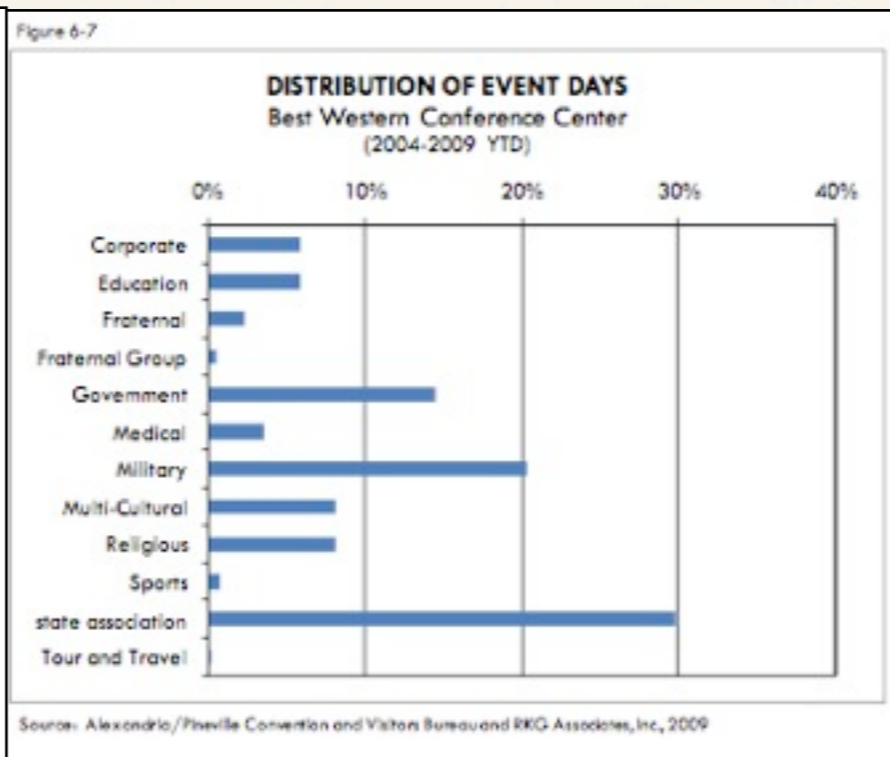
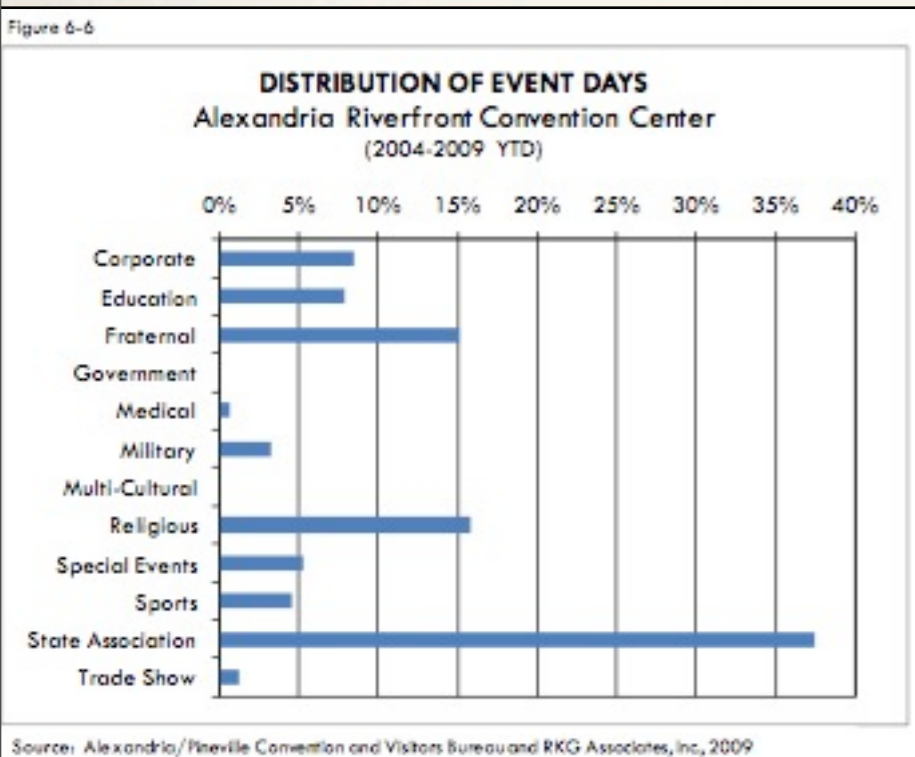
Source: APACVB & RKG Associates, Inc., 2009

Table 6-6
Sai Convention Center & Hotel

Top Five Event Organizer Locations

| Organizer Location | Event Days | |
|--------------------------|------------|-------------|
| | Number | % Share |
| Baton Rouge | 10 | 26% |
| Alexandria-Pineville | 14 | 36% |
| Walker | 3 | 8% |
| Jena | 3 | 8% |
| Boyce | 2 | 5% |
| Other Regional Locations | 7 | 18% |
| Total Event Days | 39 | 100% |
| Total Delegates | 4,970 | |
| Total Delegate Days | 10,445 | |
| Delegate Day Multiplier | 2.10 | |
| % of Regional Event Days | 74% | |

Source: APACVB & RKG Associates, Inc., 2009



RKG Analysis: Convention Center:

Figure 6-9

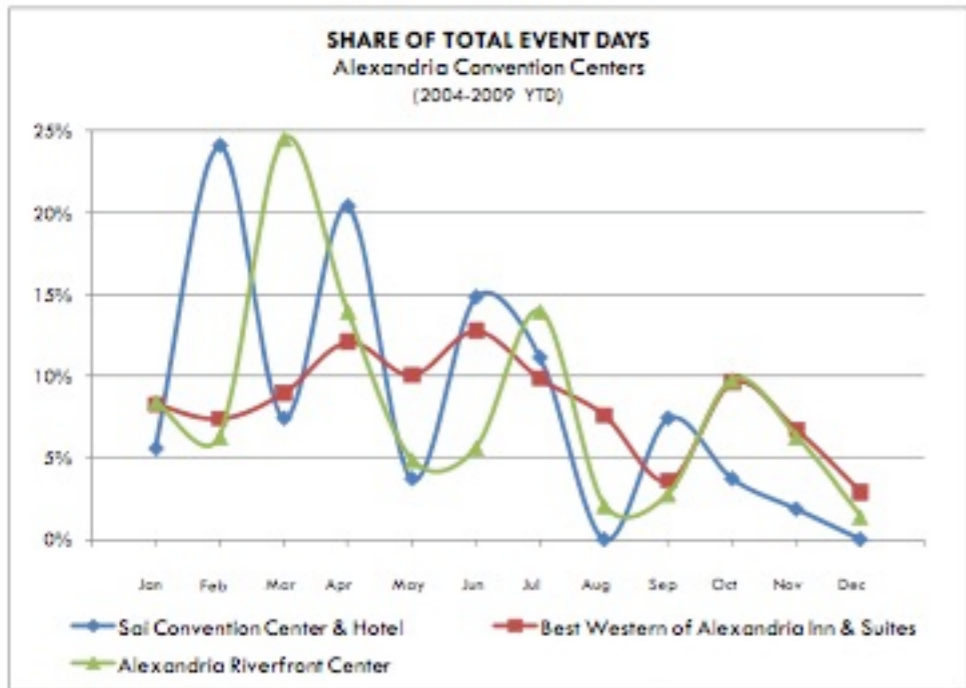


Table 6-7
Number of Event Days and Economic Impact
(2004-2009 YTD)

| Facility | Number of Event Days | | | | | | Totals |
|---------------------------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <1 | 1 | 2 | 3 | 4 | 5 | |
| Riverfront Convention Center | | | | | | | |
| Number of Events | 6 | 35 | 16 | 14 | 4 | 3 | 1 |
| Share of Number of Days per Event | 8% | 44% | 20% | 18% | 5% | 4% | 1% |
| Economic Impact | \$570,000 | \$6,780,480 | \$3,205,440 | \$4,755,240 | \$1,915,200 | \$2,436,000 | \$1,008,000 |
| Economic Impact by Event Days | 3% | 33% | 16% | 23% | 9% | 12% | 5% |
| Best Western Convention Center | | | | | | | |
| Number of Events | 16 | 72 | 59 | 48 | 7 | 3 | - |
| Share of Number of Days per Event | 8% | 35% | 29% | 23% | 3% | 1% | 0% |
| Economic Impact | \$78,300 | \$1,960,392 | \$3,682,896 | \$7,028,280 | \$776,160 | \$945,000 | \$0 |
| Economic Impact by Event Days | 1% | 14% | 25% | 49% | 5% | 7% | 0% |
| Sai Convention Center | | | | | | | |
| Number of Events | 0 | 8 | 9 | 3 | 1 | 0 | - |
| Share of Number of Days per Event | 0% | 38% | 43% | 14% | 5% | 0% | 0% |
| Economic Impact | \$0 | \$180,600 | \$794,640 | \$745,920 | \$33,600 | \$0 | \$0 |
| Economic Impact | 0% | 10% | 45% | 43% | 2% | 0% | 0% |

Distribution of Events by Number of Attendees

| Facility | Number of Attendees | | | | | | Total |
|--------------------------------|---------------------|---------|-----------|-------------|-------------|--------|-------|
| | 0-250 | 251-500 | 501-1,000 | 1,001-1,500 | 1,501-2,000 | 2,000+ | |
| Riverfront Convention Center | 19% | 22% | 44% | 3% | 7% | 5% | 100% |
| Best Western Convention Center | 73% | 18% | 9% | 0% | 0% | 0% | 100% |
| Sai Convention Center | 56% | 36% | 8% | 0% | 0% | 0% | 100% |

Source: APACVB & RKG Associates, Inc., 2009

Table 6-8
Projected Utilization Rate to Support Convention Hotels
Alexander Fulton Hotel and Hotel Bentley

| | |
|--|---------|
| Hotel Rooms (Alexander Fulton/Hotel Bentley) | 356 |
| Total Available Room Nights Per Year | 129,940 |
| Occupancy Rate (60%) | 77,964 |
| No. of Delegate Days Per Year to Achieve 60% Occupancy | 45,593 |
| % of Delegate Days Per Year from Multi-day Events | 48% |
| Total Delegate Days Per Year (All Events) | 94,985 |
| Number of Delegates Per Event | 956 |
| Number of Convention Events Per Year | 99 |
| Number of Days Per Event | 1.92 |
| Projected Event Days Per Year | 191 |
| Projected Utilization Rate Per Year | 52% |

Source: Alexandria-Pineville Area CVB and RKG Associates, Inc., 2009



A REQUEST FOR PROPOSALS

Downtown Hotels Initiative

ISSUE DATE: MARCH 18, 2009
LETTERS OF INTENT: MAY 1, 2009 DUE DATE: AUGUST 3, 2009



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I. Invitation

Alexandria is a growing and progressive city located in the geographic center of Louisiana and on the banks of the Red River. It is a community of Little League games and Mardi Gras parades, a thriving health care industry and a rich cultural arts tradition. It is a gateway and a crossroads.

This RFP is concerned with the complex that anchors Alexandria's convention business, two hotels and a multi-million dollar convention center capable of hosting over 4,500 visitors. Because of its central location and resources, Alexandria is often the perfect choice for regional and statewide events and conventions. Although it is a city of 50,000 people, on any given day, over 150,000 people travel across its roads and conduct business within the city limits. Its hospitals serve a 10 to 12 parish region, and its brand new airport terminal, with daily service to Houston, Dallas, Memphis, and Atlanta, serves over 400,000 people.

Today, the City of Alexandria is embarking on the largest redevelopment project in its history, SPARC (or Special Activity Redevelopment Corridors). SPARC is about improving infrastructure, creating jobs, providing housing, generating commerce, restoring civic pride, and enhancing the quality of life for the most critical areas of its inner city.

We hope that you will explore this RFP and in the process, discover the promise and the potential of this important project.

Mayor..... Jacques M. Roy

Chief of Operations/Director of Planning.... Kay Michiels

Chief of Development..... Bill Hess

**For more information regarding this Request
for Proposals, contact Lamar White, Jr. at
(318)-449-5009**

Location and Contact:



Questions concerning this RFP should be directed to the Mayor's Office of Economic Development:

318-449-5009

Bill Hess: hesspoa@aol.com

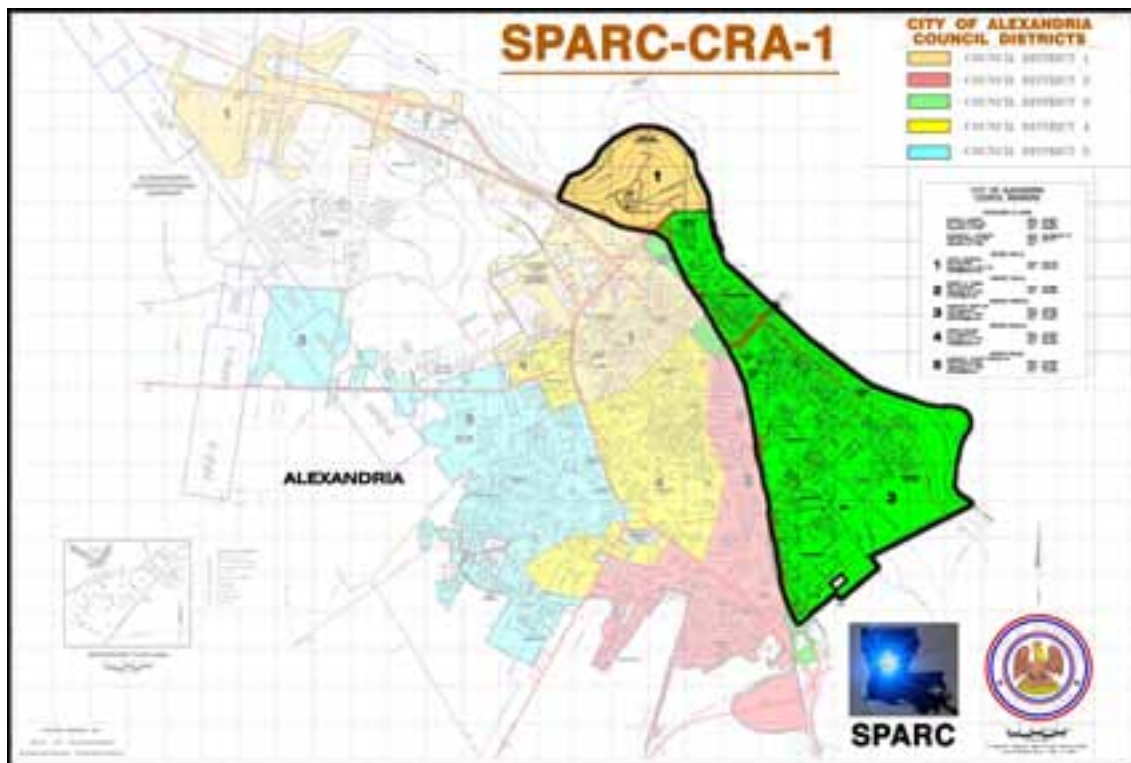
Lamar White, Jr: lamarw@gmail.com

Daniel T. Smith: Daniel.Smith@cityofalex.com

II. Introduction

The City of Alexandria (COA) issues a Request for Proposals (RFPs) relative to a large-scale economic development partnering project, potentially under the S.P.A.R.C. program or as a direct initiative with the COA or its partners in economic development. This RFP should be answered by interested parties—business consortia directly or through consultants—according to the rules of the RFP. The proposal should provide with respect to the projects outlined herein for planning, design, and submission of partial or global proposals to the City of Alexandria for aid to redevelop the downtown hotels, specifically the Alexander Fulton Hotel, Hotel Bentley, and, potentially, the Alexandria Riverfront Center, all within the SPARC-CRA-1 area.

For COA purposes, “SPARC-CRA-1” shall tentatively include an area encompassing the Port of Alexandria to the west, the Red River to the north, Sugarhouse Road and the municipal corporate limits to the east, and Interstate 49 to the south.



The COA seeks to identify (a) highly capable development team(s) to incorporate, at a minimum, use of the Alexandria Convention Center and Alexander Fulton Hotel into a master site plan with the historic Hotel Bentley. Further, the plans should incorporate the master site into the larger redevelopment plans of the COA, most particularly the

S.P.A.R.C. initiative. Upon recommendation from the staff assigned to the Working Committee on Downtown Hotel Solutions and Mixed Use Options and eventually the Alexandria City Council, the winning team will enter into a Memorandum of Understanding (MOU) and begin negotiation of related agreements for the services selected and agreed upon by the COA. The selected team will be required to perform all duties as agreed upon in the MOU and follow all procedures of the City and the State of Louisiana.

Any eventual recommendation by the City is envisioned to fall under one of the following scenarios:

1. Selection of a team to develop a Hotel master site plan
2. Selection of a team for development of a single Hotel and other related development(s).
3. Selection of elements of different proposals
4. Selection of part of a proposal

Although proposals are expected to range in scope and scale, proposals will be judged and compared against each other by the City according to the listed criteria to achieve the best economic proposal that achieves the larger redevelopment goals of the City. The best economic proposal is not necessarily the largest, nor the proposal with the least amount of public investment; rather, the proposal that best leverages public and private resources to maximize the opportunity of the site and builds upon other existing and future developments in the Downtown area. Proposals are encouraged to interact with other property owners and applicants to achieve these goals.

Applicants should expect to participate in forums with the general public, interviews with the Committee and pre-negotiations with City Staff in between the RFP submittals and the development team selection by the Mayor and Council. A development team will be able to adjust its proposal in accordance to information received in these sessions, after the initial award process outlined. The City will adjust and post the schedule as needed during the process. This RFP is not being conducted as a design/build process. This public process is intended to provide flexibility and to factor all elements of a proposal into the selection, including the creativity, design and level of financial participation and benefit provided by the proposals.

The COA intends that the project scope shall be to assess how a proposal might be considered for incentives, such as those in SECTION IV-E, which appear to:

* Adhere to existing master planning and facilitate immediate development action as well as increase the guarantee of long-term success.

* Leverage financial value with the immediate influx of substantial public spending, provided business plans are sound.

* In the case of the Hotel Bentley and former Holiday Inn (now, Alexander Fulton Hotel), create the opportunity for rehabilitation tax credits and/or New Market Tax Credits for restoring significant and historic structures, particularly as they relate to preserving community character, affordable housing, central business districts, and Main Street economic development activity.

* In the case of any listed project, relate to alleviating urban flight (and blight), property abandonment, and economically distressed neighborhoods—and as a tool for sustainable and environmentally-conscious development.

* Provide the potential for mixed-use.

* Promote diverse ownership and partnering.

* Preserve not displace, separate or marginalize our city and its neighborhoods and people.

In all cases, this process will require requests for proposals from other consortia and potential investors to determine the best fit in a competitive process.

You should address and identify with specificity:

* Any other means by which governmental entities or parties can act as contributors to the project and the amount of cash (or other value, credits, guarantees, or in-kind services);

* Criticisms of any other plans submitted at the appropriate time and how your plan is better suited to city-wide or particular needs, including means by which the public investment is protected and does not result in unjust enrichment to any party, land-use issues, purchase price (if any), construction price valuations, or financing structure;

* How you will provide measurable results approximating the City's contribution to the project—including employment impact, long term contribution to tax structure, and other tangibles and intangibles; and

* Your real and substantial obligations to provide a proportionate return to the City of Alexandria at some point in the future—e.g., through a long term operating agreement with a new operator-owner. (What is a conservative estimate of the economic development,

workforce development, and promotion to Alexandria and the region a fully operational and expanded entity brings to the table—including new employees and ancillary business to the area which did not already exist or significantly expands activity already in existence?)

III. Anticipated Scope of Work:

A. General

You must demonstrate comprehensive knowledge of the unique problems associated with hotel development and related public partnering—including in today's market and economy. This should include design and an in-depth knowledge of planning, design standards, and project management techniques in hotel redevelopment and in particular for historic hotels. Any developer and/or hotel operator selected to manage the property should:

*** Have a prominent national sales office network and sales force positioned to primarily pursue convention and group meeting demand;**

*** Have owned, own, or worked with a series of convention center hotels in its portfolio in other U.S. major convention destinations; and**

*** Make a serious financial commitment to the Project and the Community.**

You should have an implementation plan ready, including proposed funding mechanisms and federal and state matches, credits, and grants available. You must agree to work with the Mayor's Office of Development and Mayor's Office of Policy and Planning to review project constraints, initial concepts and project requirements. Upon completion of the general research and consultation with COA officials, the selected applicant shall be responsible for coordinating, conducting and facilitating public meetings for the purpose of obtaining public comment and opinions relative to the purpose and need of the project. The selected applicant shall research all potential industry constraints or issues that could affect the project's feasibility, timing, and impact to the community—including the current economic climate. The selected entity will coordinate and work with other local, state, and Federal entities in soliciting and obtaining any and all permits necessary for the implementation of the project. The selected entity shall develop a number of conceptual designs and/or renderings for evaluation.

The City seeks, optimally, the development of a full-service, chain-affiliated convention center hotel in the Alexander Fulton and Hotel Bentley, with a minimum of 350+ rooms and related function space.

The City owns the property on which the Alexander Fulton is located, including all improvements save the actual lodging tower, which was the subject of a leasehold agreement. Because of U.D.A.G. requirements, this scenario would likely continue with regard to the Alexander Fulton Hotel. The City's larger goal through the development of this catalytic Project is to provide a positive economic impact resulting in income to the City; contribute to the urban fabric of the City; add quality jobs to the City workforce; increase tax revenues; provide opportunities for minority- and women-owned business enterprises (M/WBE) to participate in the Project development and operation, and contribute to the City's long-term economic growth.

1. Service and Amenities

The selected Developer is expected to place into commerce a minimum of 350-rooms in both hotels, with both hotels providing full-service, upscale convention center space and amenities with a major national full-service lodging brand with related amenities and facilities. Such amenities and facilities should at a minimum feature function and meeting space, a full-service, three-meal restaurant, extended-hour room service, fitness center, pool, and a bar/lounge.

2. No Limitation on Proposal, Flag Requirements

The above is not intended to limit Respondents' creativity or ability to propose an alternative scale or set of features and amenities deemed to better suit the goals of the City through this Project. The City is open to proposals that offer distinctive features and amenities that go above and beyond those outlined above and set Alexandria apart from other destinations, particularly if the Hotel Bentley is the "boutique" specialty service hotel under a unified flag of a major national brand. The City reserves the right of final approval of the Project scale, features and amenities.

3. Room Blocks

The City reserves the right to require (or not) a room-block agreement with the Alexandria Riverfront Center.

4. Development Team Requirements

Respondents are to assemble all of the necessary parties for the design and construction of the project with proven track records in the development of hotels similar in scope to the Project (the "Development Team"), including but not limited to architectural and engineering firm(s) and related sub-consultant(s) (including, without limitation, mechanical, electrical, civil and structural engineers), a highly qualified and financially capable general contractor, and a hotel operator (the "Operator"). If the proposal is funded using public money, the developer will have to procure their general contractor, design professionals and sub-contractors using the City's procurement process where appropriate. You may consult with the City before submittal if need be.

5. A.F.E.A.T.

It is the policy of the City to involve Minority and Women-owned Business Enterprises (M/WBE) to the greatest extent feasible. In the Proposal Statement, the Developer must provide their proposed method for M/WBE participation in compliance with the Alexandria Fairness, Equality, Accessibility and Teamwork program. The COA has a program to aid small, emerging, minority- and women-owned businesses, ensuring such interests are given an equal opportunity to conduct business with the City of Alexandria. It promotes: (i) The competitive viability of small business, minority, and women business enterprise by providing contract, technical, educational, and management assistance; (ii) business ownership by small business persons, minority persons, and women; and (iii) the procurement by the City of professional services, articles, equipment, supplies, and materials from business concerns owned by small business persons, minority persons, and women.

6. Global Proposals Sought

While a global proposal is not required, and each hotel may be the subject of a partial proposal, the City will actively consider proposals encompassing both hotels and the convention spaces with the greatest weight being given to global proposals. A proposal will be based on a cost-benefit analysis that will weigh scope, timing, financial costs and risks, revenue generation, design and lifestyle amenities and level of quality and creativity.

7. Environmental Consideration

The development shall be environmentally sensitive and use as much sustainable techniques and technology as is feasible. Certification at a minimum of a LEED standard is expected for the hotel as well as any other proposed structure(s) seeking public monies and/or subsidies.

8. Right to Sever

The City and the Committee reserve the right to recommend the City Council accept a combination of proposals, multiple proposals, or any portion of a proposal for the City's consideration. Respondents to the RFP process will be evaluated and ranked by the City staff and Committee and their proposals presented to the City Council following the recommendations of the committee. Following this, a proposal(s) will be selected (and will be entered into a MOU) leading to formal negotiations for development and operating agreements with the COA, including multiple MOUs and selected applicants.

9. Concept Master Planning

Developer teams are required to provide a concept Master Plan, via their architectural partner(s), making a strong urban statement addressing the convention center, hotel, related parking, street level parking space, and other. As this is a well-developed and historic parcel, respondents have the opportunity to contribute their creative vision to a lasting piece of the City's development.

10. City-Owned Land Use

Respondents should generally assume the City-owned land related to the Alexander Fulton Hotel is in public control and on- and off-site improvements will be generally developed to the scale required to support the hotel, as proposed.

11. Master Planning and Smart Growth

A proposal for only a hotel and related hotel amenities should describe how the hotel will interact with the surrounding urban framework and current/future projects. A Master Site Plan proposal should dictate the coordination and vision proposed. Alternative concept Master Plans will be accepted as part of the RFP. The committee shall consider: (i) planning (i.e., "master planning" or planning in the area with S.P.A.R.C.); (ii) how these developments preserve and capitalize on natural and cultural resources, fairly and inclusively distribute the costs and benefits of the development to equitably "grow" the entire City and this area; and (iii) the extent to which the proposed development or mixed-use choices smartly expand new opportunities for transportation, employment and housing.

12. Public Participation Policy

It is the City's goal to minimize the level of public financial participation in the Project and to attain the most distinctive, highest-quality and marketable project possible. Respondents will be expected to provide information regarding sources of debt and equity, and are urged to consider creative development and financing structures that will accomplish these ends. Preference will be given to those developers who/that minimize the use of public financing, emphasize private sector financing and/or participation and provide the greatest economic opportunity for the City.

13. Evaluating Public Subsidy

Respondents must state a single value for the present value of any and all subsidies requested to be provided by any public body, including cost of land. Required funds should be broken out between immediate subsidies (payment for any portion of the project, waived fees, etc.) and the present value of streams of subsidy over time, such as tax rebates.

14. Assumptions Evidence Based

Proposals should include a financial plan that details the assumptions used in the recommended development. The assumptions should include operating projections that are supported by market research, such as a Smith Travel Research report. In addition, a financing plan and Project schedule must be submitted. As part of the submission, the developer shall identify practical financial sources that could be considered to support the project. Proposals should break down all financial assumptions for the project, including price offered for any public land included.

15. Weight for Actual Experience/Financial Objectives

The City will give weighted consideration to the Development Team with significant experience in developments similar in scope and quality to the proposed Project, and who also demonstrate that it has significant financial resources to support a guaranty of completion in accordance with a fixed schedule. The City generally understands the economics of the hotel market and will consider various finance options to best meet the needs of the Project. The City has the following financial objectives; the COA seeks to:

- * Limit financial participation by and risk of the City.
- * Ensure that the hotel is operated with the benefit of the Alexandria Riverfront Convention Center and community in mind, and results in an appealing urban addition to the community.
- * Leverage economic gains of the Project for the general benefit of the S.P.A.R.C. CRA-1 and/or COA.

16. Physical Development Proposal

The City expects the Project to possess the quality and level of finishes consistent with similar convention center hotels of high quality in other North American cities. Respondents shall provide a design concept, including conceptual drawings and/or models, for the proposed development program, inclusive at minimum of the following:

Hotels:

- * An overall conceptual diagram for the convention center, hotel, parking and related development and amenities.
- * Breakdown of the hotel room mix by category and the size of the rooms by category (king, double, suite, etc.).
- * The Hotel Brand intended for the proposed Hotels.
- * Amount (square feet) and distribution of meeting and ballroom space.
- * Description of facilities for food and beverage services.
- * Total gross hotel building area, footprint, and number of stories, if new construction, e.g., an additional lodge tower at the Alexander Fulton, is involved.

- * Potential hotel expansion options, e.g., an additional lodge tower at the Alexander Fulton.
- * Links between Project elements and parking structures, description of concierge space and services.
- * Proposed hotel room rate structure (in 2009 dollars).
- * Number of parking spaces required/provided for the Hotels.
- * Visual and physical relationship with the area, downtown Alexandria, and other commercial, residential, and recreational developments.
- * A general transportation plan, showing the flow of traffic in, throughout, and out of the Project, with comments on the sufficiency of primary access roads to serve a hotel and convention center project.
- * A description of any additional amenities.
- * A description of the level and commitment to using green technologies including goals of LEED certification.
- * An option, sale or related agreement showing control of any non-city owned piece included in the Proposal. The City and the Committee reserve the right to disqualify any proposal containing non-city owned land without proper agreements by the property owner.
- * Conceptual Elevations, 3-dimensional massing, and other appropriate design and architectural elements to help present the project.
- * Explicit information on any other related needs to the hotel.

Transportation:

- * Proposed financing, ownership and related needs and agreements for parking.
- * Interaction needs and proposals related to the Alexandria trolley buses and the A-TRANS system.
- * Identify any proposed changes to the public rights-of-way and road system and expectations of timing of changes and costs.
- * (Optional but recommended) A preliminary Traffic Impact analysis.

Related Development (if applicable):

- * Scope and scale of proposed uses including gross floor area, building height(s) and massing, lot coverage and location on the site and general design characteristics, e.g., an additional lodge tower at the Alexander Fulton or long term apartment or condominium living at the Hotel Bentley.
- * Narrative description of how these additional developments conform to the overall goals of the City and overall vision for the combined project.
- * Expected financial arrangements for the project, including proposed public investment, subsidies and land acquisition costs.
- * Conceptual elevations and project schedules for each component.

17. Project Schedule

Respondents shall provide a project schedule that should run from authorization through negotiation, and to opening of the Hotels, assuming that an MOU is executed with the City by third quarter of 2009.

18. Project Financing

Details are to be completed by Respondents in Excel format and included in the response. If alternative project scenarios and financing approaches are considered, full information for each alternative is required. All financial assumptions including profit(s) must be identified. Respondents shall provide a detailed development budget in conformance with any provided forms. Escalation of costs for inflation should be included and so identified in the projections. Respondents shall provide details of market assumptions that underlie projected occupancy levels and rates, as well as a five-year market history using Smith Travel Research data or alternatives, using any provided forms or generally acceptable formats. Respondents shall provide a statement of net operating income for the proposed project in conformance using any provided forms or generally acceptable formats, assuming completion of construction and opening of the Project in the appropriate year, based upon the project schedule submitted by the Respondent. Respondents shall provide an analysis of the Project's cash flows using any provided forms or generally acceptable formats. In this schedule, cash flows from operations, project costs, debt service, profit requirements, and the residual value of the Project are used to calculate the net present value of the proposed project. Respondents shall provide a plan and demonstrate ability to obtain both equity capital and, as required, debt financing necessary to undertake the development, including the rates of return these sources are likely to require. Respondents are required to present evidence of equity capital and debt financing commitments from financial institutions, partners, and other resources, as part of the response.

19. Concurrence of Key Participants and Schema

Respondents shall provide evidence of the concurrence of key participants in the development concept, site plan, and economics. After the selection, the selected applicant will be responsible for providing detailed schema for project implementation and costs. The selected entity shall finalize this schema, specifications and cost estimates and provide a summary report.

B. PHASE I

After action from the Committee to declare the Administration's plan of action consistent with the aims of the COA and then following the issuance of a preliminary Certificate of Appropriateness and Need (COAN), the Administration will begin determining which applications comply with this request for proposals to the City Council.

The scope of this RFP shall include how consortia plans address historic preservation and employment needs. The COA welcomes findings or market analysis which may aid it in determining capacity needs for the convention and visitor's market. The COA will conduct independent analysis as well.

Anticipated tasks for the proposal will include in-person discussions with all final short-listed participants to address:

Stakeholder Support/Financing

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Market Analysis (if needed)

Build Support Teams

Secure Partner Commitments

Cooperative Development Agreements (key risks)

Perform Extensive Risk-Benefit Analysis and Due Diligence

Scrutinize Business Plans

Review Implementation Strategies

Set Forth Construction Timetable

Issue and Develop Memoranda of Understanding

C. PHASE II

In this phase, any MOU will be matched to available funds. There will be a need for re-evaluating the findings and to begin the formulation of the multiple Cooperative Endeavor Agreements necessary to “lock in” any proposed public-private commitments.

1. Re-define project elements and vet problem areas and issues
2. In person discussions with all final short-listed participants to address:

Stakeholder Support/Financing

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Support Teams With Formed Letters of Intent

Secure Partner Commitments

Approval Process for Basic Terms and Conditions

Confirmation of Reciprocal Obligations and Impact Analysis/ Return on Investment for the
COA

Final Timeline

Cooperative Development Agreements

Begin Implementation

IV: PROJECT DEFINITION

A. Sustainability Goals

The City of Alexandria focuses on a cohesive strategy and philosophy for economic development. This model considers the region of central Louisiana. With regard to downtown hotel development activity, the City of Alexandria considers the Alexander Fulton the more reasonable and immediate goal for the City of Alexandria. Accordingly, any agreement with public-private partnering must include an assessment of the Fulton because of its attachment to the Riverfront Center and the City's ownership of certain aspects of that property. The City of Alexandria has determined a need and obligation to protect its assets, ownership interests, and the future convention business of the City. Because of this, applicants are encouraged to address Hotel Bentley recommendations and proposals with a global application—the Hotel Bentley, the Alexander Fulton, and the Riverfront Center. While any plan to address the Fulton need not include the Bentley (although highly recommended and weighted), any attempt to use significant public subsidy on a plan must include the Fulton.

The City of Alexandria has promoted discussion of mixed use for the Hotel Bentley, recognizing that with the desire of mixed-use opportunity come new challenges to occupancy rate and ADR assessments upon which the financing becomes problematic. There is perhaps public will to provide for operations and maintenance of certain portions of the historic hotel as well as capital requirements for public commitments and actual space.

Mixed-use might involve retail, condos, public anchoring, gathering places, restaurants, and a boutique hotel, all working together with several long term public tenants appropriate to the historic fabric present.

The COA has also determined applicants must demonstrate better than a mere possibility of success for the business model before serious incentives can be considered. The Administration determined a substantial probability of success justifies incentives. "Substantial probability" means the business plan is considerably more than likely to succeed. While no venture can be certain in the private world, risking of public dollars, given the historical backdrop and current economic crises, requires a higher standard to begin serious and binding discussion.

Knowing public subsidization in some form is oftentimes requested, the Administration will address tax policy and corresponding legal ramifications of requests for public assistance. Other developers have indicated some interest in purchasing the property without public subsidization. Investment opportunities may be more available with mixed-use; however,

there persists a supervening issue with the current ownership of the Hotel Bentley and evaluation of price as well as the financial condition and public ownership aspects of the Alexander Fulton and use of UDAG grants.

Whatever the outcome of serious study, “pure” hotel operation of the Hotel Bentley is a massive project and one likely to repeat cyclic successes followed by downturns. With the City of Alexandria concluding its overarching obligation is to secure a return of the former Holiday Inn and now Alexander Fulton to full function, energy should be directed to bringing that hotel back into appropriate commerce immediately to secure the investments the City has. Because the Alexander Fulton is, in large part, owned by the City of Alexandria, regardless of the desirability of that relationship, it exists and must be dealt with part and parcel with any other downtown hotel questions.

The Hotel Bentley, located in downtown Alexandria, Louisiana, was built circa 1908 by Joseph A. Bentley. It was operated from 1908 to 1967, and then closed from 1968 until 1972. It opened again in 1972 and closed again in 1976. It re-opened in 1985 and closed in 1997, and opened 1998 only to close again in 2004. It has remained closed since then. The Hotel Bentley has been the subject of significant recent news coverage and debate as to its fit in the downtown landscape, with reinvestment initiatives posed by the City of Alexandria, and with an eye toward highest and best use as a “straight” hotel or other anchor to the downtown area in a mixed-purpose model.

To smartly grow and preserve, the focus is to protect the city’s sense of community and identity (and further promote thematic draws, such as its healthcare primacy in the region, children’s sporting activity, and manufacturing/distribution businesses); preserve and capitalize on natural, infrastructural-intermodal, and cultural resources (like our central location in the state, river, interstate system, rail capacity, and airport); fairly and inclusively distribute the costs and benefits of developments (to reflect our demographics and equitably “grow” our city to avoid sprawl when appropriate and strengthen infill opportunity); expand the choices for transportation, employment, and housing (through mixed-use and other opportunities); value long-range, regional considerations of sustainability instead of immediate gratification (or what will work to make stabilize growth and not subject movement to waxing and waning fluctuation); and promote public health and healthful communities.

B. Conceptualization and Beginning Action

The return of the Hotel Bentley and Alexander Fulton hotels to commerce must be viewed as community projects to be fully successful—from local equity investment to public identification of potential incentives and the appropriate type and amount.

This means multiple stakeholders must be involved, and these stakeholders shall be required to work together with public transparency. The Alexandria Administration must be informed of actions involving financing issues and budgetary matters for the City of Alexandria.

Stakeholders should include, at minimum:

The Greater Alexandria Economic Development Authority

The Hotel/Motel Association

The Alexandria/Pineville Convention and Visitors Bureau

Parish planning

Chamber of Commerce and related entities, such as C.A.P.

Citizen focus groups

Town hall meetings and charrettes

S.P.A.R.C. involvement

District councilpersons and police jurors

State legislative delegation

At this time, an RFS under SPARC-CRA-1 has been issued.

C. Methodology

Strengths, Weaknesses, Opportunities, and Threats analysis, field and market studies, search for best practices, and correlation to gap analysis (what pieces are missing to achieve goals) will be performed.

D. Project Elements

This project will involve several assets located in the downtown area of Alexandria, Louisiana. First of all, the Alexandria Riverfront Center, owned wholly by the COA and currently managed by the Convention and Visitor's Bureau, should be addressed.

Secondly, the former Holiday Inn, now Alexander Fulton Hotel, which is partly owned by the City (all improvements and property except the lodging tower), needs immediate address. The City requires that any help or partnering sought with another hotel necessarily requires complete address of the already-owned property next door—the former Holiday Inn.

Thirdly, the Hotel Bentley is an important historic asset with a multiplicity of obstacles—ownership, price, a significant gap in financing, a strained overall hotel market, and significant debt coverage-related issues.

Finally, there is a need for additional parking with fully functional hotels.

The public vision has been spelled out in great detail in S.P.A.R.C. documents and the memoranda released by the working group for downtown hotel solutions.

The City is now moving to micro-economic analysis of the convention and visitor's market as well as market studies and community meetings.

The City wishes to invest the time to study its potential partners—fully and personally. Considerations regarding the background, reputation, experience, needs, financial strength, motivations, expectations, and goals must be allowed full answers.

The City will consider a host of public sector tools, but notes that gap financing is neither limited to taxing districts nor the municipality. Other partners will be sought for partnering in the historic preservation and foundation world. Again, if the community is “behind” this project, deeper support than relying on the City as the financing well must become apparent. For example, in the mixed-use model, long-term lease by public entities can provide continuity guarantees beyond one administration. There are numerous other cost-reducing incentives, parking, and other credit enhancement mechanisms. The City has land to offer in a potential deal as well as management or control of important competitive assets.

E. Incentives

The incentive packages available for revitalization and this Project will focus primarily on infrastructure partnering, e.g., parking, traffic control, utilities, and competitive assets. In addition, “soft” incentives may aid development if properly accounted for and with appropriate guarantees to the public.

“Soft incentives” involve aid that does not result in permanently-owned public infrastructure, and therefore the analysis must be clear and justified to support these forms of assistance. If tax dollars are used, the return on public investment must be well-

established and documented. Business plans will be scrutinized and, to some extent, public (except for trade secrets and proprietary information).

If permitted by state law, and in compliance with the tests for proportionality set forth by Alexandria cooperative economic development policy and La.Const. art. VII, § 14, the costs of an economic development project incurred by the awarded applicant may include the sum total of all reasonable or necessary costs incurred incidental to or in furtherance of an economic development project.

These approved costs can, but do not necessarily, include any such costs which are reasonably related or attributable to an approved economic development plan. These are:

1. Costs of studies, surveys, development of plans and specifications, preparation, implementation, and administration of an economic development plan, personnel and professional service costs for architectural, engineering, legal, marketing, financial, planning, police, fire, public works, or other services, provided that no charges for professional services may be based on a percentage of incremental tax revenues, and specifically including without limitation payments to developers or other nongovernmental persons as reimbursement for on- and off-site preparation costs incurred on behalf of, and the payment of which is approved by, the City Council, or authorized S.P.A.R.C. personnel as authorized by City Council or the mayor or his designee.

2. Property acquisition and assembly costs within the CRA-1, including but not limited to acquisition of land and other real or personal property or rights or interests therein, specifically approved by the City Council or the mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the city attorney and finance director of the City as Section 5-04 compliant with the Alexandria City Charter and La.Const. art. VII, § 14.

3. On- and off-site preparation costs, specifically approved by the City Council or the mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the city attorney and finance director by the City as Section 5-04 compliant with the Alexandria City Charter and La.Const. art. VII, § 14, including but not limited to clearance of any area within or about the proposed development by demolition or removal of any existing buildings, structures, fixtures, utilities, and improvements; clearing and grading; and including without limitation installation, repair, construction, reconstruction, or relocation of public streets, public utilities, and other public improvements within or outside the proposed development within CRA-1 which are essential to the preparation of the area for use in accordance with an economic development plan. Certification by the city engineer shall be required as to the essentiality for preparation.

4. Costs of renovation, rehabilitation, relocation, repair, or remodeling of any existing buildings, improvements, and fixtures within CRA-1 and a specific plan for redevelopment, specifically approved by the City Council or the mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the city attorney and finance director of the City as Section 5-04 compliant with the Alexandria City Charter and La.Const. art. VII, § 14.

5. Costs of construction within or about an approved plan in CRA-1 of public improvements, specifically approved by the City Council or the mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the city attorney and finance director of the City as Section 5-04 compliant with the Alexandria City Charter and La.Const. art. VII, § 14, including but not limited to buildings, structures, works, utilities, or fixtures.

V. Request for Proposals:

A. General Submission Guidelines:

The COA intends to recommend the award of one or more plans, in conjunction with others or singularly, for hotel redevelopment, including the development, financing, design, construction, operation, master site planning, and implementation.

You should familiarize your team with, at minimum, the following:

Laurents, Carl, "History of the Hotel Bentley and Its Builder, Joseph A. Bentley," <http://www.historicbentley.com/history.htm> .

Bhattarai, Abha and Bernstein, Fred A., "Terrible Timing for a Hotel Boom," The New York Times, July 31, 2008.

Askew, III, Lee, Askew Nixon Ferguson Architects, Last Quarter 2004.

Rypkema, Donvan D., "The Economic Power of Restoration," Restoration and Renovation Conference, January 15, 2001.

Sanders, Heywood T., Space Available: The Realities of Convention Centers as Economic Development Strategy, the Metropolitan Program of the Brookings Institution, January 2005.

Leinberger, Christopher B., Turning Around Downtown: Twelve Steps to Revitalization, the Metropolitan Policy Program of the Brookings Institution, March 2005.

Talanker, Alysaa, Davis, Kate and LeRoy, Greg, "Straying from Good Intentions: How States are Weakening Enterprise Zone and Tax Increment Financing Programs," A Report by Good Jobs First, August 2003.

Sanders, Heywood T., Economic Development Quarterly, Vol. 16, No. 3, Convention Myths and Markets: A Critical Review of Convention Center Feasibility Studies, RESEARCH AND PRACTICE, University of Texas at San Antonio, Sage Publications: August 2002, pp. 195-210.

Any eventual recommendation by the City is envisioned to fall under one of the following scenarios:

1. Selection of a team to develop a Hotel master site plan
2. Selection of a team for development of a single Hotel and other related development(s).
3. Selection of elements of different proposals
4. Selection of part of a proposal

B. Questions

Questions regarding this process shall be submitted to the City of Alexandria at:

Lamar White, Jr
Mayor's Office of Economic Development
915 Third Street
Alexandria, Louisiana 71301
(318) 449-5009
Lamar.White@cityofalex.com

C. Addenda, Rejection and Cancellation

The COA reserves the right to revise any part of the request herein by issuing an addendum at any time prior to the submission deadline. Issuance of this or any modification order in no way constitutes a commitment by the COA to award a contract. The COA reserves the right to accept or reject, in whole or part, all Qualification Statements and proposals submitted and/or cancel this announcement if it is determined to be in the COA's best interest. All materials submitted in this response become the property of the COA and selection or rejection of a submittal does not affect this right. The COA also reserves the right, at its sole discretion, to waive administrative informalities contained in any future request.

D. Preparation Costs

The COA shall not be responsible for costs associated with preparing the submission by you, or for costs including attorney fees associated with any challenge (administrative, judicial or otherwise) to the determination of the highest-ranked Applicant, MOU party, and/or awarded contract and/or rejection of qualification. By submitting an application to the COA, each developer agrees to be bound in this respect and waives all claims to such costs and fees. This shall not waive or negate the right of S.P.A.R.C. or G.A.E.D.A. or the

COA to award retroactively costs or preparation investment as outlined under the SECTION IV-E, "Incentives" subsection, 1-5, supra.

VI: RULES GOVERNING COMPETITION

A. Examination of Qualifications

Applicants should carefully examine the entire Request, any addenda thereto, and all related materials and data referenced in the Request. Applicants should become fully aware of the nature of the work and the conditions likely to be encountered in performing the work.

B. Qualification Acceptance Period

Following PHASE I submissions, the COA will move to PHASE II as outlined herein. PHASE I shall be open for sixty (60) days from the date of a letter of intent. In that time, initial letters of intent and responses to the RFP to the City for redevelopment plans will be considered. More than one proposal may be initially accepted, and the period of competition under PHASE I may be extended or submitted to public polling or approval. The COA may award multiple applicants for Phase II and request additional proposals.

C. Confidentiality

The content of all submissions are generally not confidential. The proposals, absent qualified confidential information under law, shall be the property of the City of Alexandria. These responses are, and shall be treated as, public records after initial qualifying periods to avoid the misuse of intellectual property or concepts of competitors. Submissions should state by cover letter that each is submitted confidentially through PHASE I as proprietary information and intellectual property.

D. Qualification Format

Qualifications are to be prepared in such a way as to provide a straightforward, concise delineation of the Applicant's capabilities to satisfy the requirements of this request. Emphasis should be placed on:

Conformance to instructions

Responsiveness to requirements

Overall completeness and clarity of content

Professional experience/track record of successes

E. Signature Requirements

All qualifications (RFPs) must be signed and sealed. An officer or other agent of a corporate firm, if authorized to sign Contracts on its behalf; a member of a partnership; the owner of a privately-owned firm; or other agent if properly authorized by a Power of Attorney or equivalent document may sign a qualification. The name and title of the individual(s) signing the qualification must be clearly shown immediately below the signature.

F. Qualification Submission

A letter of intent must be received by the COA by 4:00PM on Friday, May 1, 2009.

Six (6) copies of the qualification must be received by the COA by 4:00 P. M. on Monday August 3, 2009. All copies of the qualification must be plainly identified as "Downtown Hotels Initiative" and delivered or mailed to:

Kay Michiels
Operations Chief and Planning Director
915 Third Street
Alexandria, Louisiana 71301
(318) 449-5009

G. News Releases

News releases pertaining to your submission shall not be made without prior written approval of the COA.

H. Disposition of Qualifications

All materials submitted in response to this request shall become the property of the COA.

I. Modification/Withdrawal of Qualifications

A respondent may withdraw a qualification at any time prior to the final submission date by sending written notification of its withdrawal, signed by an agent authorized to represent the agency. The respondent may thereafter submit a new or modified qualification prior to the final submission date. Modifications offered in any other manner, oral or written, will not be considered until future expansion of the process or selection. A final qualification cannot be changed or withdrawn after the time designated for receipt, except for modifications requested by the COA after the date of receipt and following oral presentations.

J. Oral Change/Interpretation

No oral change or interpretation of any qualification is valid whether issued at a pre-qualification conference or otherwise. Written addenda will be issued when changes, clarification, or amendments to qualification documents are deemed necessary by the COA.

K. Late Submissions

**QUALIFICATIONS RECEIVED AFTER 4:00 P.M. ON AUGUST 3, 2009,
MAY NOT BE CONSIDERED AND MAY BE RETURNED UNOPENED.**

**THE COA REQUIRES THAT ALL INTERESTED PARTIES SUBMIT
LETTERS OF INTENT BY FRIDAY, MAY 1, 2009.**

VII: Supplementary Materials

A: The Alexander Fulton Hotel



Counterclockwise: The lobby, restaurant, and front desk of the Alexander Fulton





A typical double bedroom



A king bedroom with a bar



Suite with Jacuzzi



Presidential Suite



Smaller meeting rooms

B. The Hotel Bentley



The lobby of the Hotel Bentley



The Mirror Room



C. The Alexandria Riverfront Center





D. What is SPARC?

Alexandria is embarking on the largest redevelopment project in its history, the SPARC project. The City has funds in the bank; plans on the books; and is ready to work.

The state of Alexandria is very sound as it moves into 2009, but to maintain that stability, particularly during this time of economic uncertainty, our community must be efficient and responsive and truly create stimulus opportunities. Infrastructure reinvestment is nearly always appropriate spending because it invests in our future and the future value of a city in the same way one might invest in a home and education. It augments capacity.

Sound infrastructure is necessary for increasing and sustaining the capacity of any community. It is the community's ability to handle increasing economic activity—from a trained workforce, to drainage, to the ability of public safety to provide adequate protection and services. We must build capacity in our communities, and that starts with building in the places most in need of help—whether that is human or “soft” versions of infrastructure or “hard” items. SPARC addresses both. In our City, areas have been neglected: roadways need attention and severed passages need to be reconnected. Forty years of sprawl development in Alexandria have created enormous opportunity for some, though, at the same time, it has drained significant resources and attention away from Alexandria's historic neighborhoods and inner city.

This reinvestment plan heralds a new day by altering, updating, and lifting our community. SPARC is no give away; it is reinvestment in business and capital improvements. You know as experts in large-scale program management that infrastructure reinvestment has a huge multiplier effect. SPARC is about sustainability over time, not fixes on the cheap.

SPARC addresses our problems in three ways: targeting help to identified areas where change has the greatest impact, providing those areas with new or fixed transportation improvements, and offering unique incentives to business entrepreneurs.

In the most basic of terms, the \$96 Million investment in the most blighted and under-served areas of our inner-city involves 90% investment in permanent and publicly-owned infrastructure: improved roadways and sidewalks, better parks and community centers, police substations and new fire stations.

Alexandria is in a strong position to make this investment, with no new taxes and despite the current economic conditions. We have seen, all across the nation, cities that invest in their inner cores are cities that succeed, are better able to attract and retain a modern workforce, and can best combat poverty, unemployment, and blight. We know the best way to ensure for our future success is to invest in ourselves, right now.

SPARC is not about displacing or reinventing Alexandria; it is about using our collective inheritance to improve the quality of our built environment, to the benefit of all of us who live and work in Alexandria. After decades of planning and discussion, Alexandrians can no longer afford to wait for this reinvestment. It is time to go to work.

Sincerely,

Jacques M. Roy
March, 2009



March 23, 2010
Term Sheet for Cooperative Development
Cooperative Endeavor Principal Points

***Working Committee on Downtown Hotel Solutions and
Mixed Use Options-Phase I***

**MEMORANDUM OF UNDERSTANDING—Cooperative Endeavor Term Sheet
Hospitality Initiatives Partnership**



The Alexandria City Council has requested information from the Administration for its regular meeting on March 23, 2010, relative to timelines and activities to bring to closure the *Downtown Hotels Initiative* (“DHI”).

TERM SHEET

Hotel and Convention Center Tract: The City is the owner of the Hotel and Convention Center Tract on which is located the Hotel Tower and the Convention Center, together with a lounge/bar, restaurant and kitchen.

Riverfront Center Tract: The City is the owner of the Riverfront Center Tract on which is located a convention and conference center and a banquet facility containing approximately 40,000 square feet of convention, conference and banquet space.

Riverfront Center Parking Tract: The City is the owner of the Riverfront Center Parking Tract on which is located a multistory parking garage.

Main Street Parking Tract: The City is the owner of the Main Street Parking Tract on which is located a ground level parking lot fronting Main Street.

Investments in Downtown-Central Business District: As far back as 1982, the City has invested public funds for the purpose of (a) creating, developing, establishing and maintaining conventions and tourism within the Downtown-Central Business District, (b) of removing blighted, distressed and physically or functionally obsolete structures, (c) of improving and reducing unemployment and underemployment, (d) of increasing the tax base for property tax collections and (e) of increasing sales tax and hotel occupancy tax collections from new sources of revenue brought into the City and the Parish of Rapides.

Requests for Proposals: The City submitted Requests for Proposals for the Development Plan. The process was competitive and national.

Development Plan: The Development Plan established and created by the City proposes a mixed use development for the downtown hotels and convention center facilities to spur economic development with funds from private industry and with public funds to improve the public infrastructure.

Response to Requests for Proposal: HIP responded to the City's Request For Proposal offering

(a) to acquire the Hotel Bentley Tract on which is located the Hotel Bentley for a price not to exceed \$6,500,000.00,

(b) to convert the Hotel Bentley facility into a first class full service four star unbranded hotel, with a level of service equal to or greater than a higher end franchised or similar Hotel, well recognized to the City, with specialty meeting rooms, ballrooms and executive spaces being more particularly described as the Bentley Improvements.

(c) to lease, renovate and operate the Hotel Tower located on the Hotel and Convention Center Tract as a first class full service three star hotel operating as a higher end franchised or similar Hotel, well recognized to the City, being more particularly described as the Hotel Tower Improvements.

(d) to lease, renovate and operate the Convention Center located on the Hotel and Convention Center Tract being more particularly described as the Convention Center Improvements.

(e) to operate, manage and maintain the Riverfront Center located on the Riverfront Center Tract.

Cooperative Endeavor: Section 14 of Article VII of the Louisiana Constitution of 1974 provides for a public purpose a political subdivision may engage in a cooperative endeavor with private associations, corporations and individuals.

Development for Public Purpose: The Development Plan is for a public purpose to maximize the use and effectiveness of publicly owned property in the Downtown-Central Business District, to avoid the risk of a return of blighted, distressed and physically or functionally obsolete structures in the Downtown-Central Business District, to reduce unemployment and underemployment within the City and within the Downtown-Central Business District and to increase tax revenues through increased property tax collections, increased sales tax collections and increased hotel occupancy tax collections.

Memorandum Of Understanding: The City and HIP executed a Memorandum Of Understanding on November 23, 2009, agreeing to cooperate and mutually assist in the implementation of the Development Plan and to enter into a cooperative endeavor and

development agreement for the purpose of economic development for the public purposes set forth above.

Development Agreement: La. R.S. 33:4780.21, et seq. provides that in order to encourage private participation in comprehensive planning, to reduce the economic cost of development and to make maximum efficient utilization of resources at the least economic cost to the public, a municipality may enter into a development agreement with any Person having a legal or equitable interest in real property for the development of such property.

Procedures and Requirements: HIP by responding to the Request for Proposal has requested the City to establish procedures and requirements to implement, cooperate with and to mutually assist the City in implementing and executing the Development Plan.

City's Direct Incentives

Under this Plan, the City will provide a lease with option to purchase for the Alexander Fulton in a manner to deliver the value of the Fulton in "nominalized" fashion to the HIP development group. The purchase price for the Fulton shall be its fair market value, believed to be approximately \$3,100,000.00, referred to as "the Purchase Price." At the Closing, HIP shall be entitled to a credit against the Purchase Price of the amount that equals one hundred percent of

- (a) all Rent paid by HIP to the City up to the Closing and
- (b) all costs paid by HIP for the Installation and the Renovation of the Hotel Tower Improvements and the Convention Center Improvements.

Except as otherwise provided in this Agreement, HIP shall also benefit from City incentives as follows:

HIP and the City agree so long as the City is the owner and HIP is the lessee of the Leased Premises, and, HIP is not in default of any provision of this Agreement, then the City will charge HIP only the fuel adjustment charge or cost for electricity and gas and shall not charge the standard fixed rate charged for electricity and gas under the City's utility rate schedule. This utility reduction provided to HIP shall be subject to a lifetime reduction limitation amount of \$500,000.00, and, after HIP has received \$500,000.00 in value for electricity and gas based upon the City's existing standard fixed rate utility charge for electricity and gas, HIP shall also then pay the fuel adjustment charge and cost and the City's standard fixed rate for all utilities provided by the City as a commercial rate customer.

There are remaining funds available for approved expenditures in the U.D.A.G. account. These funds total over \$100,000. These funds are earnings from the 1982 project, and are not City general fund monies. U.D.A.G. funds are expressly for the purpose contemplated herein, and cannot be spent on general fund matters, allowing City operations to date (and in the future) to avoid taxpayer expense and subsidization of hotel operations activity. Additionally, scoping and planning funds are available as well as the City's share of its own infrastructure planning for publicly-owned infrastructure, estimated at \$390,000.

Finally, only after a City determination of need, additional parking would be scoped, designed, and funded by the City up to and not exceeding \$7,500,000.00.

Certain space will be reserved for Bentley patrons parking, with other public parking for retail and other business available for the Downtown needs. “Proof of Need” shall mean reasonable evidence that the occupancy levels and guests use of the Hotel Bentley and its facilities including, but not limited to, the Mirror Room, public meeting space, lobby bar, restaurant, spa, pool and other amenities, require additional off street parking and that no acceptable alternative parking facility is available and the Installation of the Parking Garage is needed.

Summary of City Contributions

| Direct Contribution to DHI Partnership | Infrastructure Support in SPARC for DHI, R.I.V.E.R. and CRA-1 |
|--|---|
| 1. Value of Alexander Fulton \$3.1M (Noncash) | 1. \$7.5M Parking Infrastructure Downtown (Optional if needed) |
| 2. Soft Funds under Section 1 Incentives in RFP <\$500,000 | |
| 3. Utility Offsets to Public Property ≤\$500,000 | |
| 4. UDAG and CRA-1 Planning <\$167,000 | |

Summary of HIP Contributions

ACQUISITION OF HOTEL BENTLEY

Purchase: HIP shall acquire the full ownership of the Hotel Bentley Tract from Dean Bentley, L.L.C. for a sum not to exceed \$6,500,000.00.

\$6,500,000

IMPROVEMENTS TO THE HOTEL BENTLEY

“Bentley Improvements” shall mean the Installation and the Renovation of the Hotel Bentley into a first class full service four star higher end hotel with the quality and amenities equal to or greater than the quality and amenities of a higher end franchised or similar Hotel, well recognized to the City , in accordance with Plans and Specifications prepared by 3north, approved by the Fire Marshall, which provide for, among other things, the following:

(a) Installation of a new arrival Porte Cochere and Vestibule with a 3,500 foot square Motor Court located at the present rear of the Hotel Bentley which will provide a new entry to and exit from the Hotel Bentley on Jackson Street.

(b) Renovation of 178 guest rooms and guest baths, with bathroom configurations to remain the same, to include all new mechanical, electrical and plumbing additions, together with upgrades to the hotel corridors and to the entry and exit facilities.

(c) Installation of a new four star fine dining restaurant providing seating for 125 guests in a 4,000 square foot area located on the ground floor of the Hotel Bentley tower at the intersection of Third and Jackson Streets which restaurant shall include a small bar, open display kitchen and outdoor seating.

(d) Renovation of the historic Mirror Room located on the lower end of the Hotel Bentley to include a cocktail lounge providing seating for 100 guests, with a large bar, dance floor and small stage.

(e) Installation of a Lobby Bar to be located on the historic Double-Height lobby of the Hotel Bentley containing seating for 50 guests with an area of not less than 4,300 square feet.

(f) Installation of an all day coffee bar (Starbucks or similar) located in the base of a new north wing addition to the Hotel Bentley to provide seating for 10 guests.

(g) Renovation of 11,000 square feet of public meeting space providing banquet seating for 200 guests with a 3,000 square foot main ballroom and an 8,000 square foot miscellaneous meeting space to be properly configured.

(h) Installation of a new spa and fitness amenity located on the main lobby level near the new kitchen wing to include a 2,000 square foot facility with 5 rooms including lockers, spa lounge and fitness room with cardio and free weight equipment.

(i) Installation of a new outdoor 3,000 square foot pool located on the top of the new kitchen wing adjacent to the spa and fitness amenity.

(j) Installation of a new 4,000 square foot kitchen located in the new north wing addition to the Hotel Bentley.

The project cost shall mean the sum of at least \$16,924,000.00, together with all out-of-pocket costs, expenses and fees including, but not limited to, architectural and engineering fees.

\$23,424,000

LEASE OF HOTEL TOWER AND CONVENTION CENTER

Lease: In consideration of the agreements, covenants, representations and promises of HIP in this Agreement, the City will lease to HIP and HIP will rent from the City, upon

the terms, conditions and provisions set forth in the CEA, the Alexander Fulton Hotel and other properties. During the Lease, and as part of the consideration for this CEA, within not less than 730 days after July 1, 2010, HIP shall execute a construction contract or agreement with a licensed contractor for the Installation and the Renovation of the Hotel Tower Improvements and the Convention Center Improvements.

HIP will be required to spend \$12,558,000 in the Hotel Tower Improvements Project Cost, together with all out-of-pocket costs, expenses and fees including, but not limited to, architectural and engineering fees.

\$35,982,000

RIVERFRONT CENTER

Appointment of Manager: The City eventually will appoint HIP as the manager of the Riverfront Center, and HIP will undertake and agree to perform all of the management services and to run the center profitably and share those profits with the City.

HIP will be required to operate, manage and maintain the Riverfront Center and all of its facilities and activities in a diligent, careful and vigilant manner in accordance with reasonable standards imposed by the City, and maintain the condition and character of the Riverfront Center with the goal of maximizing the present value of the Riverfront Center by attracting conventions and other similar activities. HIP agrees to act prudently and reasonably in protecting the City's interest in operating, managing, renting and maintaining the Riverfront Center to promote the maximum possible use of the Riverfront Center for convention activities for the Central Louisiana area.

Riverfront Center Management Agreement: The City and HIP will agree that the APA-CVB ("Bureau") is presently the operator and manager of the Riverfront Center and that the Bureau shall continue as the operator and manager of the Riverfront Center pursuant to and in accordance with the Riverfront Center Management Agreement, referred to as "the Riverfront Agreement," between the City and the Bureau until such time as the City has substantially completed the Riverfront Center Improvements.

S.P.A.R.C., G.A.E.D.A., APA-CVB Infrastructure and Marketing Contributions

These expenses are for infrastructure build out the City would complete regardless of this particular DHI respondent as support for any hotel-convention complex revitalization. These expenses are gauged and triggered only by substantial commitment of HIP to its portion of fixed monetary skin in the game totaling over \$30M in private dollars to the Project.

As indicated by the MOU, the following is contemplated:

The City would provide for "Town Square Projects Costs," of \$4,300,000.00. These costs are inclusive of the items known as the DHI-Infrastructure Support Components, and are part of a larger set of S.P.A.R.C.-CRA-1 related projects in partnership with A.C.E.D.D.

and G.A.E.D.A.—particularly, the Riverfront Improvement Venture (R.I.V.E.R.), for which substantial matching S.P.A.R.C. and federal funds are already earmarked.

Exchange of Properties: The City and HIP agree that it is their intent that the Town Square Improvements will include hardscape, landscape, fountains, etc. that create a town square corridor from the proposed new entrance for the Hotel Bentley to the present parking area adjacent to the Convention Center. HIP understands and acknowledges before the Town Square Plans can be prepared for that portion of the Town Square Improvements to be located on the Hotel Bentley Tract, HIP will be required to transfer, free and clear of any and all liens, mortgages or encumbrances, the full ownership of that portion of the Hotel Bentley Tract where the proposed Town Square Improvements are contemplated. As soon as reasonably possible and practical, HIP and the City will exchange properties in order to vest to the full ownership of that portion of the Hotel Bentley Tract where the Town Square Improvement corridor is contemplated.

Additionally, the City will provide needed capital work on its own asset, the Alexandria Riverfront Center, up to \$2,000,000.00.

G.A.E.D.A. and the APA-CVB would be asked to market the DHI by cooperative agreement with HIP to provide all DHI hotel occupancy and use taxes to be allocated as follows:

- (a) Just under 50% of those funds to Alexandria hotels and motels in a state-wide (and beyond) marketing plan, and
- (b) Just over 50% of those funds to marketing the DHI Project.

An Advisory Services Agreement shall be considered as part of due diligence for tax credit study and monetization. If discoveries and investigations reveal the acceptability of Dudley Ventures for housing options and/or tax credit monetization, Dudley Ventures shall have the first right to refuse such inclusion in the overall initiative. HIP agrees the decision to use another entity, other than Dudley Ventures, shall be objectively shown to the City.

At that time, HIP shall negotiate, subject to commercial viability and acceptable terms to HIP, an Advisory Services Agreement with Dudley Ventures Development (DVD) to: a) obtain an allocation of New Markets Tax Credits (“NMTC”) for the Project; b) obtain and apply or guide in the application of the Historic Tax Credit (“HTC”) also known as Rehabilitation Tax Credit; c) obtain an equity investment with respect to the NMTCs; d) obtain an equity investment with respect to the HTCs; e) assist HIP in completing a tax incentive financed transaction by (i) organizing and managing Project due diligence, (ii) preparing organizational materials for the transaction, including charts, term sheets and Project descriptions, (iii) organizing meetings and conference calls, (iv) establishing and monitoring transaction timelines, and (v) supervising financial, legal and accounting personnel.

Additionally, Contracting Party should seek assistance with the monetization of Low Income Housing Tax Credits and Investment Tax Credits as they are available to the Project.

The amount of the tax credits and potential investor equity available to the Project will be dependent on HIP's final rehabilitation numbers.

Special Obligations and Understandings of the Parties:

City and Contracting Party each agree that all plans are subject to certain suspensive, resolutive, and other conditions precedent, regarding which any cooperative endeavor shall be subject.

Contracting Party shall not be given title to the Alexander Fulton until the completion of certain well-defined City goals from the beginning of business operation "under the Cooperative plan" as defined by the Cooperative Endeavor Agreement.

The City shall receive the Alexander Fulton Hotel and improvements back from Contracting Party upon termination or default on the Cooperative Endeavor Agreement as a "clawback." The terms shall be defined in the Cooperative Endeavor as to what constitutes such a failure to timely start or to proceed with and/or complete essential or necessary components of the Project, or failure to timely meet performance objectives, or other development requirements, deliverables, special deliverables, or terms, as specified in the Cooperative Endeavor with the City, any such acts, omissions or failures shall constitute a default under the Cooperative Endeavor, and the City shall retain all rights to withhold award funds, investment, subsidy, or City ramp-up activities related to its infrastructure contributions to a S.P.A.R.C. project.

SUBMITTED:

Date: _____

Roland Fontaine
On behalf of the joint venture,
Hospitality Initiatives Partnership

Date: _____

Jacques M. Roy
Mayor, City of Alexandria



March 23, 2010
Term Sheet for Cooperative Development
Cooperative Endeavor Definitions

***Working Committee on Downtown Hotel Solutions and
Mixed Use Options-Phase I***

**MEMORANDUM OF UNDERSTANDING—Cooperative Endeavor Term Sheet
Hospitality Initiatives Partnership**



The principal terms contained in the proposed Cooperative Endeavor Agreement relative to the *Downtown Hotels Initiative* (“DHI”) are anticipated to be substantially similar to the following:

Definitions

(1) “Affiliate” shall mean (a) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any other Person that owns, beneficially, directly or indirectly, fifty percent or more of the outstanding capital stock, shares or equity interests of such Person, or (c) any officer, director, employee, partner, manager, member or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and Persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, partnership interests or other membership or equity interests, by contract or otherwise.

(2) "Agreement" means this Cooperative Endeavor And Development Agreement, including any exhibits and schedules delivered pursuant hereto and incorporated herein by reference and all amendments, modifications and restatements.

(3) "Bentley Improvements" shall mean the Installation and the Renovation of the Hotel Bentley into a first class full service four star higher end hotel with the quality and amenities equal to or greater than the quality and amenities of a higher end franchised hotel,

in accordance with Plans and Specifications prepared by 3north, approved by the Fire Marshall, which provide for, among other things, the following:

(a) Installation of a new arrival Porte Cochere and Vestibule with a 3,500 foot square Motor Court located at the present rear of the Hotel Bentley which will provide a new entry to and exit from the Hotel Bentley.

(b) Renovation of 178 guest rooms and guest baths, with bathroom configurations to remain the same, to include all new mechanical, electrical and plumbing additions, together with upgrades to the hotel corridors and to the entry and exit facilities.

(c) Installation of a new four star fine dining restaurant providing seating for 125 guests in a 4,000 square foot area located on the ground floor of the Hotel Bentley tower at the intersection of Third and Jackson Streets which restaurant shall include a small bar, open display kitchen and outdoor seating.

(d) Renovation of the historic Mirror Room located on the lower end of the Hotel Bentley to include a cocktail lounge providing seating for 100 guests, with a large bar, dance floor and small stage.

(e) Installation of a Lobby Bar to be located on the historic Double-Height lobby of the Hotel Bentley containing seating for 50 guests with an area of not less than 4,300 square feet.

(f) Installation of an all day coffee bar (Starbucks or similar) located in the base of a new north wing addition to the Hotel Bentley to provide seating for 10 guests.

(g) Renovation of 11,000 square feet of public meeting space providing banquet seating for 200 guests with a 3,000 square foot main ballroom and an 8,000 square foot miscellaneous meeting space to be properly configured.

(h) Installation of a new spa and fitness amenity located on the main lobby level near the new kitchen wing to include a 2,000 square foot facility with 5 rooms including lockers, spa lounge and fitness room with cardio and free weight equipment.

(i) Installation of a new outdoor 3,000 square foot pool located on the top of the new kitchen wing adjacent to the spa and fitness amenity.

(j) Installation of a new 4,000 square foot kitchen located in the new north wing addition to the Hotel Bentley.

(4) "Bentley Project Cost" shall mean the sum of at least \$16,924,000.00, together with all out-of-pocket costs, expenses and fees including, but not limited to, architectural and engineering fees.

(5) "Bureau" shall mean the Alexandria/Pineville Area Convention and Visitors Bureau created by the provisions of La. R.S. 33:4574, as amended from time to time.

(6) "Capital Items" shall mean those things that are incorporated into a tract of land, building or other structure so as to become an integral part of it. Things that are attached to a building and serve to complete a building without regard to its specific use are Capital Items. Capital Items include but are not limited to, doors, windows, shutters, gutters, cabinetry, plumbing, heating, cooling, electrical and similar systems. Things which cannot be removed from a building without substantial damage to themselves or to the building or other structure are Capital Items.

(7) "Convention Center" shall mean that portion of the building or structure installed by the City on the Hotel and Convention Center Tract which will be segregated and separated from the Hotel Tower by the Town Square Improvements.

(8) "Convention Center Project Costs" shall mean the sum of \$2,000,000.00, together with all out-of-pocket costs, expenses and fees including, but not limited to, architectural and engineering fees.

(9) "Convention Center Improvements" shall mean the Renovations to be made by HIP to the Convention Center in accordance with Plans and Specifications prepared by 3north and approved by the Fire Marshall and the City in a sum of not less than the Convention Center Project Costs.

(10) "Development Plan" shall mean the Economic Development Plan for the Revitalization of the City's Downtown-Central Business District Hotel and convention properties and associated assets and properties.

(11) "Effective Date" shall mean July 1, 2010.

(12) "Expenses" shall mean all operating, maintenance and other cost and expense of every kind and description resulting from the operation, ownership and maintenance of the Riverfront Center excluding

(a) any cost or expense incurred by or resulting from the repair, replacement, addition or substitution of Capital Items for the Riverfront Center,

(b) any cost or expense caused or incurred because of the negligence, fault or violation of Laws and Regulations of HIP or

(c) any noncash item such as depreciation or amortization of fees and expenses.

(13) "Franchise Agreement" shall mean the Franchise Agreement, if any, granting to HIP a franchise or license to use the distinctive trademarks, trade names, signs, symbols, color schemes and other readily recognizable symbols of a national or international lodging chain and providing such additional benefits as access to a national reservation system.

(14) "Governmental Entity" shall mean any United States, federal, state or local governmental, regulatory or administrative authority, subdivision, agency or commission or any court, tribunal or judicial body.

(15) "Hotel and Convention Center Structure" shall mean that building or structure located on the Hotel and Convention Center Tract which was installed by the City and by Alexandria Convention Centre, Ltd.

(16) "Hotel and Convention Center Tract" shall mean the property described as

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining and all appurtenances, appliances, furnishings, fixtures, machinery, apparatus, equipment and attachments, including all immovables by nature, destination or declaration, hereafter forming a part of or attached to or located thereon situated in the City of Alexandria, Parish of Rapides, State of Louisiana and located between and bounded by Jackson Street, Fifth Street, Main or Second Street and Fourth Street in the City of Alexandria and being shown as SQUARES or BLOCKS FOURTEEN (14), FIFTEEN (15), TWENTY-TWO (22) and TWENTY-THREE (23) of the UPPER SUBURBS of the City of Alexandria on a plat by Sylvester recorded in Plat Book 4 at Page labeled 147A and being more particularly shown on a (a) Boundary Survey and Parcel Ownership Map entitled "Convention Center/Hotel Complex Alexandria, Louisiana" prepared by Daigre Engineers, Inc. dated February 23, 1982, a copy of which is on file and of record in Plat Book 18 at Page 88 of the official records of the Clerk and Recorder of the Parish of Rapides, State of Louisiana and (b) plat of survey by Pan-American Engineers-Alexandria, Inc. dated July 10, 1996, revised August 23, 1996 and August 24, 1996 and being more particularly described as follows:

Begin at a point in Block or Square 22 of the Upper Suburbs of the City of Alexandria, Louisiana, where the right of way line of Fisk Street intersects the right of way line of Fourth Street and thence proceed along the right of way line of Fisk Street North 43 degrees 49 minutes East a distance of 213.32 feet to a point and corner; thence proceed along the right of way line of Third Street South 46 degrees 59 minutes East a distance of 106.66 feet to a point and corner; thence proceed North 43 degrees 49 minutes East a distance of 266.65 feet to a point and corner on the right of way line of Main (Second) Street; thence proceed South 46 degrees 59 minutes East a distance of 373.31 feet to a point and corner at the intersection of the right of way line of Main (Second) Street and Jackson Street; thence proceed South 43 degrees 49 minutes West a distance of 213.32 feet to a point and corner; thence proceed North 46 degrees 59 minutes West a distance of 80.5 chains to a point and corner; thence proceed South 43 minutes 49 minutes West a distance of 155.83 feet to a point and corner; thence proceed North 46 degrees 59 minutes West a distance of 26.16 feet to a point and corner; thence proceed South 43 degrees 49 minutes West a distance of 50.82 feet to a point and corner; thence proceed South 46 degrees 59 minutes East a distance of 20.66 feet to a point and corner; thence proceed South 43 degrees 59 minutes West a distance of 60 feet to a point and corner; thence proceed along the right of way line of Fourth Street North 46 degrees 59 minutes West a distance of 393.97 feet to the point of beginning of the property herein described, less and except that certain 0.383 acre tract shown on the survey of William J. Wood, Jr., a copy of which is filed and recorded in Conveyance Book 1433 at Page 951 and that certain 0.176 acre tract shown on the survey by William J. Wood, Jr., a copy of which is filed and recorded in Conveyance Book 1433 at Page 953 of the Rapides Parish records.

(17) "Hotel Bentley Tract" shall mean the property described as

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining, together with all improvements located thereon, being more particularly described as LOTS ONE (1), TWO (2), THREE (3) and FOUR (4) of BLOCK NINE (9) of the OLD TOWN ADDITION to the City of Alexandria as shown on plat by Sylvester recorded in Plat Book 4 at Page 148 of the Rapides Parish records.

(18) "Hotel Tower" shall mean the building or structure located on the Hotel and Convention Center Tract previously known as the Fulton Hotel which was installed on the Hotel and Convention Center Tract by Alexandria Convention Centre, Ltd. and is presently attached to the kitchen, restaurant, coffee shop, lounge/bar and banquet space building and structure installed on the Hotel and Convention Center Tract by the City but will be segregated and separated by the Town Square Improvements.

(19) "Hotel Tower Improvements shall mean the Installation and the Renovation of the Hotel Tower into a first class full service three star franchised or similar hotel type facility approved by the City in accordance with Plans and Specifications prepared by 3north, approved by the Fire Marshall and the City, which provide for, among other things, the following:

(a) the necessary dismantling and demolition work to segregate and separate the Hotel Tower from the Convention Center by removing from that portion of the structure presently containing the hotel, restaurant, coffee shop, kitchen, restaurant and lounge,

(b) Installation of a new 1,500 square foot covered entry into the Hotel Tower.

(c) Renovation of 178 guest rooms and guests baths using the present configuration with existing mechanical, electrical and plumbing and upgrading all corridors, entrances and exits to the Hotel Tower.

(d) Installation of an all day food and beverage facility providing seating for 30 guests.

(e) Installation of a fitness room with cardio and free weight equipment on the ground floor near the outdoor pool and the Renovation of the existing outdoor pool.

(f) Installation of a new 1,500 square foot kitchen to provide all day dining for the food and beverage facility.

(20) "Hotel Tower New Entry Plans" shall mean the Plans and Specifications prepared by 3north, approved by the Fire Marshall and the City, for a new 1,500 square foot entry into the Hotel Tower.

(21) "Hotel Tower Project Cost" shall mean the sum of at least \$12,558,000.00, together with all out-of-pocket costs, expenses and fees including, but not limited to, architectural and engineering fees.

(22) "Installation" shall mean the erection, fabrication, construction, creation, configuration and location of a building, structure or edifice.

(23) "Laws and Regulations" shall mean all present or future statutes, laws, rules, regulations, requirements, orders, notices, determinations and ordinances of any federal, state, parish or city government and appropriate departments, commissions or boards having jurisdiction and any requirements of any insurance company covering any risk which is insured.

(24) "Leased Premises" shall mean that portion of the Hotel and Convention Center Tract where the Hotel Tower and the Convention Center are located. The exact description of the Leased Premises shall be determined by an on the ground survey by the Surveyor, after substantial completion of the Hotel Tower Improvements and the Convention Center Improvements, to locate the portion of the Hotel and Convention Center Tract on which the Hotel Tower and Convention Center are located and is to be leased by the City to HIP.

(25) "Leasehold Estate" shall mean the exclusive right, title and interest of HIP to possess and occupy the Leased Premises for the time specified in Paragraph 4.10 below subject to the obligation of HIP to comply with the terms, conditions and provisions of Article IV of this Agreement.

(26) "Leasehold Mortgage" shall mean a mortgage, assignment or other type of security interest in which the Leasehold Estate is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation of HIP for the Installation of the Hotel Tower Improvements.

(27) "Leasehold Mortgagee" shall mean and refer to the holder of a Leasehold Mortgage who has provided the City with notice of such Leasehold Mortgage, together with the name and address of such holder. If the City receives notice from a Leasehold Mortgagee that HIP has executed a Leasehold Mortgage, the Leasehold Mortgagee, upon being requested to do so by the City, shall within reasonable promptness provide the City with a true and exact copy of all notes, loan agreements and all other documents pertaining to the execution and perfection of the Leasehold Mortgage.

(28) "Main Street Parking Tract" shall mean the property described as

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining, together with all improvements located thereon, being more particularly described as LOTS THREE (3) and FOUR (4) of BLOCK ONE (1) of the OLD TOWN ADDITION to the

City of Alexandria as shown on plat by Sylvester recorded in Plat Book 4 at Page 148 of the Rapides Parish records.

(29) "Non-Capital Items" shall mean things which do not meet or fall within the definition of Capital Items.

(30) "Operating Account" shall mean the bank account(s) into which all Revenue received by HIP from the operation and management of the Riverfront Center shall be deposited and from which all Expenses shall be paid.

(31) "Parking Garage" shall mean a 250 car multi-level parking facility.

(32) "Parking Garage Plans" shall mean the Plans and Specifications prepared by 3north for the Installation of a 250 car multi-level parking garage on the Main Street Parking Tract.

(33) "Parking Garage Project Cost" shall mean the sum equal to \$7,500,000.00, together with all out-of-pocket expenses, costs and fees including, but not limited to, architectural and engineering fees.

(34) "Person(s)" shall mean an individual or any legal or commercial entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, bank, group acting in concert, any Person acting in a representative capacity or a Governmental Entity.

(35) "Plans" shall mean complete and detailed graphic and pictorial drawings, diagrams, sketches, schedules, elevations and prints showing the location, dimensions and design for work to be performed prepared by a licensed architect or engineer.

(36) "Proof of Need" shall mean, in Paragraph 6.01 of this Agreement, reasonable evidence that the occupancy levels and guests use of the Hotel Bentley and its facilities including, but not limited to, the Mirror Room, public meeting space, lobby bar, restaurant, spa, pool and other amenities, require additional off street parking and that no acceptable alternative parking facility is available and the Installation of the Parking Garage is needed.

(37) "Renovation" shall mean the repair, replacement, remodeling, restoration, refurbishment and modernization of all or a portion of a building, structure or edifice, including furniture, fixtures and equipment.

(38) "Replacement(s)" shall mean repairs and replacements which shall be at least equal in quality and class to the original quality and class.

(39) "Requests for Proposals" shall mean the request made by the City for proposals for the revitalization of the hotels and convention and conference facilities in the Downtown-Central Business District as a direct initiative or as a cooperative endeavor with the City to avoid the continual decline of the hotel, convention and conference facilities in the Downtown-Central Business District.

(40) "Revenue" shall mean all income and revenue of every kind and description resulting from the operation of the Riverfront Center excluding (a) any deposits or funds advanced by the City, (b) any security deposits, except those that are applied or forfeited, (c) any federal, state, parish or city excise, sales or use tax collected directly from patrons, lessees or users of the Riverfront Center, (d) any proceeds received from an insurance company because of any hazard, loss or damage, (e) any rebates, credits or refunds paid to patrons, lessees or other users of the Riverfront Center, (f) any correction of overcharges and (g) any similar type of items of the nature set forth herein.

(41) "Riverfront Center" shall mean the building and structure installed by the City on the Riverfront Center Tract extending over Main Street and connecting to the rear portion of the Convention Center structure.

(42) "Riverfront Center Parking Tract" shall mean the property described as

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining, together with all improvements located thereon, being more particularly described as LOTS ONE (1), TWO (2) and THREE (3) of BLOCK TWENTY-FOUR (24) of the UPPER SUBURBS of the City of Alexandria, that portion of LOTS ONE (1), THREE (3) and FOUR (4) of BLOCK SIXTEEN (16) of the UPPER SUBURBS of the City of Alexandria lying north and west of Main Street and LOTS TWO (2) and FOUR (4) of BLOCK FIFTEEN (15) of the UPPER SUBURBS of the City of Alexandria as shown on a plat by Sylvester recorded in Plat Book 4 at Page 147A of the Rapides Parish records.

(43) "Riverfront Center Tract" shall mean the property described as

A certain tract or parcel of land, together with all buildings, additions and improvements thereafter located thereon and all tenements, hereditaments, servitudes, appurtenances, easements, estates, rights, privileges and immunities thereto belonging or appertaining, together with all improvements located thereon, being more particularly described as LOTS THREE (3) and FOUR (4) of BLOCK SIX (6) of the UPPER SUBURBS of the City of Alexandria, LOTS THREE (3) and FOUR (4) of BLOCK SEVEN (7) of the UPPER SUBURBS of the City of Alexandria and the revoked portion of Beauregard Street between Blocks 6 and 7 of the Upper Suburbs of the City of Alexandria as shown on the plat by Sylvester filed and recorded in Plat Book 4 at Page 147A of the Rapides Parish records.

(44) "Riverfront Project Costs" shall mean the sum equal to \$2,000,000.00, together with all out-of-pocket expenses, costs and fees including, but not limited to, architectural and engineering fees.

(45) "Riverfront Records" shall mean the complete books, records, files, documents, all receipts, insurance policies, bid documentations, contracts, leases, warranties, employment records, Plans and Specifications, correspondence, tenant records, maintenance records and similar records which HIP shall keep and maintain in performing its obligations under this Agreement to operate, manage and maintain the Riverfront Center which books

and records shall include an itemization of all income and receipts by HIP from the operation and management of the Riverfront Center and an itemization of the payment of all expenses and the purchase of any equipment, materials, supplies or inventories as required by this Agreement.

(46) "Specifications" shall mean written requirements for materials, equipment, systems, standards, workmanship and the performance of related services for work to be performed.

(47) "Surveyor" shall mean the registered surveyor or land surveyor selected by the City to survey the Leased Premises and to prepare a legal description of the Leased Premises.

(48) "Town Square Improvements" shall mean and shall include

(a) the Installation and upgrading of an extension of Third Street to Fifth Street with new lights, bollards, public benches and seating, etc.,

(b) the Installation of hard scape, landscape and fountains in the form of a 1,500 square foot main plaza area with trees, paved walkways and water features and

(c) the Installation of a roadway from Third Street to Main Street on the south side of the Convention Center.

in accordance with Plans and Specification prepared by 3north, approved by the Fire Marshall and by the City.

(49) "Town Square Projects Costs" shall mean the sum equal to \$4,300,000.00, together with all out-of-pocket expenses, costs and fees including, but not limited to, architectural and engineering fees.

(50) "3north" shall mean 3north, PLLC, a cross-disciplinary design collaborative composed of architects, planners, landscape architects, environmental designers, preservationists, historians, interior designers and graphic designers whose office is located in Richmond, Virginia.



*Working Committee on Downtown Hotel Solutions and
Mixed Use Options-Phase I*

MEMORANDUM OF UNDERSTANDING

Hospitality Initiatives Partnership



On this the 23rd day of November 2009, comes **the City of Alexandria, Louisiana**, appearing through Mayor Jacques Roy, authorized by City Resolution No. 8701-2009, and accompanied by Harry B. Silver and Clifford Moller, sometimes referred to as the “City,” and **Hospitality Initiatives Partnership**, appearing through its duly authorized representative, Roland Fontaine, referred to herein as “Contracting Party”; who declare together the intentions set out below:

WHEREAS, the City and Contracting Party are both interested in cooperation and mutual assistance for an Economic Development Plan for the Revitalization of the City’s Downtown-Central Business District Hotel and Convention Properties and associated assets and properties; and

WHEREAS, Contracting Party has previously responded to a City Request for Proposals for projects and considerations relative to the City’s Downtown Hotel developments and is prepared to meet certain conditions, increase employment and development opportunities in the Alexandria downtown, acquire interest in real property in downtown Alexandria, including the Hotel Bentley, and an interest in the Alexander Fulton Hotel and Convention Center, and engage in a Cooperative Endeavor Agreement with the City, which will be further authorized by an Ordinance of the City; and

WHEREAS, the cooperative economic development activities and powers prescribed and conferred by the initial proposals of S.P.A.R.C. are for a public purpose for which public money may be expended; and

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WHEREAS, Contracting Party is prepared to engage in a public collaboration with the City of Alexandria, the State of Louisiana, and the United States or its agencies, or with any public or private associations, corporations, or individuals for the purpose of economic development, which would help the City to alleviate the conditions of unemployment, underemployment, and other forms of economic distress presently existing in their areas, and as such, is in the public interest.

Contracting Party (HIP) proposes:

- Contracting Party shall purchase the Hotel Bentley for a price to be determined with its owner, not to exceed \$6.5M, after its due diligence period, and own and operate that asset, as more fully detailed in its overall Request for Proposals response to the City.
- Contracting Party shall enter into a lease or sale of the Alexander Fulton Hotel and such other property associated therewith as the City and Contracting Party shall agree.
- After a period of due diligence, the parties shall enter into a Cooperative Endeavor Agreement, authorized by an Ordinance of the City, setting out all terms and conditions relative to which the Downtown Hotel Initiative Contracting Party and the City agree.
- Contracting Party shall demonstrate a “substantial probability” of success for its model, showing single values for funding as required by the process from the outset; and shall conduct, at its risk, due diligence activities as further defined by the attached HIP “due diligence” outline.
 - As part of due diligence, HIP agrees that should its discoveries and investigations reveal the acceptability of Dudley Ventures for housing options and/or tax credit monetization, Dudley Ventures shall have the first right to refuse such inclusion in the overall initiative. HIP agrees the decision to use another entity, other than Dudley Ventures, shall be objectively shown to the City.

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- The total dollars driven to the Project shall be between \$28M to \$50M through Phase I, which shall be defined by the attached HIP “Phase I” outline.
- Contracting Party acknowledges it is the City’s goal to minimize the level of public financial participation in the project elements insofar as other than investing in public, permanently-owned infrastructure, while attaining the most distinctive, highest quality and marketable project possible. Therefore, Contracting Party agrees to utilize creative development and financing structures that will accomplish these ends, to include at minimum:
 - No less than \$3M in Contracting Party equity. Contracting Party shall provide not less than \$3M in cash equity, with the agreement to make every effort to provide not less than \$8M in cash equity, over and above, and separate from, all senior debt, “soft” debt, or tax credits.
 - Tax credit monetization of approximately \$9.85M, including, but not limited to various federal and state tax credit platforms such as the New Markets Tax Credit (“NMTC”), Historic Tax Credit (“HTC”) also known as Rehabilitation Tax Credit, Low Income Housing Tax Credit (“LIHTC”), and Investment Tax Credit (“ITC”) to leverage all sources capital to their greatest potential.
 - Approximately 50% of the total Project may result in senior debt, if additional developer equity is not obtained; provided, however, that the total developer-investor contribution shall be approximately 75% to 83% of a total project, plus an additional \$3M as stated in equity.

City of Alexandria proposes:

- The City will offer a non-gratuitous contribution (“nominalization”) of the Alexander Fulton Hotel in long-term lease fashion, or some other transfer, which allows the City long-term planning oversight, (potentially) the rehabilitation improvements accrued to date, and the potential allocation through G.A.E.D.A. of the portion of the occupancy and use taxes, generated exclusively by the Downtown Hotel Initiative assets.

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- The City will require Contracting Party to negotiate and execute an agreement addressing (i) management of the Riverfront Center to be confected with the City's designee, the APA-CVB (or some private manager vetted by the APA-CVB), and (ii) city-wide marketing for all hotel, motel, and convention center space in the City (with greater than 50% of such funds to be earmarked solely for the Downtown Hotel Initiative assets, minimally, the two downtown hotels and the Alexandria Riverfront Center)(with an estimated 10-year value of approximately \$2-4M).
- The City will work with G.A.E.D.A. to achieve partnering as outlined herein with that development organization.
- The City will provide first-right, or co-extensive, management rights of the city-owned Alexandria Riverfront Center (including if necessary the convention facility of the Alexander Fulton Hotel complex) concurrently with the term of agreed-upon control of the Alexander Fulton Hotel and Convention Center.
- The City will offer utility offsets for City property until date of transfer of ownership by an end user and potentially for an extended period for City-owned portions of space. This shall be subject to a cap of \$500,000 in value.
- The City will offer funding of maintenance and capital improvements to common space of City property, immediately—but within the limits established already by ordinance and resolutions of the Alexandria City Council. Provision of custodial and building services may be considered by the City to common areas.
- In addition, the City is committed to provide to the initiative up to \$2M in improvement funds to public, permanently-owned infrastructure related to the initiative goals.

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- The City will, upon proper showing of necessity and need, design, construct, and manage (or offer for management), up to \$7.5M for a publicly-owned, mixed-use facility for parking and hotel initiative support.
- The City will guarantee resolution of issues surrounding claims by Capital One concerning its status as a mortgagee (with concomitant rights to demand the lease the City contends was forfeited by NR Group, the owner-operator-lessee of the Alexander Fulton Hotel).
- The City will consider providing aid to Capital One to clear all pre-petition liens and debts, and the City would be required to deliver the Alexander Fulton as an asset to the initiative free of encumbrances to HIP for purchase or long term lease.

Obligations and Understandings of the Parties:

City and Contracting Party each agree that all plans are subject to certain suspensive, resolatory, and other conditions precedent, regarding which any cooperative endeavor shall be subject:

- Capital One, N.A. (if required) shall authorize the transfer of, or work plan regarding, the Alexander Fulton Hotel. Certain reservations adverse to the City may be reserved for resolution as part of the agreement with the Hotel Bentley owner in the form of conditions precedent or other suspensive conditions.
- The Hotel Bentley owner (or the appropriate owner-controlled entity), the Contracting Party, the City, G.A.E.D.A., APA-CVB, and financing/equity partners shall all execute a final joint and universal agreement, which may reference and incorporate several specific MOUs between or among others.

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- All terms relative to the City shall be subject to private financing being met at the agreed-upon levels, which is the basis for the City entering into a final Cooperative Endeavor Agreement; provided, however, Contracting Party shall demonstrate with Letters of Interest or Intent sufficient to justify the due diligence period, which LOIs include the provisions of this MOU and relevant signatures of persons with authority regarding the proposed equity, debt, or finance partners.
- All terms insofar as City feasibility to move any municipal operations into any other facility, if a City partnership in a facility is approved, shall be suspensive or resolatory and in no way prejudicial to the City if it cannot achieve such a condition in due course and good faith; the City shall have no less than 60 days to perform any due diligence it shall require. The City does not intend to relocate City Hall at the Hotel Bentley at this time.
- The disclosures and provision of definite acquisition amounts or ownership percentages for all parties as to the Alexander Fulton and Hotel Bentley shall be extended through the due diligence periods contained herein, or as extended, with no prejudice to the City. As to the seller of any real property, the option shall be binding on the seller assuming due diligence and good faith of the parties to bring the matters to completion occur.
- The City will offer no monetary consideration for any option contemplated hereunder or negotiated before November 30, 2009, and through January 15, 2010, or as extended by additional MOUs or cooperative endeavors. The City shall exercise good faith, make available S.P.A.R.C. funds for approved joint feasibility and other necessary conditions precedent, and make available staff support, from planning personnel to legal counsel, necessary for Contracting Party to complete any obligation it agrees to perform. Contracting Party agrees the City has already provided substantial consideration by its hiring and publication of the RKG draft report, as well as actions to preserve the status quo at the Alexander Fulton Hotel. No further consideration for any option or contract shall be due or requested of the City, with any risks assumed by Contracting Party.

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- All action shall be subject to any necessary appropriate action in the United States Bankruptcy Court, with regard to the Alexander Fulton Hotel and Convention Center and Capital One Bank, N.A.; it being expressly understood the City wishes to offer such asset as part, or all, of the City's gap financing of any "global" solution.
- The City intends to publish the contents of this memorandum of understanding on its website. Any notice to be advertised in the official journal of the Parish shall include the following: (1) notice of how to review a publication of this document, (2) an accurate description of the City of Alexandria's assistance to any infrastructure development, (3) an independent appraisal of relevant property, (3) the proposed consideration to be given in exchange for public value, (4) a statement that any proposed contract shall be on file for public inspection in the office of the City Attorney for the City, and (5) a date, time, and place at which objections to such transfer will be received.
- The City shall provide a method for objections to be received for no less than two weeks from the publication of the executed final Cooperative Endeavor Agreement. At the appointed date and time at which objections will be taken, the objections will be confirmed as to appropriateness in form and substance, tallied, and then published to the residents of Alexandria. Should five percent of the resident electors of the City of Alexandria object to the proposed plan for redevelopment of the Central Business District hotels and convention space, or the master site plan, the City and Contracting Party shall cease and desist any action or activity under this or any other Memorandum of Understanding or an election shall be held for the purpose of submitting the question of the plan to the voters in accordance with Chapter 6-B of Title 18 of the Louisiana Revised Statutes of 1950.
- The City and Contracting Party agree that, in the Cooperative Endeavor Agreement, "claw backs" and other measures to protect the public's interest may be specified and that additional provisions may set out sections to include but not be limited to:
 - Liquidated damages for winding down the project during the first year.

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Memorandum of Understanding

- A good faith bond.

- Other provisions subject to additional “clawback” or refund provisions to protect the City in the event of a default—particularly regarding the Alexander Fulton Hotel and Convention Center(which shall be used as the leverage asset for the City). In the event Contracting Party fails to timely start or to proceed with and/or complete essential or necessary components of the Project, or fails to timely meet its performance objectives and/or any employment requirements, including but not limited to the retention or creation of the number of jobs or the reaching or maintaining of compensation or payroll levels within the time and for the term agreed, or other development requirements, deliverables, special deliverables, or terms, as specified in the Cooperative Endeavor with the City, any such acts, omissions or failures shall constitute a default under the Cooperative Endeavor, and the City shall retain all rights to withhold award funds, investment, subsidy, or City ramp-up activities related to its infrastructure contributions to a S.P.A.R.C. project. In addition, the City may, in its sole discretion, as a result of any such acts, omissions or failures, modify the terms and conditions of the Cooperative Endeavor, and reclaim disbursed funds or value from the Contracting Party or successor entities and/or public entity in an amount commensurate with the scope of the unmet performance objectives and the foregone benefits to the City. Reclamation shall not begin unless the City has determined, after an analysis of the benefits of the project to the City and the unmet performance objectives, that the City has not satisfactorily or adequately recouped its costs through the benefits provided by the project.

- Contracting Party may form any legal entity of its choice and transfer the rights hereunder to said entity for contracting purposes.

(Remainder of page intentionally left blank-signature page to follow.)

November 23, 2009

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City of Alexandria-S.P.A.R.C.-CRA-1

DVI-Memorandum of Understanding-HIP

Working Committee on Downtown Hotel Solutions and Mixed Use Options-Phase I

PLAN OF ACTION FOR COOPERATIVE DEVELOPMENT

Memorandum of Understanding

SUBMITTED:



HARRY B. SILVER,

Economic Development

Chairperson

Alexandria City Council




CLIFFORD J. MOLLER,

Executive Director

Greater Alexandria Economic Development

Authority



Jacques M. Roy

Mayor, City of Alexandria

November 23, 2009

I, the signatory, have reviewed these terms and request that the City offer a Cooperative Endeavor, along with a final development plan from my principals, for the purpose of economic development. I understand this MOU in no way constitutes any agreement, and is merely a recitation of goals of the development plan in achieving what might be a binding agreement for development in the city of Alexandria. Specifically, I understand until a valid ordinance is adopted, allowing for a contract, which is then negotiated and executed, an MOU is not an enforceable, legal contract.



On behalf of HIP

Roland Fontaine

Due Diligence Activities

HIP's due diligence activities during the period of time between the execution of the Memorandum of Understanding (MOU) and prior to entering into a final Cooperative Endeavor Agreement shall consist of a review of the following:

- Current and previous two years audited financial statements for the Alexander Fulton Hotel
- The business plan with current P&L for the Alexander Fulton Hotel
- Resumes of key principals involved in the management of the Alexander Fulton
- A copy of the most recent property assessment and tax bills for the last three years
- A copy of the most recent property appraisals
- Loan Documents
- Copy of Tenant Leases and Estoppels, if relevant
- As-built or a copy of the most recent building plans

HIP will also conduct preliminary studies to further qualify its assumptions on the following:

- Projected hotel market rate and occupancy
- All operating margins and costs associated with the operation of both hotels
- An initial evaluation of the current Mechanical, Electrical, Plumbing and Life Safety Systems
- Physical inspections of both the Alexander Fulton and The Hotel Bentley by 3North Architects and HIP's designated project management team, engineer and other select consultants for purposes of estimating hard and soft construction costs
- Begin discussions with national hotel franchise brands to gauge interest in the branding of the Alexander Fulton property. Coordinate initial site visits by franchise companies and their representatives. Obtain preliminary letters of interest, where possible

PHASE I CORE COMPONENTS

In the following program listing CORE COMPONENTS will be undertaken as a part of HIP's current proposal. This proposal also suggests SUPPLEMENTAL COMPONENTS which may be undertaken at a future date, under a separate mechanism, by the City, HIP, or others as appropriate. Taken together, these CORE COMPONENTS and SUPPLEMENTAL COMPONENTS illustrate the full synergistic potential of the project.

CORE COMPONENTS

I. Hotel Bentley Program & Concept No. Units Area Units Notes (CORE)

The Bentley is to be converted into a 4-star un-branded hotel (possibly operated by an un-flagged Starwood brand) with higher end, specialty meeting spaces, ballrooms, and executive break-out spaces. The Historic Restoration will include a North Wing Addition and a new Entry Motor Court, all designed to achieve Rehabilitation Tax Credits.

| | |
|---------------------|------------|
| Existing Area | 105,000gsf |
| New Area | 10,000gsf |
| Total Proposed Area | 115,000gsf |

1. Arrival New Porte Cochere & Vestibule

3,500 sf New Motor Court at existing rear of building off of new Town Square, designed to achieve ADA access in new entry vestibule

2. Guestrooms Renovated Guestrooms and Guestbaths

178 keys +/-400 sf Assume all bathroom configurations to remain; all new MEP, upgrades to corridors, code, exiting, etc.

3. Food & Beverage Outlets

4-Star Fine Dining Restaurant 125 seats 4,000 sf In the base of Tower fronting Third Street and Motor Court (with new Town Square access); small bar, open display kitchen, outdoor seating

Cocktail Lounge 100 seats 3,400 sf Renovated historic Mirror Room in Lower Level with large bar, lounge seating, dance floor, small stage

Lobby Bar 50 seats 4,300 sf Restored historic double-height Lobby "tea bar"

All-day Coffee Bar (Starbucks or other) 10 seats 1,000 sf In the base of new North Wing Addition (see Back-of-House below) accessible from lobby, motor court and Town Square.

4. Public Space Meeting Spaces 200 banquet seating

3,000 sf Main Ballroom (interrupted by columns), non-divisible various sizes

8,000 sf Miscellaneous Meeting Spaces up to 2,000 sf max. (to be configured) down to small board rooms.

11,000 sf Total Meeting Space

5. Spa & Fitness Amenity Spa

5 rooms 2,000 sf Locate on Main Lobby level near new Kitchen Wing, to include lockers, spa lounge.

Fitness Room 1,000 sf 6 cardio 6 freeweights

Outdoor Pool 1 lap lane 3,000 sf Locate on top of new Kitchen Wing adjacent to Spa & Fitness.

6. Tennant Space

Mayor's Office 25 staff 7,500 sf Locate on Mezzanine level of double-height lobby

Downtown Boosters Consortium 12 staff 3,500 sf Locate on Mezzanine level of double-height lobby

7. Back-of-House

New Kitchen Wing 4,000 sf New Kitchen Wing

II. Alexander Fulton Hotel Program & Concept (CORE)

The Alexander Fulton is to be converted into a 3-star branded hotel (possibly operated under a flagged Starwood brand) with mid-level conference spaces and minimal special meeting spaces. New entry along the extension of Third Street (see site development below).

1. Arrival

New Entry Sequence 1,500 sf A new covered entry between the hotel and the Meeting/ Ballroom spaces

New Colonnade Walkway 5,000 sf New covered walkway and façade improvement fronting onto the new Town Square

2. Guestrooms Renovated Guestrooms and Guestbaths

178 keys +/-400 sf each Assume all bathroom configurations to remain, save all MEP, upgrades to corridors, code, exiting, etc.

3. Food & Beverage Outlets

All Day Dining F&B Outlet 30 seats

4. Public Space

Meeting Spaces 950 banquet seating 11,000 sf Main Ballroom, divisible into 8 compartments various sizes

7,500 sf New flexible meeting spaces in location of existing restaurant and lounge.

18,500 sf Total Meeting Space

5. Fitness

Fitness Room 6 cardio 6 weight 1,000 sf Locate on Ground Level near upgraded outdoor pool.

Outdoor Pool 1 lap lane 3,000 sf Upgraded pool and pool deck along existing Fourth street

entrance

6. Back-of-House

Kitchen 1,500 sf Renovated for al day dining only.

III. Riverfront Center (CORE)

The existing convention center was built in 1998. The main event floor is one level above grade with a large open air ground level containing complete drop-off, loading, support and other spaces. Main Street passes under the building.

40,000 sf General renovations and upgrades, including adding former Alexander Fulton Conference Space to City meeting space inventory.

1. Arrival

New Porte Cochere 2,500 sf New major entry feature for vehicular drop-off fronting onto new Town Square

2. Public Spaces

Main Event Hall 1,850 banquet seating 28,000 sf
Main Convention Hall, existing nicely divisible into 8 sections; contains skylights, opens to river views
Prefunction Concourse 5,000 sf Wraps all 4 sides of Convention Hall on upper level.
Includes escalator access from street level & Alexander Fulton hotel; provides access to levee
35,500 sf Total meeting area (indoor)
Covered Outdoor Exhibit Area 12,000 sf Under building along Main Street

3. Food & Beverage

New Restaurant or Cafeteria 300 seats 5,000 sf Proposed new food and beverage outlet to be built within the ground level covered area; outdoor seating fronting on the new Town Square

4. Back of House Kitchen

2,000 sf Existing, well outfitted banquet kitchen
2,000 sf New, banquet kitchen to serve Alexander Fulton conference spaces

IV. New Town Square (CORE)

The creation of a new Town square is proposed. This public pedestrian space is conceived as an urban piazza, functioning primarily as a food venue and offering everything from fine dining (at the Hotel Bentley), to an all-day restaurant (ala Café du Monde), to a proposed cafeteria, to a pub, to small food stalls with simple BBQ or other local specialties.

700 seats total (indoor) in Multiple structures (see above for a 300 seat cafeteria and a 125 seat fine dining restaurant)

1. Public Space

Hardscape, Landscape & Fountains

15,000 sf Main plaza area is 75' x 250' and will feature trees, paved walkway and dining areas and water features

Transit Center 100 sf ea Multiple bus stops along the town square perimeter

Improve Jackson Street 5,000 sf Jackson traverses the Town Square and is proposed to receive upgraded, pedestrian level treatment with bollards, lighting, etc.

2. Food & Beverage

All-Day Dining & Pub 175 seats 3,500 sf

Free-standing café with large open-air outdoor dining porches fronting the Town Square

Open Air Food Stalls 0 seats 225 sf ea qty 4 stalls, Small stalls in open air pavilions, rented to local entrepreneurs to offer regional specialties like BBQ, seafood, or pastries, etc.

V. Parking (CORE)

This plan proposes a mixed-use structure at the half block along the levee north of the Hotel Bentley. The rest of the block will accommodate a multi-level parking deck to support the Hotel Bentley and supplement the existing parking facilities for downtown and the convention center.

Structured Parking Garage

250 spaces Multi level parking deck on the levee side of the block

Retail Base 5,000 sf Street level retail adjacent to the Town Square Challenge Activity Center

5,000 sf Public access fitness, climbing gym, ropes course, and paint-ball center to be marketed in combination with the Convention Center for team building

1. Main St Mixed-Use Structure (phase I)

SUPPLEMENTAL COMPONENTS

VI. Main St Mixed-Use (SUPPLEMENTAL)

A new parking garage and retail space at Main St and Jackson St creates an ideal location and base for a mid-rise, mixed-rate apartment/ condo building with views of the river and the new town square.

1. Main St Mixed- Use Structure (phase II)

Rental Apartment Units 32 units 32,000 sf Residential tower rising on the west end of the block overlooking the Town Square, but preserving Red River views for the Bentley's north wing

VII. City Park & Town Hall (SUPPLEMENTAL)

This plan recommends the demolition of the existing 1963 City Hall building. The Mayor's Office would be relocated by this plan to the mezzanine of the Hotel Bentley (see above). This plan proposes the option for the City to construct a small, freestanding Town Hall within a new full block City Park, to accommodate Council Meetings and other public gatherings.

1. City Park

Hardscape & Landscape 10,000 sf New Park is intended is to restore, to some extent, the character of the original, historic City Hall grounds which were destroyed in 1963

Town Hall 75 seats 2,000 sf Simple, single level assembly room, with outdoor gathering space, and small lobby

VIII. Third Street Mixed-Use (SUPPLEMENTAL)

The block east of City Hall is awaiting development and currently contains a somewhat temporary parking lot and "mini-park" both which will be made partially redundant by the New Town Square and the Structured Parking Garage. The new Town Hall and City Hall Park would pave the way for development of this key block situated mid-way between the Hotel & Convention Town Square and the Performing & Visual Arts Complex to the east. This plan will illustrate future mixed use development of this entire block, by others.

1. Third Street Mixed-Use Structure

Structured Parking Garage 150 spaces Parking is internal to the block to maximize available street frontage for retail and apartment use

Retail Base 10,000 sf Street level retail fronting onto Third street and the City Hall Park

Rental Apartment Units 128 units 150,000 sf Mid-rise, mixed-rate apartments/ condos with views of the river, the new City Hall Park

IX. Steeple Court (SUPPLEMENTAL)

The underutilized, existing surface parking lot along Fourth street in front of the Alexander Fulton is developed to create Cathedral Park and ten park-front townhouses.

1. Steeple Court

Hardscape & Landscape 18,000 sf New Park and greenspace along Fourth street; bounded by the new townhouses, the Alexander Fulton and the adjacent churches

Townhouses 12 units 45,000 sf 3 story townhouses along Fourth Street