AGENDA

Meeting Type:	SPECIAL
Date:	10/01/1998
CONVENTION	CENTER HOTEL

City of Charlotte, City Clerk's Office

CHARLOTTE

Mayor Patrick McCrory *Mayor Pro Tem Lynn Wheeler*

Rod Autrey
Charles Baker
Patrick Cannon
Malachi Greene
Mike Jackson
Nasif Rashad Majeed
Don Reid
Al Rousso
Tim Sellers
Sara Spencer

Council Agenda

CITY COUNCIL MEETING

Thursday, October 1, 1998

5:00 p.m. **Meeting Chamber Conference Room (CH-14)**

Dinner Briefing

6:00 p.m. **Meeting Chamber**

- **Special Council Meeting**

5:00 P.M. DINNER BRIEFING
CH-14

1. Jeff Sachs, Analysis of Gateway Partners Proposal

6:00 P.M. SPECIAL COUNCIL AGENDA
MEETING CHAMBER

2. Presentation by Gateway Partners **(45 minutes)**

3. Council Questions of Gateway Partners **(45 minutes)**

4. Tom Nelson, Chairman of Hotel Selection Committee, Presentation of Selection Committee Recommendation **(5 minutes)**

5. Council Discussion
   - Information City Council needs to make this decision on October 12.

Attachments:
- Letter from Jeff Sachs to Pamela Syfert dated September 28, 1998
- Gateway Center Partner Proposals

STRATEGIC ADVISORY GROUP LLC

September 28, 1998

Pamela A Syfert, City Manager
City of Charlotte
600 East Fourth Street
Charlotte, NC 28202-2840

Re Convention Center Hotel

Dear Pam.

On Friday, September 18, 1998 the City received one of the expected three proposals from teams to develop the Charlotte Convention Center Hotel Gateway Center Partners (Portman) submitted a proposal in accordance with the request by the City Trammell Crow (Faison) and Regent (Harris) elected not to submit

All three teams worked diligently over the last few weeks to prepare a response to the City's request for proposal However, Trammell Crow and Regent have indicated that they could not deliver the 800-room hotel in accordance with the City's request I have spoken with both teams and was told a number of reasons why they did not submit, ranging from the recent stock market fluctuations to the addition of small, limited-service hotels in downtown The bottom-line is that neither team could make their project economically viable at the perceived public investment level of $16 million

Attached is a copy of the Gateway Center Partners proposal for developing the Convention Center Hotel. Gateway Center Partners is led by Portman Holdings, headquartered in Atlanta, and also includes Starwood Hotels & Resorts, owner of both the Westin and Sheraton brands, and Schottenstein Realty I have reviewed the proposal and find it in compliance with the City's request. A summary of my comments are included as an attachment As you review the document, keep in mind that it is a "proposal" from the developer team Should the City decide to move forward, the next step will be to adapt the proposal into a memorandum of understanding agreed to by both the developer and the City

4010 Berkeley Park Drive • Duluth Georgia 30096 • Telephone 678 584 0705 • Fax 678 584 0706

It is my recommendation that the City move forward as follows

1 Direct the staff, legal team and advisors to enter into negotiations with the Gateway team to prepare a memorandum of understanding

2 Return to the Council in approximately 60 days for Council's approval of the memorandum

3 Return to the Council for approval of formal contracts

Very truly yours,

Jeff Sachs, Partner

Summary of Gateway Center Partners Convention Center Hotel Proposal

1 Experience – As previously discussed the Gateway developer, architect and operator all have the experience required for the project In comparison to the other teams we have been working with, Gateway has always had the most experience with developing large convention hotels Moreover, Westin operates headquarter hotels for convention centers of similar size in Indianapolis, Baltimore, Boston, Cincinnati and Cleveland Weston also operates headquarter hotels for large convention centers in Atlanta and New Orleans and is developing a 1,200 room property at the Orlando/Orange County Convention Center

2 Financial Capability – Gateway provided financial statements for Portman Holdings and Starwood It is purported that approximately 50% of the equity, or $8 to $12 million, will be generated by the partnership, the majority of which by Starwood Starwood is a company with over $3 billion in assets that generated over $900 million in revenues in 1997, and is more than capable of funding its equity if it decided to do so Portman is a development services company with limited assets During the interview, we need to ask questions regarding where the non-Starwood equity will be generated As is common in the industry, the other, non-partnership, 50% of equity will be raised from yet to be determined limited partners. The bottom-line, Gateway has a proven track record of financing large hotel projects Until the developer has an agreement with the City, they cannot secure the remaining financing The public investment would not be provided to the developer until they prove to us that they have all the funding in place

3 MWBE Policy – Gateway has outlined their plan to "encourage and solicit involvement and participation by eligible and competent minority and female employees and consultants " During the interview, it would be good for the Council to ask for examples of how they have done so in the past

4 Convention Marketing Capability – As discussed above, Westin operates headquarter hotels in cities with similar size convention centers. Convention Center and CVB staff is contacting their peers in the other cities to understand the relationships with Westin and will report back to Council

5 Room Block Commitment – Gateway affirmed the City's request for a 600-room block commitment, 24-months and out

6 Parking Block Commitment – Gateway affirmed the City's request for a 500-space parking block commitment The parking block commitment is intended to be forever and should not be confused with the developer's suggested method of public investment that relates to a 10-year parking lease

7 Control of Land – The majority of the site is owned by Gateway They are requesting an easement to construct parking above and below the rail corridor If this is necessary, during the negotiation stage we will ensure that this would not impact the City's ability to develop the trolley/rail system or impact its development cost

8 Conceptual Design/Quality – The City's architectural advisor and City planning staff have reviewed the conceptual design It is understood by both the City and developer that the proposal presents a "conceptual design" and will be improved and adapted once the developer is selected and is afforded the opportunity to work with the City on the final design The hotel design is to meet Westin's design criteria for a 4-star/4-diamond convention center property The public investment would not be provided until the City is comfortable with the design

9 Public Investment – Gateway has requested a $16 million net public investment that includes $13 million cash and a 10-year lease of parking spaces with a net present value of $4 7 million This is offset by a profit participation in the parking garage with a net present value of $1 7 million The ultimate form of the pubic investment will be decided by City Council based on options that are legally permissible in North Carolina Addressing this issue will consume a considerable portion of the time spent drafting the memorandum of understanding

10 Private Investor Return Analysis – Equity returns for the hotel and parking are in the 20% range and are consistent with what is occurring in the market

11 Public Sector Return Analysis – The City return has increased from previous calculations due to the addition of the parking garage to the equation, and is now estimated to be approximately 16% This represents a seven year payback of the City's investment

CHARLOTTE.

October 1, 1998

TO: Mayor Pat McCrory and
City Council

FROM: Hotel Selection Committee

RE: **Developer Selection**

The Convention Center Hotel Selection Committee unanimously recommends that City Council quickly move forward to develop an agreement with Gateway Partners and their lead developer, Portman Holdings This agreement would provide for the construction of a 793 room Westin Convention Center Hotel and 1,750 space parking deck with a net investment of $16 million by the City

In July 1998, when the Selection Committee recommended moving forward to solicit final proposals, we told City Council that it was time to let the private markets look at this project In our opinion, the markets have produced a quality convention center hotel project for the minimum public investment necessary In short, City Council has before you exactly the Convention Center Hotel project you wanted We recommend you move quickly to seize this opportunity before the financial markets change

We have reviewed and discussed the reasons why two developers did not submit final proposals We believe this was primarily due to their inability to develop and finance a competitive proposal, given the City's desire to minimize the public investment While we are disappointed by receiving only one proposal, this should not stop the City Council from developing an agreement with Gateway Partners Gateway Partners has stated that they can finance the project In order to confirm that, the City must quickly develop an agreement with Gateway Partners for them to take to the financial markets

You have already received a memo from your consultant, Jeff Sachs, stating that the Gateway Partners proposal meets all of your criteria We have reviewed this with Mr Sachs and concur with him Therefore, we urge the City Council to quickly authorize staff to negotiate an agreement with Gateway Partners and bring this agreement back to City Council within 60 days for your approval

cc: Pamela A Syfert

Office of the City Manager 600 East Fourth Street Charlotte NC 28202 2840 704/336 2241

SIGNATURE PAGE

The following members of the Convention Center Hotel Selection Committee endorse the recommendations of this letter

Tom Nelson, Chair
National Gypsum Company, Inc

Greg Keith
Keith Corporation

Jim Palermo
Charlotte Center Partners, NationsBank

Terry Orell
Charlotte Chamber of Commerce

Ted Lewis
Charlotte Convention Center

Greg Gaskins
City Finance Administration

Wayne Shusko
The Park Hotel

Tom Flynn
City Manager's Office

Melvin Tennant
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Project Proposal

CHARLOTTE

GATEWAY CENTER

Convention Center Hotel
Mixed-Use Development Proposal

September 1998

GATEWAY CENTER PARTNERS

PORTMAN

PORTMAN HOLDINGS

Rob Ferris

303 Peachtree Street NE
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Atlanta Georgia 30308
TEL 404 614 5555
FAX 404 614 5174

September 18, 1998

Mr David Weekly
City of Charlotte
City Engineering/Contracts Division
600 E Fourth Street
Charlotte, NC 28202-2840

Re RFP Response – Convention Center Headquarters Hotel
A Catalyst for Uptown Charlotte Development

Dear Mr Weekly

Portman Holdings is pleased to submit this response to the City's Request for Proposal to develop the Charlotte Convention Center Headquarters Hotel Throughout the evaluation process which began with submittal of qualifications in April 1998, our development team has maintained its goals of

- Developing a larger vision for Charlotte
- Creating a superior urban design solution
- Providing the best value for the City

In the proposal that follows, the City will find we have maintained all of the benefits previously stated in our submissions In summary, our proposal provides the City what we believe is the best design and financial proposal as follows,

- **800-room** headquarter convention hotel **built in one phase**
- **500 parking spaces** dedicated to the Convention Center
- **1,250 additional parking spaces** for peak events
- **The least amount of public assistance**
- The highest return on the City's investment
- City participation in the profits of the parking structure
- The **highest quality hotel** and hotel operator
- **Direct access to the trolley** and construction of the Convention Center trolley station
- A daycare center
- No demolition or relocation of historic structures

Our proposal provides many compelling reasons for the City to select our team as its development partner We look forward to our upcoming presentation to the City Council and the Selection Committee As we move one step closer to completion of the selection process, we are excited to soon have the opportunity to work with the City of Charlotte and satisfy its requirements for a true Headquarters Convention Hotel

Sincerely,

Roger J Zampell
Vice President

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Section 11	Public Sector IRR Analysis

I. Experience

Team

Gateway Center Partners, our development team, consists of Portman Holdings, Schottenstein Realty and Starwood Hotels & Resorts, the owner of Westin Hotels Portman Holdings, as lead developer for this project, has a 25-year relationship with Westin Hotels as operators of several Portman developed convention hotel projects throughout the United States

Top Five Hotels Developed by Lead Developer

Portman Ritz-Carlton Shanghai

- Shanghai, People's Republic of China
- 700 Rooms
- Operator The Ritz-Carlton Hotel Company
- Opened in 1990

Portman was one of the first international real estate developers to enter China in the early 1980's Based on our extensive development experience with mixed-use convention and exhibition projects, we joined in partnership with the Shanghai Exhibition Center to build Shanghai Centre Strategically located opposite the existing exhibition center, the new project was conceived to support international business in China Shanghai Centre consists of two 220-unit, 30-story apartment towers, the 700-room Portman Ritz-Carlton Hotel, 250,000 square feet of office space, a 1,000-seat theater, a retail village, and exhibition center

Pan Pacific Singapore, Marina Square

- Republic of Singapore
- 852 Rooms
- Operator Tokyu International Hotels, Ltd of Japan
- Opened in 1987

This 37-story hotel is one of three convention hotels in Marina Square, the sophisticated hotel and shopping complex that has transformed the face of downtown Singapore The Pan Pacific Singapore features a rooftop restaurant from which guests can enjoy panoramic views extending across the seas to Malaysia and Indonesia The hotel's facilities include five restaurants, one ballroom and nine function rooms

Marriott Marquis Atlanta

- Atlanta, Georgia
- 1,675 Rooms
- Operator Marriott
- Opened in 1985

By the 1980's, Atlanta was positioned as a convention city but to attract the major events, the city needed a first-class convention headquarters hotel The 1,675-room hotel, is the largest hotel in the southeast The hotel attracts local as well as transient functions Two very large ballrooms, an exhibition hall, and a large complex of meeting and conference rooms serve the local civic and business community as well as the major conventions that now come to Atlanta The Marriott Marquis was the headquarters hotel for the 1996 Olympic Games

Marriott Marquis
New York

- Times Square, New York
- 1,876 Rooms
- Operator Marriott
- Opened in 1985

Located in the theater district of Times Square, this 52-story convention hotel was a joint venture between Portman and the Marriott Corporation In addition to housing state-of-the-art facilities necessary for major conventions, the hotel includes six restaurants, several bars and lounges, 11,000 square feet of retail shopping space, and underground parking for 213 vehicles The hotel also houses a 1,600-seat Broadway theater

Westin
Peachtree Plaza
Atlanta

- Atlanta, Georgia
- 1,074 Rooms
- Operator Westin Hotels & Resorts
- Opened in 1976

In 1976, Portman developed the 73-story Westin Peachtree Plaza When it opened it was the World's Tallest Hotel and gave another distinctive landmark to the Atlanta skyline The Plaza's revolving rooftop restaurant and lounge continues to be one of the city's most popular convention and tourist attractions

Top Five Hotels Designed by John Portman & Associates (Lead Architect)

In addition to all the hotels listed above, John Portman & Associates has also designed the convention hotels in this section

Oriental Singapore, Marina Square

- Republic of Singapore
- 592 Rooms
- Operator Mandarin Oriental Hotels
- Opened in 1987

Closest to the seafront in Singapore, the Oriental Singapore is a striking triangular building of 22 stories The hotel features three restaurants, one ballroom and seven function rooms The hotel is a part of Marina Square located on a 23-acre site of land reclaimed from the sea

Marina Mandarin, Marina Square

- Republic of Singapore
- 640 Rooms
- Operator Mandarin Singapore International Hotels of Singapore
- Opened in 1987

Also located in Marina Square, the Marina Mandarin is a 640-room hotel with a vast, sky-lit atrium spanning its entire 22-story height It has been spotlighted by FORTUNE Magazine as "one of the most magnificent hotels on earth unmatched in service and subdued elegance " The facilities include four restaurants, one ballroom and eight function rooms

Hyatt Regency San Francisco

- San Francisco, California
- 804 Rooms
- Operator Hyatt Hotels Corporation
- Opened in 1973

The hotel was originally planned to be the final phase of Embarcadero Center, however, the Redevelopment Agency wanted to proceed with the adjacent Justin Herman Plaza, a large, pedestrian plaza with fountains, trees and sculpture This schedule left a vacant three-block gap between the hotel and office that isolated the hotel from the remainder of the development To draw people to the hotel in this initially isolated location, the design needed to be not only functional, but memorable In conjunction with the plaza, the hotel created a gathering place for the entire city The award-winning hotel anchored the project until all the components were completed It's success subsequently earned Embarcadero Center the prestigious ***Urban Land Institute's Award of Excellence for Large Scale Development*** in 1984 and led to further expansion of the complex

Hyatt Regency Atlanta

- Atlanta, Georgia
- 1,350 Rooms
- Operator Hyatt Hotels Corporation
- Opened in 1967 Additions of 200 and 350 rooms completed in 1971 and 1982, respectively

Our first hotel was developed to meet the increased demand generated by the 1,000,000-square-foot Atlanta Merchandise Mart The Hyatt Regency's occupancy was practically guaranteed during Trade Shows at the Mart, however, it needed more than the Mart's activities to be profitable The hotel had to attract people downtown on its own merit Completed in 1967, the Hyatt Regency Atlanta was the first contemporary atrium hotel This dramatic design revolutionized the hospitality industry by creating an inviting "space within a space" that attracted national acclaim Occupancy was so high that expansion plans began within two years

Westin Bonaventure Los Angeles

- Los Angeles, California
- 1,474 Rooms
- Operator Westin Hotels & Resorts
- Opened in 1977 with major renovation in 1986

This 35-story hotel with five bronze mirrored glass towers, was designed to be more than just a place for meetings and conviviality, but to be truly exciting It became a virtually self-sufficient unit, complete with gourmet dining, entertainment lounge health club meeting rooms, one of the West Coast's largest hotel ballrooms exhibition space and rooftop restaurant and lounge Other hotel features include a park-like plaza, glass elevators rising form a central atrium, fountains, and five levels of retail shops Pedestrian bridges link the hotel/retail center to adjacent office towers

Hotels by Starwood Hotels & Resorts

In the paragraphs below, we have outlined five projects that we believe are relevant both because they are large group hotels and because the design work was completed recently

Westin Savannah Harbor
Savannah, GA

The Westin Savannah Harbor is currently under development on a 2,000-acre island that sits across the Savannah River from the downtown central business district The resort is being developed in conjunction with a 350,000 square foot convention center (the Savannah International Trade & Convention Center) and a 27-hole Robert Cupp designed golf club When completed in October 1999 the resort will feature

- 403 Guest Rooms
- 8,000 square foot health spa operated by the spa management of the Greenbriar Resort
- 8,000 square feet of meeting space
- a 160 seat theme restaurant
- a signature golf grill
- a private members' grill
- a lobby lounge
- a Cigar bar

Westin Orlando Convention Center
Orlando, Florida

The Westin Orlando Convention Center is currently under development along International Drive directly across the street from the Orange County Convention Center in Orlando, Florida When completed in 2002, this hotel will replace the Peabody as the primary headquarters hotel servicing the 1 45 million square foot convention complex The hotel will feature

- 1,234 guest rooms
- 119,000 square feet of meeting space
- 1 theme restaurant
- 1 fine dining room
- a food court
- Lobby bar
- Pool Bar
- 9,000 square foot signature swimming pool
- 15,000 square foot health spa

Sheraton San Antonio
San Antonio, TX

The Sheraton San Antonio is currently under development next to the Henry B Gonzales Convention Center along the Riverwalk in San Antonio, TX. When completed in 2002, this hotel will be the primary headquarters hotel servicing the 1 2 million square foot convention complex The hotel will feature

- 1,200 guest rooms
- 70,000 square feet of meeting space
- 1 cafe
- Theme restaurant
- Lobby Lounge
- Snack bar
- 10,000 square foot Health Club (including an indoor/outdoor pool)
- Six level parking garage (City Owned)

Westin Providence
Providence, RI

The Westin Providence opened in 1995 as part of a larger convention complex that included the 137,000 square foot Rhode Island Convention Center Connected to the center via a skybridge, the Westin is one of New England's premier convention headquarters hotels and the only property that can boast a AAA 4-diamond rating The hotel currently offers

- 363 guest rooms
- 17,000 square feet of meeting space
- 2 restaurants including the award winning Agora Restaurant
- 3 lounges
- an indoor fitness club

Starwood is currently negotiating with the owners, The Rhode Island Convention Authority to expand the hotel by 250 to 300 rooms

Westin Indianapolis
Indianapolis, IN

The Westin Indianapolis opened in 1989 as part of a larger convention complex that included the 300,000 square foot Indiana Convention Center and 95,000 square foot RCA Dome Connected to the center via a skybridge, the AAA 4-diamond Westin is the largest hotel in the Upper Midwest and the region's premier convention headquarters The hotel currently offers

- 573 guest rooms
- 39,000 square feet of meeting space
- 2 restaurants including the a new Don Schula's Steakhouse
- 2 lounges
- an indoor fitness club

Projects Under Active Development

Currently, Starwood has 12 major upscale hotel projects under active development

Hotel/ Location	Number of Rooms
Westin Savannah Harbor Resort, Savannah, GA	403
The Westin Portland, Portland, OR	205
Westin Westminster, Westminster, CO	365
The Westin Riverwalk, San Antonio, TX	473
The Westin La Cantera Resort, San Antonio, TX	508
The Westin Orlando Convention Center, Orlando, FL	1,234
The Sheraton Convention Center, San Antonio, TX	1,200
The Westin Bellevue, Bellevue, WA	530
Westin Denver International Airport, Denver, CO	500
W Hotel, San Francisco, CA	423
W Hotel Seattle, WA	426
The Westin Sea-Tac Airport, Seattle, WA	385

Convention Center Headquarters Hotels Operated by Starwood Hotels & Resorts

Within North America, there are 85 hotels affiliated with Starwood Hotels & Resorts that can legitimately be classified as "Group Houses" By definition, a Group House is a hotel of 400 rooms or more (unless directly connected to a convention center) that boasts significant amounts of meeting space and that derives the a significant portion of its business from meetings and conventions To the best of our knowledge, Starwood has the largest portfolio of Group Houses in the Industry today

Of these 85 properties, 18 are either directly connected to the public convention complex or are the closest property to the complex Additionally, another 18 are within blocks of the convention complex and directly compete as a headquarters hotel

A summary of Starwood's group/convention hotel portfolio is presented on the following pages

HOTELS CONNECTED TO OR IMMEDIATELY ADJACENT TO PUBLIC CONVENTION FACILITIES

Hotel	City	State	Number of Rooms	Meeting Space (SF)	Closest Convention Complex	Size of Complex (SF)
Sheraton Birmingham	Birmingham	AL	770	15 000	Forum Conference Center	330 000
Westin Santa Clara	Santa Clara	CA	500	44,000	Santa Clara Convention Center	240 000
Sheraton Hartford	Hartford	CT	386	15 000	Hartford Civic Center	70 000
Westin Peachtree Plaza	Atlanta	GA	1,068	55 000	Georgia World Congress Center	950 000
Westin Indianapolis	Indianapolis	IN	573	39 000	Indiana Convention Center	395,000
Westin Canal Place	New Orleans	LA	437	16 000	Morial Convention Center	700,000
Sheraton Inner Harbor	Baltimore	MD	337	14 000	Baltimore CC	421,400
Sheraton Boston	Boston	MA	1 181	43 000	Hynes Veterans Convention Center	289,000
Westin Copley Place	Boston	MA	800	47 000	Hynes Veterans Convention Center	289 000
Westin Renaissance Center	Detroit	MI	1 392	100,000	Cobo Conference/Exhibition Center	2 4000 000
Sheraton Civic Center	Poughkeepsie	NY	175	14 200	Mid Hudson Civic Center	16 000
Sheraton Saratoga Springs	Saratoga Springs	NY	240	15 000	Saratoga Springs City Center	20 000
Westin Cincinnati	Cincinnati	OH	448	24 000	Albert Sabin Convention Center	210 700
Sheraton Cleveland	Cleveland	OH	470	26 000	Cleveland Convention Center	375 000
Sheraton Valley Forge	King of Prussia	PA	488	46 000	Valley Forge Convention Center	130 000
Westin Providence	Providence	RI	363	17 000	Rhode Island Convention Center	137 000
Sheraton Astrodome	Houston	TX	631	50 000	Houston Astrodome	160 000
Westin Edmonton	Edmonton	ALB	413	18 805	Edmonton Convention Center	175 000

CONVENTION HOTELS THAT ARE POSITIONED AS HEADQUARTERS HOTELS

Hotel	City	State	Number of Rooms	Meeting Space (SF)	Closest Convention Complex	Size of Complex (SF)
Sheraton Anchorage	Anchorage	AK	375	13 748	William A Egan C&C Center	250 000
Sheraton Long Beach	Long Beach	CA	460	36 000	Long Beach Convention Center	224 000
Sheraton Grande	Los Angeles	CA	469	22 000	LA Convention Center	680,000
Westin Bonaventure	Los Angeles	CA	1 354	90 000	LA Convention Center	680 000
Westin Horton Plaza	San Diego	CA	450	24 000	San Diego CC	456 000
Palace Hotel	San Francisco	CA	551	43 696	Moscone Center	703 000
Westin Tabor Center	Denver	CO	420	19 400	Colorado Convention Center	427,000
Sheraton Harbor Place	Ft Meyers	FL	417	18 000	Harborside CC	178 000
Sheraton New Orleans	New Orleans	LA	1 100	85 000	Morial Convention Center	700 000
Westin Columbus	Columbus	OH	196	11 750	Greater Columbus Convention Center	1 200 000
Westin William Penn	Pittsburgh	PA	595	52 000	David L Lawrence Convention Center	130 000
Westin Galleria	Houston	TX	891	74 200	Georgia R Brown Convention Center	528 100
Sheraton Seattle	Seattle	WA	840	42 000	WA State Convention & Trade Center	200 000
Westin Seattle	Seattle	WA	865	43 126	WA State Convention & Trade Center	200 000
Sheraton Wall Centre	Vancouver	BC	430	12 000	Vancouver Trade & CC	111,000
Sheraton Centre	Toronto	ON	1 382	84 000	Metro Toronto Convention Centre	228,000
Westin Harbour Castle	Toronto	ON	980	70 000	Metro Toronto Convention Centre	228 000
Sheraton Le Centre	Montreal	QE	824	25 500	Forum	235 000

OTHER CONVENTION/GROUP ORIENTED HOTELS

Hotel	City	State	Number of Rooms	Meeting Space (SF)	Closest Convention Complex	Size of Complex (SF)
The Phoenican Resort	Scottsdale	AZ	647	64 000	N/A	N/A
Sheraton El Conquistador	Tucson	AZ	428	30 000	N/A	N/A
Westin La Paloma	Tucson	AZ	487	42 000	N/A	N/A
Sheraton Universal	Universal City	CA	442	30 000	N/A	N/A
Sheraton Gateway Hotel	Los Angeles	CA	804	40 000	N/A	N/A
Westin Los Angeles Airport	Los Angeles	CA	721	45 000	N/A	N/A
Westin Century Plaza	Los Angeles	CA	1 072	100 000	N/A	N/A
Sheraton Anaheim	Anaheim	CA	490	20 000	N/A	N/A
Sheraton San Diego	San Diego	CA	1,045	78 700	N/A	N/A
Sheraton Torrey Pines	La Jolla	CA	400	20 000	N/A	N/A
Westin St Francis	San Francisco	CA	1 192	44 000	N/A	N/A
Westin Mission Hills	Rancho Mirage	CA	512	39 000	N/A	N/A
Sheraton Colorado Springs	Colorado Springs	CO	500	42 000	N/A	N/A
Sheraton Stamford	Stamford	CT	480	30 000	N/A	N/A
Sheraton National	Arlington	VA	415	22 000	N/A	N/A
Sheraton Premiere	Tysons Corner	VA	437	35,000	N/A	N/A
Sheraton Yankee Trader	Ft Lauderdale	FL	463	10 000	N/A	N/A
Sheraton Biscayne Bay	Miami	FL	598	13 500	N/A	N/A
Sheraton Gateway Hotel	Miami	FL	408	15 000	N/A	N/A
Sheraton Bal Harbour	Bal Harbour	FL	644	93 000	N/A	N/A
Dolphin & Swan	Lake Buena Vista	FL	2 267	254 000	N/A	N/A
Sheraton World Resort	Orlando	FL	789	35 000	N/A	N/A
Sheraton Colony Square	Atlanta	GA	467	36 000	N/A	N/A
Westin Atlanta Airport	Atlanta	GA	495	16 000	N/A	N/A
Hawaii Prince Hotel	Honolulu	HI	521	7 380	N/A	N/A
Sheraton Waikiki	Honolulu	HI	1 852	46 000	N/A	N/A
Royal Hawaiian	Honolulu	HI	526	12 282	N/A	N/A
Sheraton Moana Surfrider	Honolulu	HI	791	6 632	N/A	N/A
Sheraton Princess Kaiulani	Honolulu	HI	1 150	8 616	N/A	N/A
The Orchid at Mauna Lani	Kohala Coast	HI	539	30 000	N/A	N/A
Westin Maui	Lahaina	HI	761	31 000	N/A	N/A
Sheraton Chicago	Chicago	IL	1 204	120 000	N/A	N/A
Westin O Hare	Rosemont	IL	525	46 000	N/A	N/A
Westin Michigan Avenue	Chicago	IL	739	29 000	N/A	N/A
Westin River North	Chicago	IL	422	23 000	N/A	N/A
Westin Crown Center	Kansas City	MO	725	45 000	N/A	N/A
Desert Inn	Las Vegas	NV	715	24 500	N/A	N/A
Sheraton Newark Airport	Newark	NJ	502	25 000	N/A	N/A
Sheraton Manhattan	New York	NY	650	5 400	N/A	N/A
Sheraton New York	New York	NY	1,743	80 000	N/A	N/A
New York Palace	New York	NY	985	15 000	N/A	N/A
Westin Resort	Hilton Head	SC	412	25 400	N/A	N/A
Sheraton Music City	Nashville	TN	412	26 000	N/A	N/A
Sheraton Park Central	Dallas	TX	545	28 000	N/A	N/A
Dallas Galleria	Dallas	TX	431	28 000	N/A	N/A
Sheraton Crown	Houston	TX	420	30 000	N/A	N/A
Westin Calgary	Calgary	ALB	525	19 000	N/A	N/A
Westin Bayshore	Vancouver	BC	517	27 192	N/A	N/A
Westin Ottowa	Ottowa	ONT	484	27 000	N/A	N/A

The significance of this information is with 85 North American venues, Starwood deals with more meetings and conventions on an annual basis than any other hotel company We know who books, when and where and we have a long standing relationship with the most of the meeting & convention industry's key players As the operator of the Charlotte convention hotel, Starwood will exploit its database of contacts to bring high-end, profitable conventions to the City of Charlotte

2. Financial Capability

Financial Statements of Starwood Hotels & Resorts and of Portman Holdings, L P are being provided as exhibits to this proposal These exhibits have been provided to Jeff Sachs, Strategic Advisory Group, for distribution

3. MWBE

The policy of Gateway Center Partners, is to encourage and solicit involvement and participation by eligible and competent minority and female employees and consultants As evidence of our willingness to encourage this objective, Gateway Center partners is committed to a policy of encouraging and soliciting the involvement and participation of all individuals and organizations regardless of race, color, religion, sex, age, national origin, disability, or veteran's status Gateway Center Partners will develop a plan which commits to MWBE opportunities in regard to all personnel and procurement practices, including but not limited to

- Recruiting, hiring, and promoting in all job categories
- Decisions regarding the employment, procurement, and retention of consultants, contractors and providers, and
- All other personnel actions such as compensation, benefits, transfers, promotions, layoffs, recalls, training, education, social programs, and recreational programs

Gateway Center Partners will not discriminate on the basis of race, creed, color, sex, national origin, age, disability, or veteran's status in any of its employment practices or procurement practices with respect to the work force or procurement services in connection with the Gateway Center Convention Center Hotel Mixed-Use Development Gateway Center Partners will take reasonable steps to assure that minorities and women have the opportunity to compete for and perform work associated with this project

The citizens of Charlotte and Mecklenburg County will benefit from both short-term and long-term employment opportunities The construction of the hotel and parking garage will provide opportunities for work in a wide range of trades during construction Gateway Center Partners will ensure that the contractor and subcontractors will take action in providing maximum practical opportunities for minority and women businesses to participate with their services, suppliers, or as a contractor whenever possible and feasible within the construction activity

Upon opening, the hotel will provide between 450 and 600 permanent, full-time positions Additional jobs will be generated by the need for service providers to the hotel, office and parking structures and the increased conventions and tourism generated by the hotel

4. Convention Marketing Capability

Westin is the #1 group brand in the industry

In selecting Westin for the City's flagship hotel, the City of Charlotte will have picked the *Number One* group brand in the hotel industry to market the City of Charlotte and the Convention Center Key facts supporting this statement include

- Over the past 12 months the composite occupancy of Starwood managed Westin Hotels was approximately 73%, a level that consistent with the composite performance of all upscale hotels in North America

- Of the demand serviced by these Westins, 47% was Group business This ratio is approximately 10 points higher than that achieved by other upscale brands and clearly demonstrates Starwood's appeal to Group business

- During this same period, Westin's Group ADR was $143 versus a $132 Transient ADR Among other upscale chains, this rate trend was reversed with Transient ADR's being significantly higher than the Group ADR This means that not only is Starwood booking more Group business than other upscale chains but it is doing so a premium rates

Starwood's ability to attract more Group business at a higher rate than its competition is attributable to

- Starwood has more Group Houses than any other hotel company Simply by virtue of this fact, it has developed highly effective sales and operating systems to attract and service meeting and convention business Meeting and convention planners recognize and appreciate this and, consequently, have developed a high degree of loyalty to the Westin brand

- Westin Hotels are generally the largest, most prestigious Group hotels in a given market Because this fact is recognized by most meeting & convention planners with sophisticated or complicated needs (which are also the planners who tend to book the best business for a city), Westin Hotels have become the brand of choice for upscale meetings and conventions

- Starwood has the most effective Group sales effort in the industry today Within North America Starwood employs 90 individuals in 21 offices who are solely dedicated to the generation of group business This team is supported by the most advanced reservations/booking technology available, all of which has been designed to facilitate the unique needs of the meetings & convention planner Starwood's dedication to facilitating the meetings/convention planner's booking task has set it apart from every other upscale hotel company

In the remainder of this section, other aspects of the sales & marketing system that will be employed to sell meetings and conventions are outlined

National Sales Force

Within North America Starwood Hotels & Resorts Worldwide employs a national sales force of 90 individuals dedicated to producing Group and Convention business for its Hotels

National Sales Office

The sales associates that comprise our North American corporate sales force are based out of one of 21 offices strategically located throughout the United States and Canada These offices are identified below

- New York
- Washington DC
- Chicago
- San Francisco
- Toronto
- Atlanta
- Los Angeles
- Boston
- Philadelphia
- Stamford
- Minneapolis
- Salt Lake City
- Raleigh
- Newark
- Miami
- St Louis
- Dallas
- Denver
- Kansas City
- Seattle
- Sacramento
- Ottowa
- Vancouver

National Sales Budget

For calendar Year 1998, Starwood's budget for its national sales effort is approximately $24 million This amount specifically excludes the operating budget for the central reservations functions

Target Markets

The type of business the national sales force targets is primarily larger corporate and association events The planners who book this type of business generally have very sophisticated and complicated needs that require the special handling that only an industry sales veteran can provide More importantly, these type of events tend to draw an attendance comprised of professionals who are not price-sensitive and who spend prodigiously in the community, which is the type of business every City wants

Performance Results

Starwood's national sales team is the most effective in the industry today as measured by any reasonable standard For example

- Over the last 12 months, Starwood's national sales force produced 19 2% of the total business serviced by an average Starwood-managed Westin In comparison, the industry average for other upscale hotels is approximately 11%

Over the last 12 months, the ADR for all Groups at an average Starwood-managed Westin was $143 Remarkably, the average Group ADR for business booked by Starwood's national sales team was 9% higher than this average at $156

Hotel Sales Staff

The national sales effort will be augmented by local team of 16 sales professionals supported by 5 administrative people as follows

Position	People
Director of Sales & Marketing	1
Director of Group Sales	1
Director of Catering	1
National Sales Managers	2
Corporate Sales Managers	2
SMERF/State & Regional Sales Manager	1
Westin One-Call Manager	2
Convention Service Managers	4
Catering Managers	2
Administrative Assistants	5
Total	21

Hotel Marketing Budget

The on-site sales & marketing effort of the Westin Charlotte will be well supported with capital In present value dollars, we have budgeted an annual marketing expense for the hotel of approximately $2 6 million, distributed as follows

Category	Budget
Labor	$1,200,000
Advertising & Sales	920,000
Direct Expenses	480,000
Total	$2,600,000

5. Room Block Commitment

Gateway Center Partners envisions the Westin Charlotte as being a public/private partnership in the sense that the success of such a large hotel will be primarily dependent on the success of Charlotte marketing itself as a convention destination Westin will work very closely with the Charlotte Convention Center to ensure that the Group Sales departments are coordinated in their efforts to market Charlotte and the Westin successfully

To ensure that the Charlotte Convention Center has the rooms necessary to attract large groups, Westin will block 75% of the hotel rooms (600) up to 24 months out to be booked by the Charlotte Convention Center Group Sales team These rooms will be available for sale at a group meetings market base rate that is similar to the other hotel properties participating in the block, adjusting for the hotel's quality, location, and proximity to the convention center

6. Parking Block Commitment

In addition to the 800 room Westin Charlotte, the project will also include parking for 1,750 cars Through a lease arrangement, the Charlotte Convention Center will have 500 spaces available for Convention Center Parking at a parking market base rate that is similar to other garages in the area, adjusting for the location and proximity to the Convention Center Please refer to Section 8 regarding the physical operation of the parking garage and spaces available to the Convention Center

7. Control of Land

As indicated on the following diagram, our proposed hotel development covers three parcels of land, labeled A, B and C

Parcel A

Trademart Associates Ltd, a North Carolina Limited Partnership, has fee title to the land and Trademart Associates Inc is the General Partner of the Limited Partnership Jeffrey Schottenstein is the President and Mavin Greenfield is the Vice President of the G P Corporation Mr Schottenstein is one of the partners of Gateway Center Partners

Parcel B

This small piece of property adjoining Parcel A will be abandoned based on the proposed realignment of the trolley right of way, as indicated in preliminary engineering drawings prepared by the City As the owner of the property immediately adjacent to the abandoned railroad right of way, we assume this property is available for the hotel development

Parcel C

Parcel C is the proposed trolley right of way Gateway Center Partners proposes to construct the trolley station located on the hotel development site Our proposal utilizes the area above and below the trolley right of way for vehicular access to service areas and parking The construction of a portion of the hotel and parking development in the trolley right of way simplifies the engineering requirements of realigning the trolley The proposed structure eliminates the earth filling required to support the trolley tracks and therefore eliminates need for the City to acquire additional property to the east for trolley realignment We believe our proposal will result in a net savings to the City for the portion of the trolley adjacent to the hotel development allowing additional funds to be spent in other areas of the trolley improvements

We are requesting City cooperation, in the form of an easement or encroachment agreement, to permit us to construct a portion of the hotel and parking development in the trolley right of way

8. Conceptual Design /Quality /Preservation

Gateway Center Partners has taken a larger vision approach to the development of the proposed Convention Center Headquarters Hotel project In our desire to create a strong anchor development for the South Tryon area, we saw conflicting requirements of economically satisfying a large parking requirement while also providing a user friendly convention hotel environment on any of the preferred sites indicated in the RFQ Our solution was to place the hotel and parking on the larger property immediately adjacent to the Convention Center at the corner of E Stonewall and S College, the Schottenstein property

Masterplanning Strategy

In addition to meeting the basic program objectives of the City, one of the primary goals for the success of the hotel complex was to fully integrate its position with the surrounding fabric and the major urban corridors defined by S Tryon and S College Street Through a series of dynamic and unique exterior spaces the hotel complex is intended to function as an extension of this established transit mall down to the southern edge of the Belk freeway (I-277)

The purpose of exploring a concept design solution for the blocks in between E Second Street and along S Tryon and S College Street was to show how developing the hotel site might serve to foster future development along this major urban corridor One of our primary objectives was to integrate the Convention Center into the downtown core of the City This is best accomplished by positioning the Convention Center Hotel to the south and adjacent to the Convention Center, not opposite the S College Street entrance, in order to encourage full development of the corridor The strategy is simply that of completing the end parcels to encourage growth in between, thus replacing the existing surface parking lots with viable and dynamic activity all the way to the Belk Freeway

Future Office, Residential and Retail/Entertainment Complex

The future retail/entertainment complex is envisioned as being a rather low scale building complex intended to address both Tryon and College streets Equally important, a large urban courtyard has been introduced in between to integrate the two sides as one This courtyard serves to create a large exterior gathering place in the tradition of most European cities and integrates the Ratcliffe Flower building, St Peter's Church and the existing low scale buildings fronting S Tryon Street Ideally, these would be renovated and absorbed as part of the larger retail entertainment complex and lend a spirit of Charlotte's past

Along S College Street the building masses are punctuated by a common gateway element which serves as a continuation of the proposed E First Street pedestrian mall through to the main entrance of the convention center across the street Further down along S College Street the building mass is further stepped inwards to create an exterior space recalling the convention center's colonnade The southwest corner terminates with a mid-rise office or residential tower

matched to a twin tower located to the south across E Stonewall Street These two towers are intended to articulate the terminus of the S Tryon street corridor as well as create a secondary gateway announcing the Stonewall procession to the east

The parcel to the south of Stonewall retains the historical Curry Spivey Mcgee building This helps to frame a large exterior plaza which acts as a continuation the spatial sequence established by the retail entertainment complex

Through the use of like materials for streetscaping such as water, landscaping, street furniture, light fixtures and paving materials, the intent is to create continuity between the four corners of this intersection, allowing the pedestrian to gain a holistic sense of place versus a disparate grouping of buildings

Site Plan, Floor Plans, Exterior Plans

Please refer to attached drawings at the end of this section As a result of our discussions with the City Planning staff, we have not provided an over-street connection to the Convention Center

Hotel

The hotel complex itself is broken down into three major components, which are integrated at the base to read as one

1) The **800-room hotel** complete with its public amenities
2) The hotel's **conference center** consisting of a grand ballroom, junior ballroom and meeting spaces
3) The mid-rise office building

Additionally, a **trolley station** and platform have been introduced on the second level of the podium to provide direct access to the proposed expanded line The podium, the first four levels of the project, terminates with a large **landscaped roof terrace**, above which the hotel and office towers spring forth to mark the project on the skyline

Ground Level

To acknowledge the importance of the intersection of College St and Stonewall along the northwest corner of the site, the hotel podium utilizes a **large curved glass drum** This architectural form is intended to recall the language of the convention center and also serves to soften the building's corner The drum itself is bordered by a shallow **exterior pool** that flows into the lobby bar through the large expanse of glass The water visually ties the interior and exterior spaces together and relates the hotel lobby to the surrounding streetscape This **exterior water feature** is further punctuated by a series of fountain jets that are intended to animate this highly visible corner with a constantly shifting aquatic display both day and night

Moving further east along Stonewall Street, the **second major hotel entrance** is marked by a prominent freestanding portal Set amongst the trees, this structure invites pedestrian flow in and around this prominent corner Adjacent to this entrance, a **shaded pocket park** provides seating for the **outdoor café** Complete with its own water wall, this space continues the pedestrian link to the trolley station platform As free standing stair element defines the easternmost edge of the hotel podium and allows pedestrians easy access to the second level trolley without having to enter the hotel

The podium also incorporates the **grand motor court** announcing the project along S College Street From here one enters beneath a large framed **glass canopy structure** that serves to link the various components of hotel, conference center and office complex Beneath this canopy an internal loop road

flows around a **central fountain** and provides direct access to the parking structure adjacent to the office lobby

Further south along College Street another public entrance to the garage is clearly identified and aligns with the Belk Freeway onramp to the west This entrance would primarily serve the non-hotel visitor and allows direct access to and from the parking structure A third access to the garage is located east along Stonewall Street

Hotel Lobby

Entering the hotel from the motor court, one crosses a low bridge between two pools of water and arrives in the **grand hotel lobby** The main lobby is a double height atrium space framed between two rows of oversized marble columns In addition to reinforcing the verticality of the space, these columns provide a scale transition from exterior to interior

The front desk opens onto this grand space and is balanced on the opposite side by the sculptural free form lobby bar spilling out into the surrounding pools **From within this space, bar patrons are able to observe activity within the main lobby as well as take in the surrounding streetscape** The inclusion of water here and throughout the hotel lobby is not only to heighten the sense of procession but also to blur the line dividing inside and outside

An enclosed circulation corridor rings the ground floor motor court and provides access to all of the building's major components The pre-function space for the ballrooms and office lobby can also be accessed from this circulation space Thus one can move throughout the entire complex without leaving the protection of cover

Second Level

The second level of the podium is primarily dedicated to the grand ballroom and its associated spaces The hotel's business center and main administrative offices are also located on this level and surround the double height atrium opening from below This level also serves as the **hotel's main internal link to the proposed extension of the trolley system** The trolley platform itself is integrated within the building's form and runs the entire length of the second level along the eastern edge This building facade continues the articulation of the podium and through a rhythmic series of openings provides daylight for the trolley passengers The existing trolley bridge spanning the interstate establishes the actual track alignment to the south while the proposed connection to the new convention center identifies the northern alignment

Third Level

The third level provides the meeting rooms supporting the hotel complex and is accessible either by the main elevator lobby or the escalators serving the grand ballroom below

Fourth Level

The fourth level of the hotel complex marks the top level of the podium structure and is primarily dedicated to the **health club facilities** In addition to the enclosed **all weather swimming pool and tennis courts**, a large **daycare center** is provided to service the needs of the hotel guests, workers and office tenants The large expansive roof terrace is to be richly landscaped to provide a quality outdoor environment for hotel guests and office tenants alike

Parking Structure

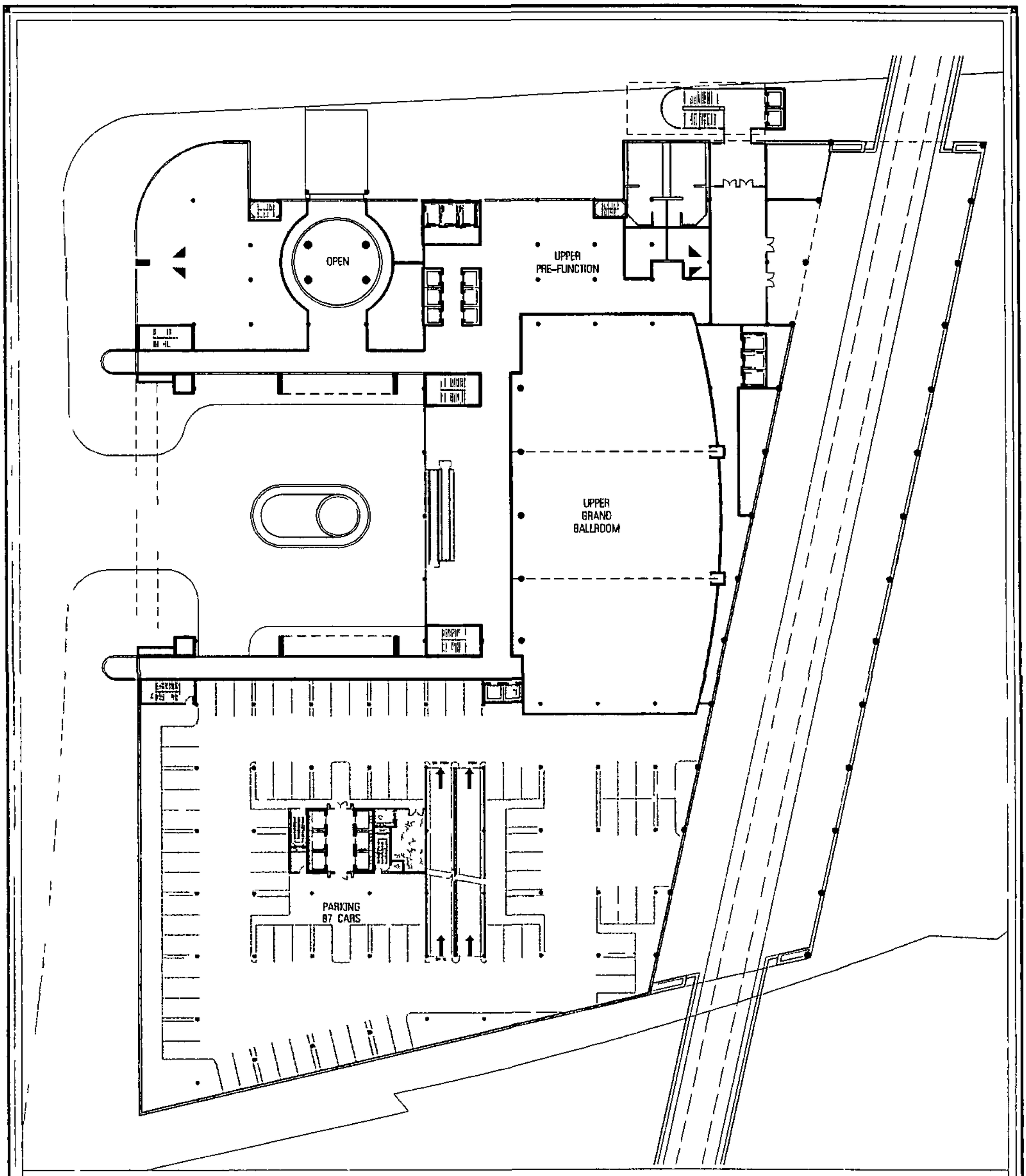
To conceal the low level parking deck along S College Street, the facade is animated through the introduction of a **retail block** running along the ground floor The continuation of the project's streetscape along this edge also encourages pedestrian movement and interest along the full length of the site Above the ground level the parking deck openings are screened with decorative architectural grillwork and along the southern edge masked through the introduction of landscaped terraces

Massing

The separation of the tower and podium is clearly expressed through the articulation of massing and the use of differing materials Through the use of pre-cast panels the four level podium structure is intended to relate to the adjacent convention center and low scale of the surrounding building fabric Above the podium the hotel and office towers are clad in aluminum panels and glass curtainwall to express a contemporary aesthetic on the developing skyline The top of the tower is further articulated through the creation of a large urban window framed within the building's envelope Enhanced through dramatic night illumination, this form would clearly identify the project from along the interstate as well as from vistas down the city's major thoroughfares

Facility Program

Guest Rooms				
Standard	750	Keys	265,400	Total Square Feet
Suites	23	Keys	18,600	Total Square Feet
Hospitality Suites	20	Keys	7 000	Total Square Feet
Support	0		99,000	Total Square Feet
Total Guest Rooms	793	Keys	390,000	Total Square Feet
Food & Beverage				
Casual Restaurant	220	Seats	5,400	Total Square Feet
Kitchen	1	Unit	2,100	Total Square Feet
Lobby Bar	75	Seats	2,600	Total Square Feet
Total Food & Beverage	296	Seats	10,100	Total Square Feet
Function				
Grand Ballroom	1	Unit	17,800	Total Square Feet
Junior Ballroom	1	Unit	9,200	Total Square Feet
Prefunction	1	Unit	10,400	Total Square Feet
Meeting Rooms	12	Unit	12 400	Total Square Feet
Other	2	Unit	4,600	Total Square Feet
Total Function	17	Unit	54 400	Total Square Feet
Other				
Support			47,600	Total Square Feet
Circulation			26,500	Total Square Feet
Office			16,700	Total Square Feet
Other			34,700	Total Square Feet
Total Other			125,500	Total Square Feet
Grand Total Building Area			580 000	Total Square Feet



PROJECT NORTH
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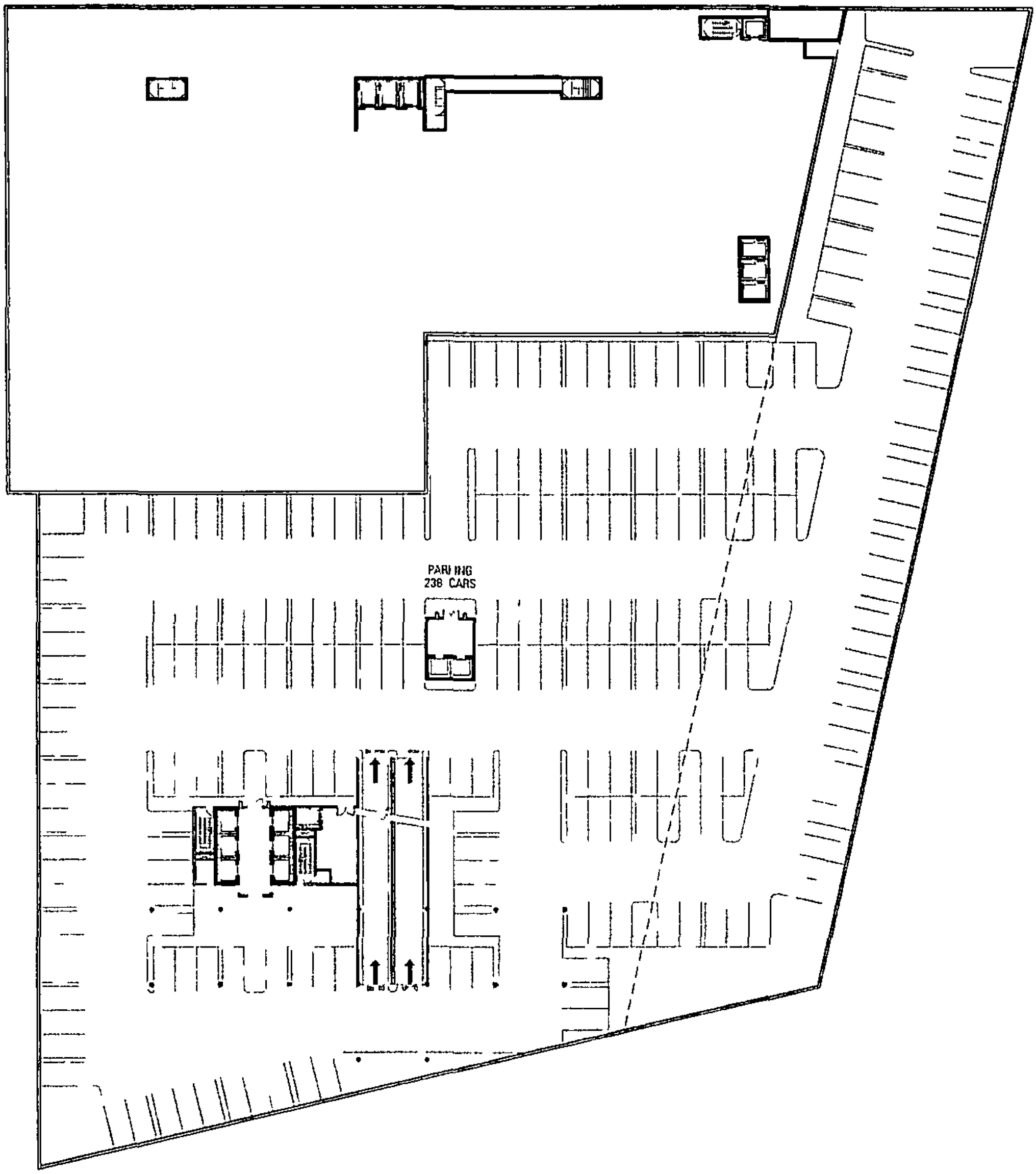
GATEWAY CENTER
CONVENTION CENTER HEADQUARTERS HOTEL

PODIUM LEVEL 2 MEZZANINE

MASTER PLAN PROPOSAL
SEPTEMBER 1998

GATEWAY CENTER PARTNERS
CHARLOTTE, NORTH CAROLINA

JOHN PORTMAN & ASSOCIATES
404-614-5555



PROJECT NORTH

60 40 30 20 10 0

GATEWAY CENTER
CONVENTION CENTER HEADQUARTERS HOTEL

BASEMENT LEVEL 1 MEZZANINE

MASTER PLAN PROPOSAL
SEPTEMBER 1998

GATEWAY CENTER PARTNERS
CHARLOTTE NORTH CAROLINA

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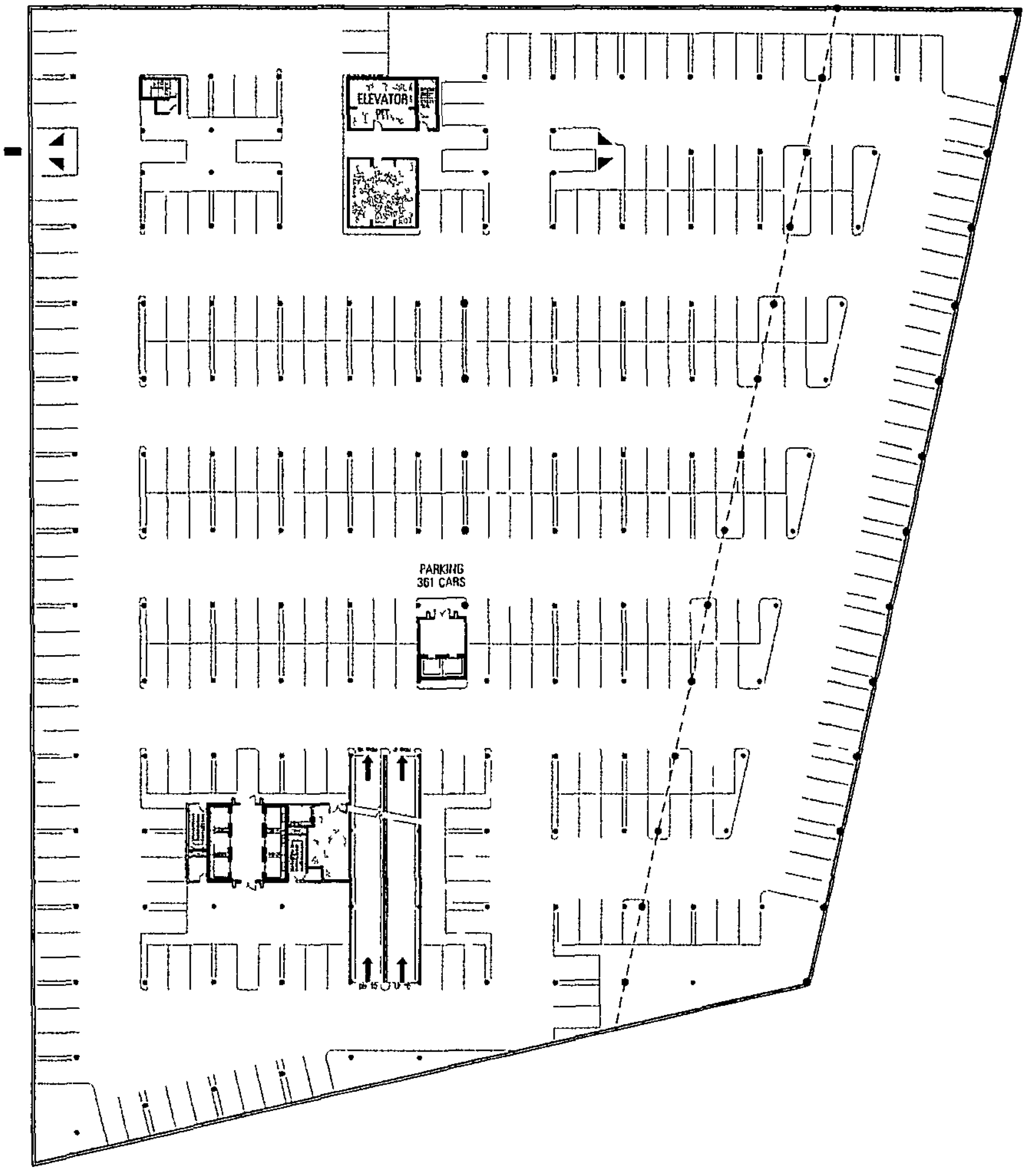


PROJECT NORTH
NORTH

50 40 30 20 10 0

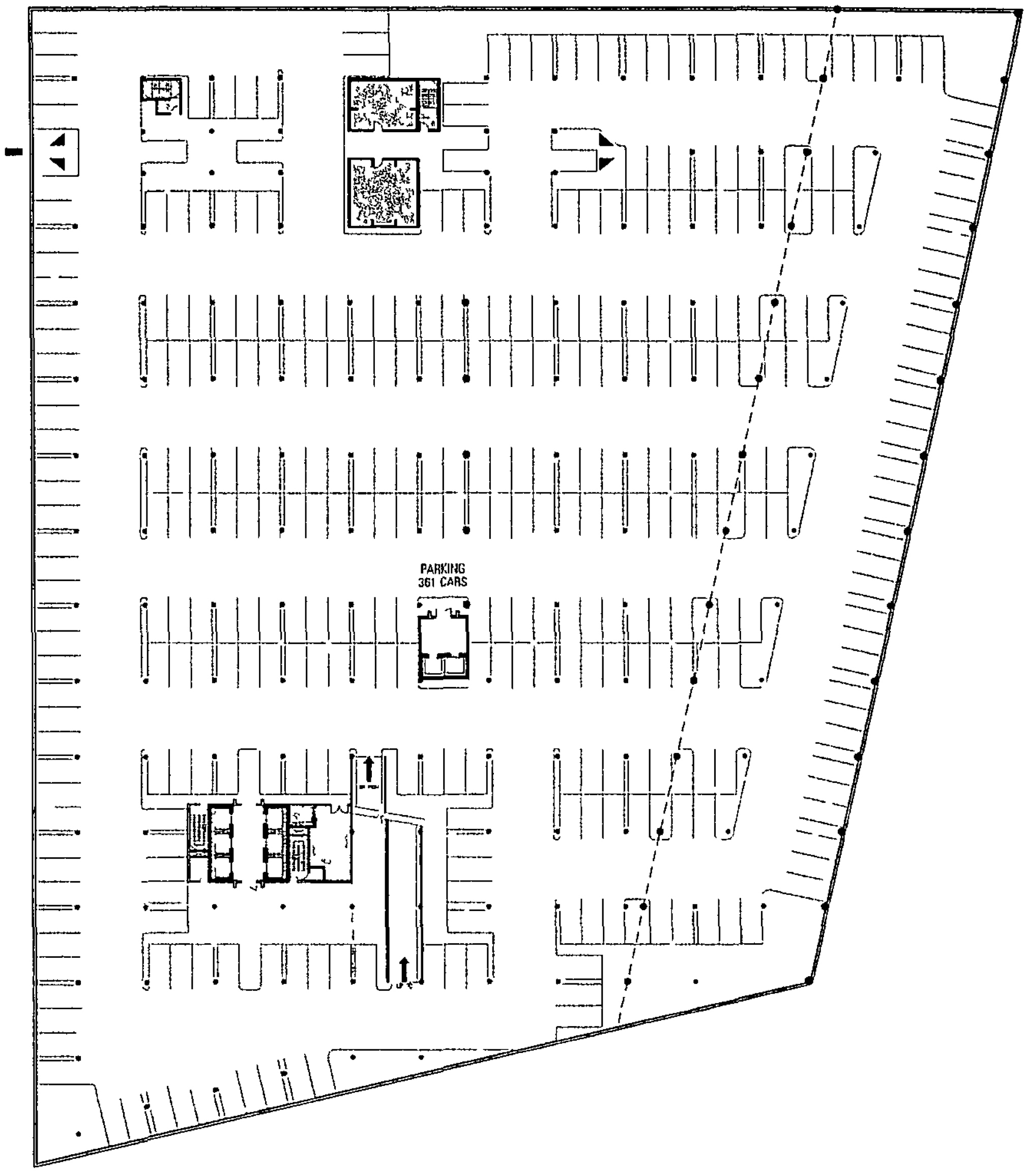
GATEWAY CENTER
CONVENTION CENTER HEADQUARTERS HOTEL

BASEMENT LEVEL 2

MASTER PLAN PROPOSAL
SEPTEMBER 1998

GATEWAY CENTER PARTNERS
CHARLOTTE NORTH CAROLINA

JOHN PORTMAN & ASSOCIATES
404-614 5555



PROJECT NORTH
NORTH

50 40 30 20 10 0

GATEWAY CENTER
CONVENTION CENTER HEADQUARTERS HOTEL

BASEMENT LEVEL 3

MASTER PLAN PROPOSAL
SEPTEMBER 1998

GATEWAY CENTER PARTNERS
CHARLOTTE NORTH CAROLINA

JOHN PORTMAN & ASSOCIATES
404 614 5555

Parking

Rather than physically separating the Convention Center's 500 spaces within the garage, the access to the parking will be controlled by the management of the parking structure

By working with the Charlotte Convention Center, the garage management will receive advance notice of the dates that events will be occurring at the convention center On these days, the garage will be open only to monthly parking customers, hotel guests and conventioneers On days without events, the garage management will make these spaces available for public parking If event managers want to provide parking for their exhibitors, they will be able to pre-pay parking and issue parking passes in the registration packets

This approach has several advantages to the city

- On days without Convention Center events, the spaces will be utilized by public parking This will make the City's 15% participation in the garage profit more valuable

- Monthly parking is typically for Monday to Friday During very large events that occur on weekends such as the boat show, football games, etc , the facility will have up to 1,350 parking spaces available for Convention Center parking This will be possible without using any of the 400 spaces allocated to the Westin

By not physically separating the City's parking spaces and eliminating the need for additional exits, the garage can be designed and operated more efficiently Maximizing all of the projects efficiencies will increase the project's profitability and thereby increase the value of the City's participation

Trolley

Our proposal, the only proposal that has a **direct connection to the trolley line, includes construction of the trolley station as part of our development** We see the trolley as a tremendous asset to the convention center and hotel business The trolley will give conventioneers easy access to the growing development in Southend and the proposed retail and entertainment development north of the Convention Center

We know of no better way for the City to justify its decision to move forward with the trolley than to locate the Convention Hotel directly on the trolley line

We have had discussions with the City planning staff regarding the trolley and how we can enhance the City's goal of a pedestrian friendly mixed-use environment

Since the City does not plan to have a trolley stop in the Convention Center, the trolley stop at our hotel becomes the Convention Center Station There will be direct access to the ballroom level of the hotel and also access via a stair and elevator to E Stonewall Street Pedestrians going to the Convention Center will pass the outdoor cafe, hotel entry and water fountains designed along E

Stonewall as they walk to the Convention Center entrance directly across E Stonewall Street

We will continue to work with the City planning staff to refine our trolley connection to enhance the pedestrian environment in and around the trolley station, hotel and Convention Center complex

Quality

We believe we are building the finest quality hotel in Charlotte. The hotel will be constructed in accordance with the 4-star/4-diamond standard of a typical Westin Hotel In the bullet points below, the more important features of a 4-star/4-diamond product are outlined

General

- Westin is the leader in the upscale hotel category and classifies its product as Mobil 4-star/AAA 4-Diamond (plus) It is typically positioned as one of the top three hotels within a particular market
- Westin's market positioning is to be a step above a typical Marriott, Hilton, and Sheraton and a step below Four Seasons and Ritz Carlton
- Westin's targeted customers are sophisticated, savvy travelers They are between 39 and 45 years of age, making in excess of $100,000 annually They are as equally likely to be male as female They take more than ten business trips and three vacations a year Our target customers are likely to be members in three to four airline frequent flyer and two to three hotel frequent guest programs
- Approximately 45% to 50% of Westin's hotel business is group business This is approximately 10% higher than our direct competitors Many of these are "blue chip" groups paying a higher rate than transient business, accordingly each Westin is designed to have a strong appeal to this type of business
- Westin uses Mobil 4-star/AAA 4-Diamond ratings as a benchmark for its hotels These are guidelines only and not an absolute
- The physical Westin product is typically unique in architectural character and interior design It should be appropriate for the given market and reflect the best of the local community
- Westin's hotel services and operational standards are consistent across all of its properties

Exterior / Architecture

- The exterior architecture of the Hotel will be a tasteful design, compatible with the community and complementary to the surroundings
- The hotel exterior will have good street-level appeal Upgraded materials (i e , natural stone, polished brass, etc) will be used in all areas that the guest can touch or otherwise examine
- Building-top signage will be provided and consist of individual pan channel aluminum letters The signs will be internally illuminated and have translucent faces

Arrival / Entrance

- The sense of arrival to the hotel is extremely important because this is where the guest forms his/her first impression of the property Upgraded finishes, materials, and architectural details are important on the entry drive pavement, canopy and lighting, entry doors, and signage
- There will be a covered canopy to protect the guest at the entry vehicular drop-off area from the weather Three, 12-foot wide lanes of traffic under the canopy will be available The canopy will be high enough to provide sufficient clearance for bus traffic
- The entry will be very functional allowing for a quick drop-off and pick-up, expedient taxi service, as well as efficient and secure luggage handling Space for short-term valet parking near the entry will be available
- Residential touches such as planters with flowering plants, benches, and artwork will be available to create an inviting and welcoming experience
- Three flagpoles will be installed one for the Westin flag, one for the U S flag and one for the North Carolina flag

Lobby

The lobby is a very important place for conducting hotel business (i e , check-in/check-out) and for guests meeting friends and business associates

- The lobby and lobby circulation will create open and uncluttered spaces to conduct business, wait for transportation, and meet friends
- The finishes in the lobby will be upgraded including natural stone, decorative and comfortable seating decorative and quality carpeting, and artwork
- Focal points and features are also very important These will include small atriums, water features, large artwork, or oversize windows/doors offering appealing exterior views
- The front desk will be in the direct line of sight from the entry doors It will have multiple check-in positions Additional stations for group check-in and Westin Premier will also be established
- There will be a luggage attendant station and a concierge position very visible to the guests Additionally, express check-out boxes and house phones will be tastefully positioned within the lobby

Food & Beverage

- The hotel will feature a three-meal restaurant operating for breakfast, lunch, and dinner It will be appropriately sized to cover peak periods (i e , breakfast) To accommodate peak convention periods, space to accommodate supplemental facilities such as continental breakfast and lunch buffets in the lobby lounge will be made available but will be tastefully incorporated into the design rather than being simply temporary banquet set-ups

- The design of the three-meal restaurant will be such that it is a special place with a unique identity rather than just being viewed as a "coffee shop "
- There will be a bar providing beverage service near the lobby and the hotel's restaurant(s)

Function Space

- 54,400 square feet of function space will be available Meeting space will be configured in such a way to accommodate a "meet and feed" configuration for a typical large group
- Prefunction space is very important for registration, breaks, food service, and display These spaces will be approximately one-third the amount of function space
- There will be an appropriate number of small meeting rooms and permanent boardrooms for the market
- Ballrooms will be sized to meet the needs of the larger groups and proportioned appropriately to efficiently divide the space for smaller meetings Ballroom ceiling heights are designed in direct proportion to the size and shape of the room The appropriate audio-visual facilities will be incorporated, including sound/light control rooms where appropriate
- A rear service corridor to all large rooms, which will be used for catered functions, will be included
- There will be ample storage space available so that banquet furniture, such as tables and chairs as well as other set-up equipment are not stored in public areas
- Oversized freight elevators for exhibits will be included
- Good sound-rated partitions, lighting/dimming systems, and sound systems are very important Air conditioning and heating systems will be zoned properly to give each meeting room and ballroom subdivision, individual temperature control
- Adequately sized restrooms, telephone areas, and coatrooms will be available

Guestroom Corridors

- Corridors will be well-lighted and have the proper directional signage
- Small furniture arrangements at the elevator lobbies (including) console tables with a house phone, side chairs, and decorative lighting will be included
- Quiet, cube-dispensing-type ice machines are required The ice machines will be conveniently located on each floor, have appropriate signage and will be in an enclosed area with a door
- Guest floor service areas will be concealed from the guest Doors will be adequately sized and treated to protect them from service cart damage No Service elevators will open to public corridors

Guestrooms

- The standard guestroom will be approximately 350 square feet (based on the inside clear dimensions and including the bedroom, bathroom, entry foyer, and closet)
- The minimum ceiling height is 8'-4" in the bedroom, 7'-6" at the entry, and 7'-3" in the bathroom
- The bathrooms will be a three-fixtures consisting of sink, toilet, and combination tub and shower
- The lavatory counter will have at least 10 square feet of space (including the sink) for guest toiletries and guestroom amenities The lavatory counter will be a natural stone
- Bathrooms will be appointed with all of the appropriate accessories including a double robe hook on the back of the bathroom door, retractable clothes line at the tub, closed-front toilet seat, a two-roll toilet paper dispenser, and either a wall-mounted or loose hair dryer
- A full-length mirror will be provided in all guestrooms This is typically mounted to the outside of the bathroom door
- Stocked mini-bar refrigerators and in-room coffee makers will be included in all rooms The mini-bar refrigerator and coffee maker located at an entry console/cabinet
- The furniture pieces in the guestroom, in addition to being decorative, will also be very functional An armoire to enclose the television a large writing desk (i e , 30" x 54") with comfortable seating, a sofas or comfortable lounge chairs will be included
- All softgoods will be of a durable nature including nylon carpeting and Treviera bedspreads and draperies
- Lighting is extremely important Westin has adopted AAA's requirement of 30 foot-candles for all reading lamps, 50 foot-candles at the bathroom mirror, and 10 foot-candles in the tub/shower with the shower curtain closed
- Electrical receptacles for computers at the desk will be installed in the wall above desk height or built into the desk or desk lamp to afford easy access
- Large guestroom windows will be included The window area will be approximately 60% of the guestroom exterior wall Decorative drapery and valance, a black-out curtain and sheer will be included
- Free-standing lamps at the night stands will be included
- Guestroom heating, ventilation, and air-conditioning (HVAC) are extremely important and a two-pipe fan coil system with an electric heat strip will be used A wall-mounted thermostat will be conveniently located on the entrance side of the bedroom area It will have a three-speed fan and an easily controlled temperature setting The noise level from the HVAC will not exceed NC 30 on low fan speed
- Guestroom entry door locks will be battery-operated electronic locks with a 1" dead bolt, accessed by standard credit card style keys The entry door will be self-closing and have a door guard and security viewer
- Closets will have a coat-rod system using standard or small size hanger hooks An iron and ironing board as well as a safe will be included in the closets The safe will be large enough to hold a laptop computer Proper

illumination for the closet is very important This will be accomplished by providing a light in the entry way and an internal light within the closet

- The guestroom carpeting will be of a high-quality, decorative nylon carpet with a weight of 32 oz It will have a quality pad and wood wall base
- Decorative ceiling crown molding or wall picture molding will be included
- The minimum size for guestroom televisions will be 25" and they will be easily viewable from the bed as well as a comfortable seating area The television system will provide an appropriate selection of local and national channels, select cable channels, and pay-per-view movies
- Two to three pieces of artwork including a mirror will be included in the bedroom area, and a single artwork piece is to be installed in the bathroom
- A typical guestroom will have two telephones, one located at the desk and the other located at the night stand A two-line speaker phone will be available at the desk. Voice mail will be included in the telephone system

Special Guestroom Types

- **Westin's Guest Office®** - 40 rooms will be targeted to the in-room working business traveler This self-contained typical guestroom includes specific items such as laser printer/fax/copier, ergonomic desk chair, fully-articulating desk lamp, and other office supplies and services
- **Westin Executive Club®** - The top two floors of the hotel will be targeted to the business or leisure traveler seeking an upgraded room product and other exclusive services This product creates a "hotel within a hotel" experience Rooms have upgraded amenities such as valet stand, robes, and live plants The rooms are located adjacent to the Westin Executive Club lounge which includes seating areas, writing tables, television, concierge desk, live plants, and fresh flowers Available daily is a continental breakfast buffet in the morning and hors d'oeuvres and honor bar in the evening
- **Premier Gold** – 40 room will be designed for an upgrade for Westin Premier (Westin's frequent stay program) elite level guests These are typical guestrooms with minimal physical changes such as signage and upgraded furnishings in the elevator lobby Most of the benefits are in services such as free newspaper, continental breakfast, etc

Preservation

Our proposal does not involve the demolition or reconstruction of any historical structures Our masterplan encourages the future development of compatible uses of similar scale to the historical structures in the South Tryon area

Daycare Center

Westin hotels include the Westin Kid's Camp, a daycare facility for children of hotel guests In our development, we have allocated space for a daycare center that may also serve workers not on the traditional 9-5 track, such as hotel workers

If selected, we propose to work with ChildCare Resources, Inc , a local nonprofit entity that currently overseas childcare allocations in Mecklenburg County to make the daycare center an amenity for the community

9. Public Investment

This proposal requires assistance from the City of Charlotte in the amount of sixteen million dollars ($16,000,000) This amount consists of $13,000,000 in subsidy for the hotel and $3,000,000 for the parking garage

The garage assistance is paid over time in the form of a lease for Convention Center parking spaces The lease will be for 500 parking spaces for ten (10) years The monthly rent will be $100 per space escalating at 2% per year The lease will contain a provision by which the City of Charlotte will receive 15% of the profits from the garage The $3,000,000 is calculated by taking the net present value (NPV) of the parking lease less the net present value of the City's participation in the profits of the garage (see TABLE 9)

Operating Cash Flow

The cash flow forecast is included as TABLE 9 a

Development Costs

The development costs are summarized as TABLE 9 b

Project Capitalization

The project capitalization for the hotel and garage investments are as follow

Hotel

Total Development Cost	$115,500,000
Debt	$80,000,000
Equity	$22,500,000
City Assistance	$13,000,000
Total	**$115,500,000**

Garage

Total Development Cost	$18,500,000
Debt	$15,500,000
Equity	$3,000,000
Total	**$18,500,000**

The $95,500,000 in debt will be raised through traditional sources at the rates specified in TABLE 10 We feel that the 7 7% rate better reflects the actual cost to the borrower in the current market

Of the $22,500,000 in equity required for the total project, $8,000,000 to $12,000,000 will be provided by the members of Gateway Center Partners Portman Holdings, Starwood Lodging, and Schottenstein Realty The remaining equity will be raised in the capital markets most likely from investment sources that are partners elsewhere with the members of Gateway Center Partners Discussions have begun with a number of potential sources, but further discussions await the awarding of the project

Timing of the City Assistance

The timing of the City's assistance plays a critical role in achieving the required returns for a project of this type

- The assistance required for the hotel is $13,000,000 if the City's investment occurs in the spring of 1999
- If the investment is delayed until opening, or 2001, an assistance package of $15,000,000 is required to achieve the same equity returns
- If the investment is made over time, the assistance required would be $17,134,000

Since the nature of the garage assistance is in the form of a lease which is paid over time, a spring of 1999 and 2001 option are not presented Since the majority of the financial benefits to the City in the garage accrue over time, this approach is recommended to match the City's outlays against their income

TABLE 9
Charlotte Convention Hotel
Parking Garage Operating Statement
In Current Dollars (000s omitted)

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Parking Projections													
Total Parking Spaces				1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750
Hotel Spaces	$ 3 00			400	400	400	400	400	400	400	400	400	400
City Reserved Spaces	$100 00			500	500	500	500	500	500	500	500	500	500
Other Pre-Leased Spaces	$110 00			500	500	500	500	500	500	500	500	500	500
Public Monthly Parking	3 0%			175	175	175	175	175	175	175	175	175	175
Transient Tickets Sold (mth)	3 0%			7 583	7 811	8 045	8 287	8 535	8 791	9 055	9 327	9 606	9 895
Daily Turnover/Space	21 7			2 00	2 06	2 12	2 19	2 25	2 32	2 39	2 46	2 53	2 61
Monthly Parking Rate	1 6%			$100	$100	$105	$105	$110	$110	$115	$115	$120	$120
Average Ticket Price	3 2%			$6 00	$7 00	$7 00	$7 00	$7 00	$7 00	$8 00	$8 00	$8 00	$8 00
Revenue													
Monthly Public Parking	1 6%			210	210	221	221	231	231	242	242	252	252
Transient Parking	5 6%			546	656	676	696	717	738	869	895	922	950
Hotel Parking Expenses				438	447	456	465	474	484	493	503	513	523
Reserved City Parking				600	612	624	637	649	662	676	689	703	717
Other Pre-Leased Spaces				660	680	700	721	743	765	788	812	836	861
Total Revenue				2 454	2 605	2 676	2 739	2 814	2 881	3 068	3 141	3 226	3 304
Expenses				30 3%	27 2%	27 1%	27 3%	27 2%	27 4%	24 6%	24 7%	24 7%	24 8%
Public Garage Expenses	3 0%			229	236	243	250	257	265	273	281	290	298
Hotel Garage Expenses	2 3%			45	46	48	49	51	52	54	55	57	59
Total Operating Expenses				274	282	290	299	308	317	327	337	347	357
Net Operating Profit				2 180	2 323	2 386	2 440	2 506	2 563	2 741	2 804	2 880	2 946
Parking Management Fee	3 0%			74	78	80	82	84	86	92	94	97	99
Property Insurance				9	9	9	9	9	10	10	10	10	10
Property Taxes				100	102	104	106	108	110	113	115	117	120
Ground Lease				600	625	650	650	650	650	650	650	650	650
Structural Reserve	3 0%			23	26	27	27	28	29	33	34	35	36
Net Available for Debt				1 375	1 483	1 516	1 565	1 626	1 678	1 843	1 901	1 970	2 031
Debt Service	dcrs			1 0	1 1	1 1	1 2	1 2	1 2	1 4	1 4	1 4	1 5
Interest				(1 124)	(1 107)	(1 088)	(1 069)	(1 047)	(1 025)	(1 000)	(974)	(946)	(916)
Principal				(236)	(254)	(272)	(292)	(313)	(335)	(360)	(386)	(414)	(444)
Total Debt Service				(1 360)	(1 360)	(1 360)	(1 360)	(1 360)	(1 360)	(1 360)	(1 360)	(1 360)	(1 360)
Net Cash Flow				15	123	156	205	266	318	483	541	610	671
Residual Proceeds													
Net Sales Proceeds	9 0%												22 118
Less Debt Balance													(12 195)
Office Pad Sale								5 000					
Net Residual Proceeds								5 000					9 923
City Cash Flow Particpation	15%			2	18	23	31	790	48	72	81	92	1 589
City Lease Payments				(600)	(612)	(624)	(637)	(649)	(662)	(676)	(689)	(703)	(717)

Present Value City Lease	(4 790)
Present Value 15% Particpation	$1,727
Net Parking Cost	(3,063)

TABLE 9 a
Charlotte Convention Hotel
10-year Operating Cash Flow Projections
In Current Dollars (000s omitted)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Stabilized Year
Statistics											
Number of Rooms	793	793	793	793	793	793	793	793	793	793	
Occupancy	58%	63%	68%	70%	70%	70%	70%	70%	70%	70%	
Occupied Room Nights	167 878	182 350	196 823	202 612	202 612	202 612	202 612	202 612	202 612	202 612	
Average Daily Rate	$125 00	$135 00	$140 40	$146 02	$150 40	$154 91	$159 56	$164 34	$169 27	$174 35	
Revenues											
Rooms	$20 985	$24 617	$27 634	$29 585	$30 472	$31 386	$32 328	$33 298	$34 297	$35 325	65 7%
Food & Beverage	9 569	10 810	12 018	12 742	13 125	13 518	13 924	14 342	14 772	15 215	28 3%
Telephone	1 049	1 354	1 520	1 701	1 828	1 883	1 940	1 998	2 058	2 120	3 9%
Minor Operating Depts & Rentals & Other	876	894	911	930	948	967	987	1 006	1 026	1 047	2 0%
Total Revenue	32 479	37 674	42 083	44 958	46 373	47 755	49 178	50 643	52 153	53 707	100 0%
Departmental Expenses											
Rooms	5 456	5 908	6 356	6 804	7 009	7 219	7 435	7 658	7,888	8 125	15 1%
Food & Beverage	7 344	8 053	8 710	8 982	9 251	9 529	9 815	10 109	10 413	10 725	20 0%
Telephone	682	812	912	1 021	1 097	1 130	1 164	1 199	1 235	1 272	2 4%
Minor Operating Depts & Rentals & Other	438	447	456	465	474	484	493	503	513	523	1 0%
Total Departmental Expenses	13 920	15 221	16 434	17 272	17 831	18 361	18 907	19 470	20 049	20 645	38 5%
Department Profit	18 559	22 454	25 649	27 686	28 542	29 393	30 270	31 174	32,104	33 062	61 5%
Undistributed Expenses											
Administrative & General	2 793	3 165	3 367	3 462	3 571	3 677	3 787	3 900	4 016	4 135	7 7%
Marketing	2 527	2 939	3 114	3 237	3 339	3 438	3 541	3 646	3 755	3 867	7 2%
Maintenance	1 884	2 072	2 230	2 383	2 458	2 531	2 606	2 684	2 764	2 846	5 3%
Utilities	1 364	1,469	1 557	1 618	1 669	1 719	1,770	1 823	1 877	1,933	3 6%
Total Undistributed Expenses	8 568	9 645	10 268	10 700	11 037	11 366	11 704	12 053	12 412	12 782	23 8%
Gross Operating Profit	9 991	12 809	15 381	16 986	17 505	18 028	18 566	19 121	19 692	20 280	37 7%
Fixed Charges											
Management Fee	974	1 130	1 262	1 349	1 391	1 433	1 475	1 519	1 565	1 611	3 0%
Property Taxes	974	1 130	1 178	1 259	1 298	1 337	1 377	1,418	1 460	1 504	2 8%
Insurance	244	264	295	315	325	334	344	355	365	376	0 7%
Reserve for Replacement	325	753	1 262	1,798	1 855	1 910	1 967	2 026	2 086	2 148	4 0%
Leases	65	57	63	67	70	72	74	76	78	81	0 2%
Ground Rental	500	500	500	500	500	500	500	500	500	500	1 1%
Total Fixed Charges	3 082	3 834	4 561	5 288	5 439	5 586	5 737	5 894	6 054	6 220	11 7%
Net Operating Cash Flows	6 909	8 975	10 820	11 698	12 066	12 442	12 829	13 227	13,637	14 060	26 0%

TABLE 9.b
Charlotte Convention Hotel
Development Costs
In Current Dollars

Land & Parking		
	Land	1 992 500
	Parking (1 750 Spaces)	17,470,139
	Subtotal	19 462 639
Hotel Tower		
	Hard Costs	42 419 872
	Soft Cost	6 062,609
	FF&E	14,814,621
	Subtotal	63 297 102
Meeting Space		
	Hard Costs	7 875 428
	Soft Cost	845,656
	FF&E	2,066,450
	Subtotal	10,787,534
Public & Support		
	Hard Costs	18,410,261
	Soft Cost	2,107 922
	FF&E	5,150,929
	Subtotal	25,669 112
Other		
	Pre Opening	1,982 500
	Financing	9,750,000
	Contingency	3,081,487
	Total	**134,030,373**

10. Private Investor IRR Analysis

The Internal Rate of Return (IRR) to the equity of the private investors is 21 7% The analysis is included as Table 10

TABLE 10
Charlotte Convention Hotel
Equity Return & Debt Service
In Current Dollars (000s omitted)

Assumptions	
Total Project Costs	$115 548
% Debt	69%
% Equity	19%
% City Assistance	11%
Interest Rate	7 7%
Permanent Loan Amortization	25
Residual Cap Rate	10 0%

	Construction Period											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net Operating Cash Flows	$0	$0	$6 909	$8 975	$10 820	$11 698	$12 066	$12 442	$12 829	$13 227	$13 637	$14 060
Debt Service												
Interest	2 224	5 476	(6 160)	(6 107)	(6 051)	(5 964)	(5 871)	(5 771)	(5 663)	(5 546)	(5 421)	(5 286)
Principal			(684)	(737)	(1 123)	(1 209)	(1 302)	(1 403)	(1 511)	(1 627)	(1 752)	(1 887)
Capitalized Interest (first two years)	(2 224)	(5 476)										
Net Debt Service	0	0	(6 844)	(6 844)	(7 173)	(7 173)	(7 173)	(7 173)	(7 173)	(7 173)	(7 173)	(7 173)
Cash Flows After Debt Service	$0	$0	$64	$2 131	$3 646	$4 524	$4 893	$5 269	$5,655	$6,054	$6 464	$6 886
Debt Service Coverage Ratio			1 0	1 3	1 5	1 6	1 7	1 7	1 8	1 8	1 9	2 0
Equity Cash Flows												
Equity Contribution	($5 625)	($16 875)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Flows After Debt Service			64	2 131	3 646	4 524	4 893	5 269	5 655	6 054	6 464	6 886
Repayment of Debt												(66 763)
Residual												137 786
Net Investor Cash Flows	($5 625)	($16 875)	$64	$2 131	$3 646	$4 524	$4 893	$5,269	$5 655	$6,054	$6,464	$77 909
Equity Cash-on-Cash Return	21 7%											

II. Public Sector IRR Analysis

The returns to the City of Charlotte are 16 8% and based on the following assumptions

- The public investment is in January 1999
- 40% of hotel and parking garage property taxes accrues to the City Adjust property taxes if your approach assumes the City will own a portion of the project and it is off the tax roles
- 95% of the six percent occupancy tax accrues to the City
- 100% of the one percent food and beverage tax accrues to the City
- One-third of the one percent county sales tax accrues to the City, and 17 5% of the two one-half percent county sales taxes accrue to the City
- Include any portion of the project revenues that would accrue to the City
- A ten percent terminal cap rate
- Discuss the potential of and magnitude of other benefits accruing to the City if additional projects are developed as part of the hotel project

The analysis is included as TABLE 11

TABLE 11
Charlotte Convention Hotel
Calculation of City's Investment Returns
In Current Dollars (000s omitted)

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Hotel Revenues											
Rooms		$20 985	$24 617	$27 634	$29 585	$30 472	$31 386	$32 328	$33 298	$34 297	$35 325
Food & Beverage		9 569	10 810	12 018	12 742	13 125	13 518	13 924	14 342	14 772	15 215
Total Taxable Revenue		**30,554**	**35,427**	**39,652**	**42,327**	**43,597**	**44,904**	**46,252**	**47,639**	**49,068**	**50,540**
Property Taxes											
Hotel Property Taxes		974	1 130	1 178	1 259	1 298	1 337	1 377	1 418	1 460	1 504
Garage Property Taxes		100	102	104	106	108	110	113	115	117	120
Total Property Taxes		**1,074**	**1,232**	**1,282**	**1,365**	**1,407**	**1,448**	**1,490**	**1,533**	**1,577**	**1,623**
City Tax Calculations											
Hotel & Garage Property Tax @ 40%		430	493	513	546	563	579	596	613	631	649
Hotel Occupancy Tax @ 95%	6 00%	1 196	1 403	1 575	1 686	1 737	1 789	1 843	1 898	1 955	2 014
Food & Beverage Tax	1 00%	96	108	120	127	131	135	139	143	148	152
County Sales Tax @ 33%	1 00%	101	117	131	140	144	148	153	157	162	167
County Sales Tax @ 17 5%	2 50%	134	155	173	185	191	196	202	208	215	221
Total Tax Proceeds		**1,956**	**2,276**	**2,513**	**2,685**	**2,765**	**2,848**	**2,933**	**3,020**	**3,110**	**3,203**
City Investment Return.											
Initial Investment	(13 048)										
Present Value of Parking Lease	(4 790)										
Present Value of Garage Participation	$1 727										
Tax Proceeds		1 956	2 276	2 513	2 685	2 765	2 848	2 933	3,020	3 110	3 203
Residual Cap @ 10%											32 029
Total City Cash Flows	**(16,111)** -	**1,956**	**2,276**	**2,513**	**2,685**	**2,765**	**2,848**	**2,933**	**3,020**	**3,110**	**35,232**
Cumulative City Cash Flows		**1,956**	**4,232**	**6,745**	**9,429**	**12,195**	**15,043**	**17,975**	**20,995**	**24,106**	**59,338**

City Internal Rate of Return 16 8%

Payback Period (years) 7

WESTIN CHARLOTTE
Convention Center Hotel

CATERING SERVICE PARTNERS

WESTIN CHARLOTTE CONVENTION CENTER HOTEL

Agenda

INTRODUCTION

TEAM

DESIGN

MANAGEMENT

FINANCIAL

CHARLOTTE

GATEWAY CENTER PARTNERS

CHARLOTTE

GATEWAY CENTER PARTNERS

Team

- Portman Holdings
- Starwood Hotels & Resorts
- Schottenstein Realty Company

CHARLOTTE

GATEWAY CENTER PARTNERS Team

- John Portman & Associates — Architect
- O'Dell Associates — Architect
- FN Thompson — Pre-Construction Services

CHARLOTTE

PROJECT DESCRIPTION

PHASE I

- 800 ROOM WESTIN HOTEL
- 1,750 CAR PARKING DECK
  - 500 SPACES/CONVENTION CENTER
  - 400 SPACES/HOTEL
  - 850 SPACES/MONTHLY AND DAILY PARKING

CHARLOTTE

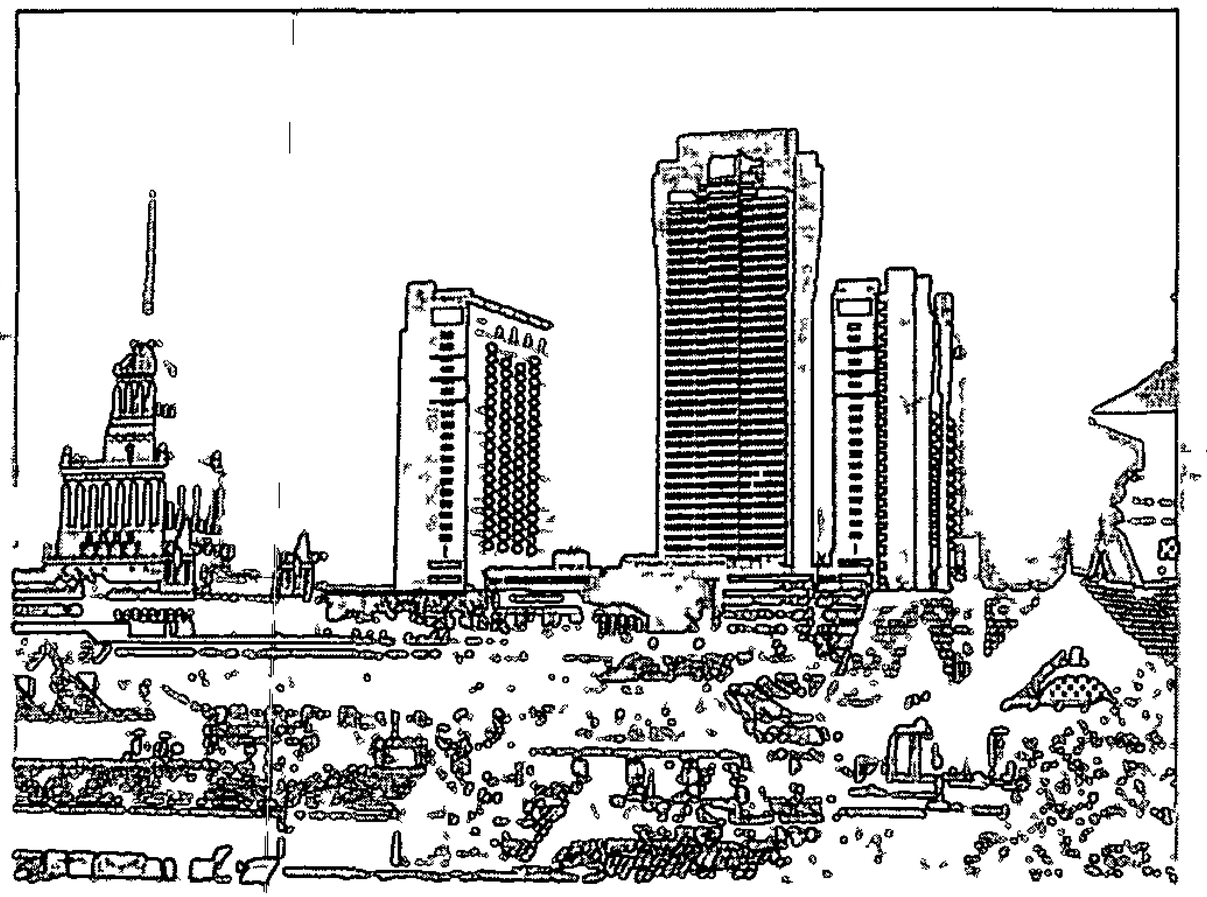
PROJECT DESCRIIPTION

- TROLLEY STATION
- CONFERENCE CENTER
- DAY-CARE CENTER
- PHASE II
  - 250,000 SF OFFICE BUILDING

CHARLOTTE

TEAM EXPERIIENCE

Top Five Hotels Developed by Portman Holdings

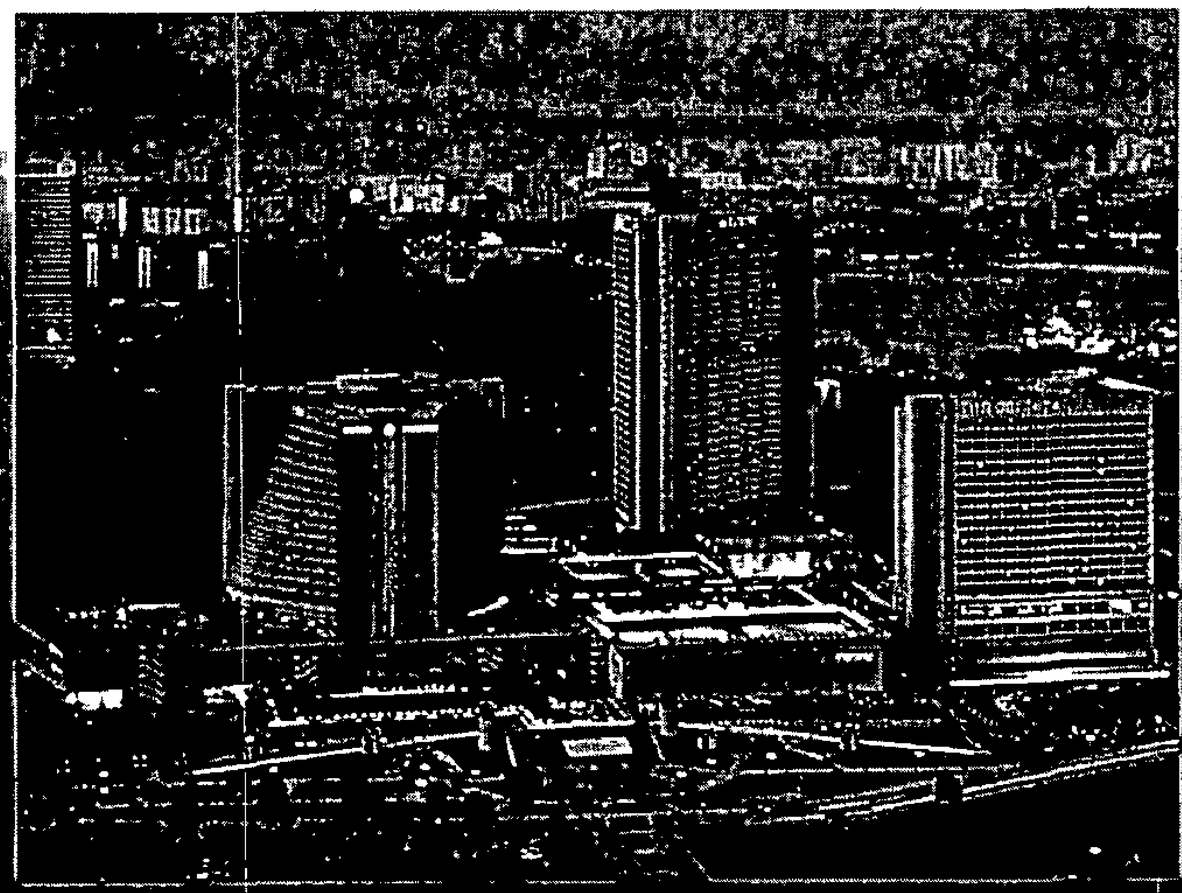


- Portman Ritz-Carlton
  Shanghai, China
  700 rooms

CHARLOTTE

TEAM EXPERIENCE

Top Five Hotels Developed by Portman Holdings

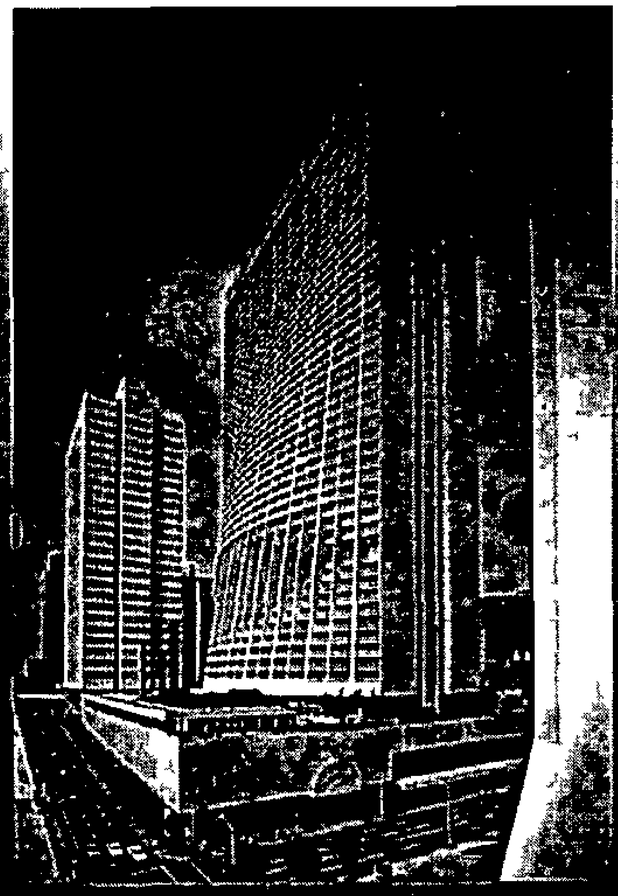


- Pan Pacific
  Singapore
  700 rooms

CHARLOTTE

TEAM EXPERIENCE

Top Five Hotels Developed by Portman Holdings

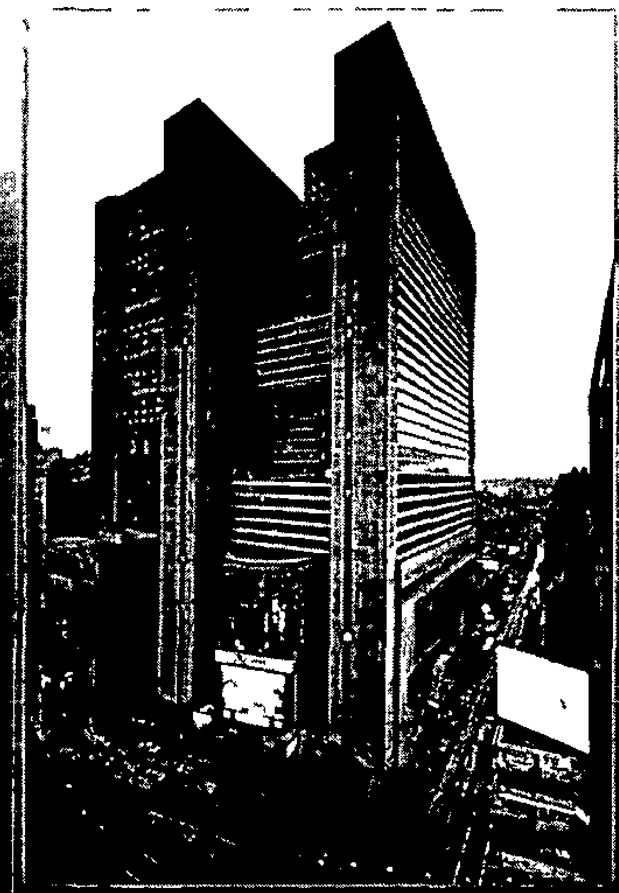


- Marriott Marquis
  Atlanta
  1,675 rooms

CHARLOTTE

TEAM EXPERIENCE

Top Five Hotels Developed by Portman Holdings

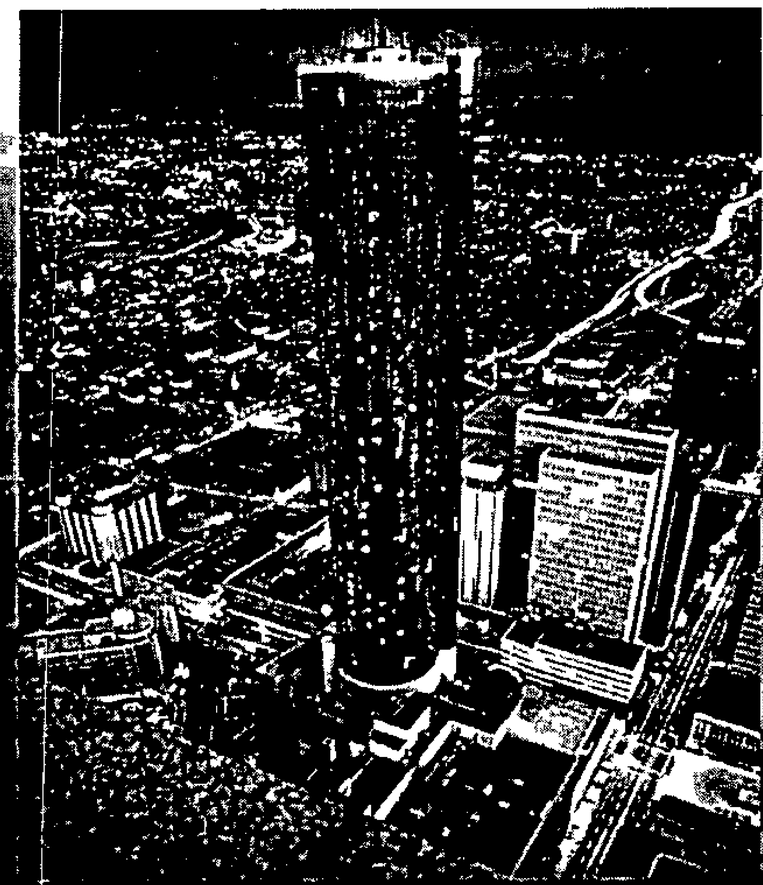


- Marriott Marquis
  New York
  1,875 rooms

CHARLOTTE

TEAM EXPERIENCE

Top Five Hotels Developed by Portman Holdings



- Westin Peachtree Plaza
  Atlanta
  1,075 rooms

CHARLOTTE

TEAM EXPERIENCE

Top Five Hotels Designed by John Portman & Associates

	ROOMS
○ Oriental - Singapore	590
○ Marina Mandarin - Singapore	640
○ Hyatt Regency - San Francisco	800
○ Hyatt Regency - Atlanta	1,350
○ Westin Bonaventure - Los Angeles	1,475

CHARLOTTE

TEAM EXPERIENCE

STARWOOD HOTELS & RESORTS

- Westin Savannah Harbor - Savannah
- Westin Orlando Convention Center - Orlando
- Sheraton San Antonio - San Antonio
- Westin Providence - Providence
- Westin Indianapolis - Indianapolis

CHARLOTTE

MINORITY PARTICIPATION

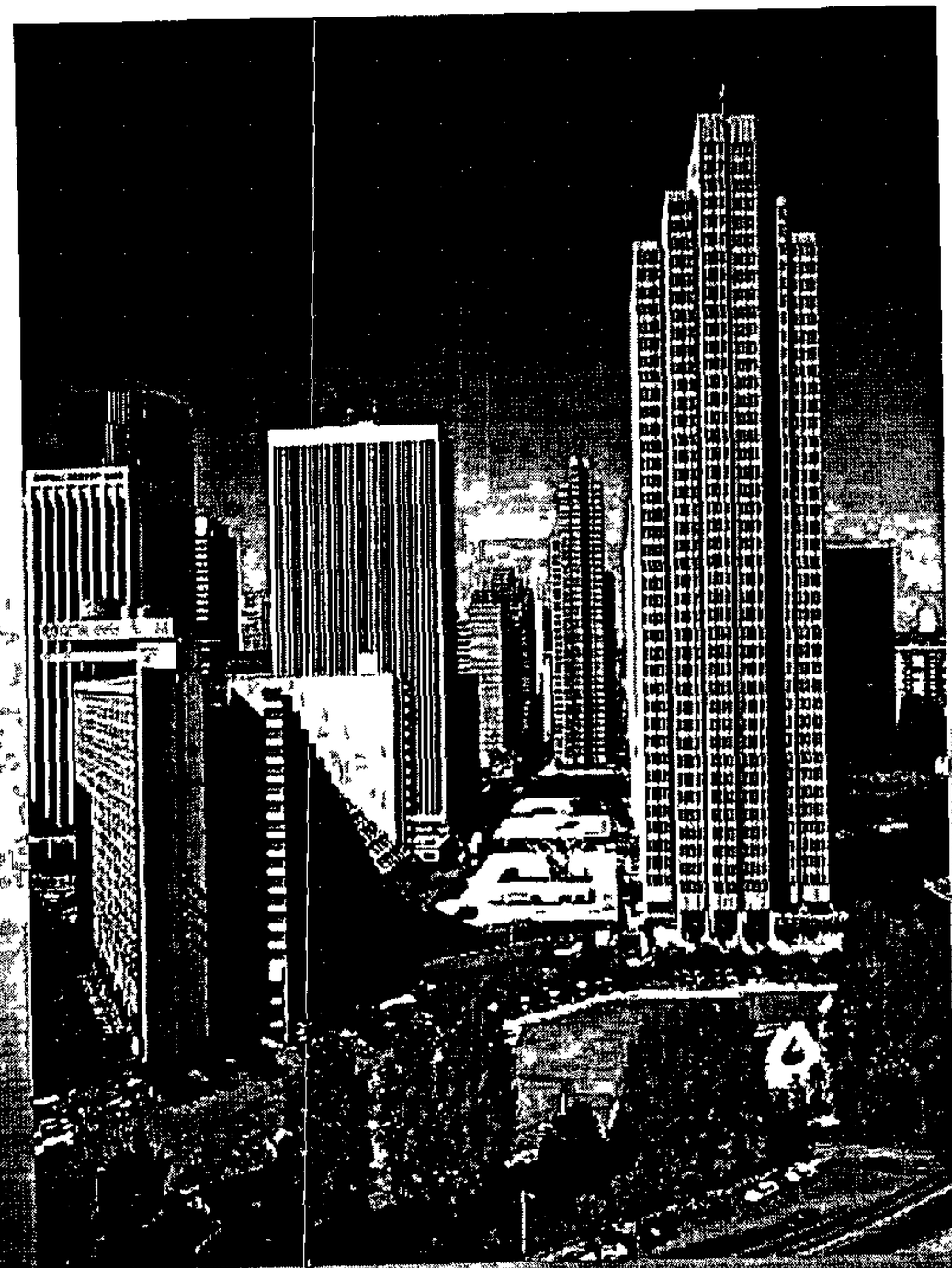
OPPORTUNITY:

- DEVELOPMENT
- CONSTRUCTION
- OPERATIONS

CHARLOTTE

URBAN DESIGN STRATEGY

- DEVELOPING A LARGER VISION FOR CHARLOTTE
- CREATING A SUPERIOR URBAN DESIGN SOLUTION
- PROVIDING THE BEST VALUE FOR THE CITY

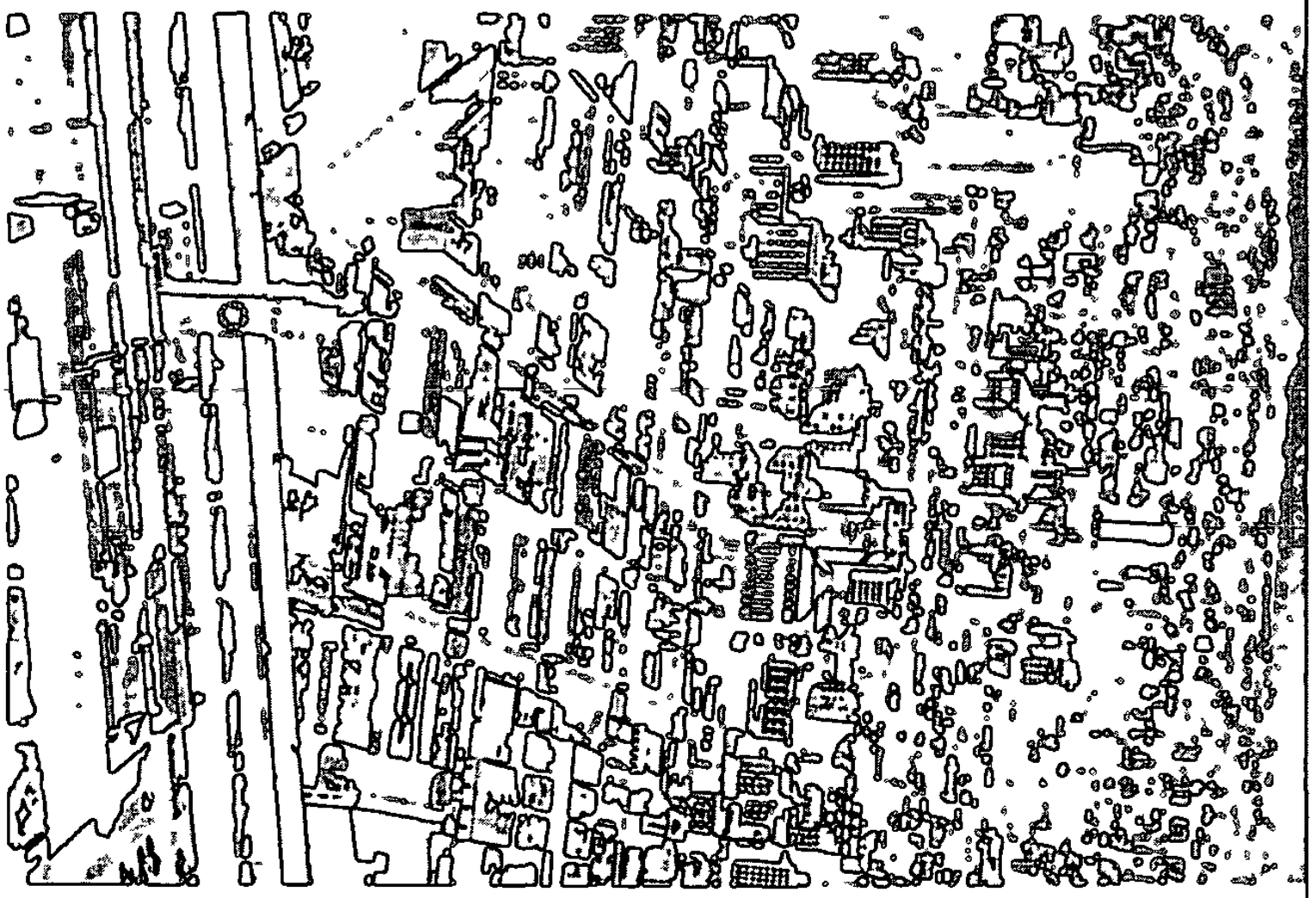


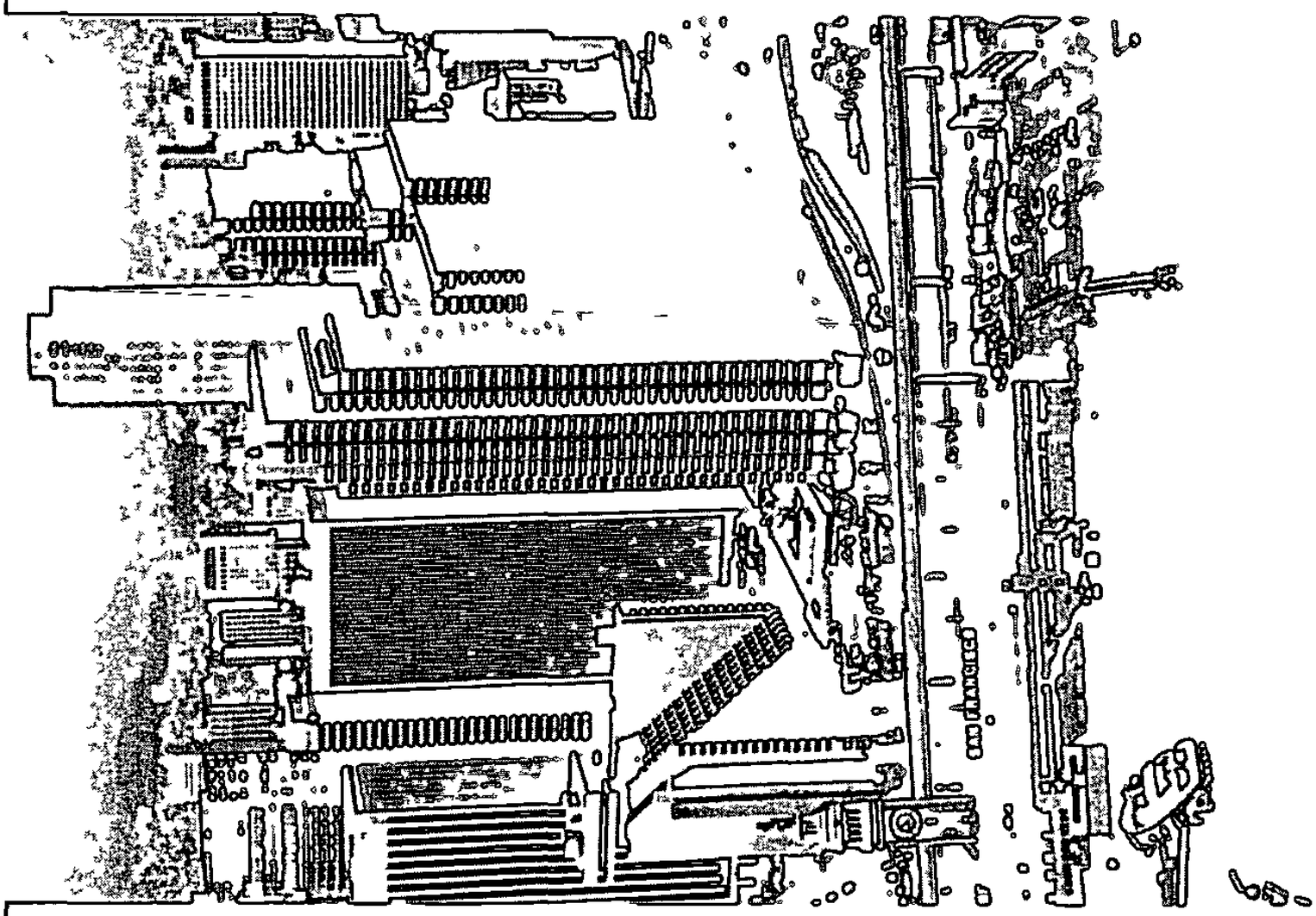
CASE STUDY

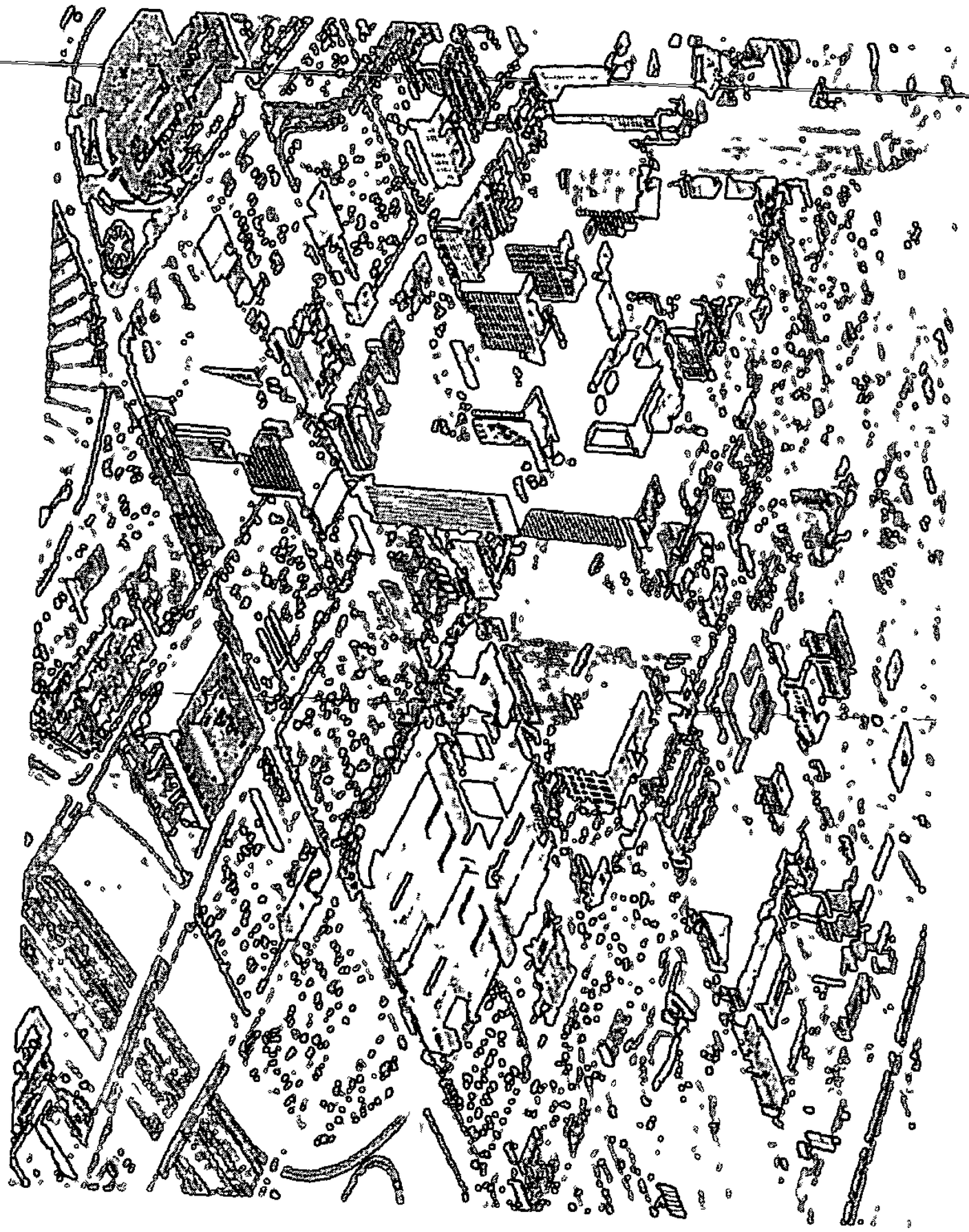
Embarcadero Center

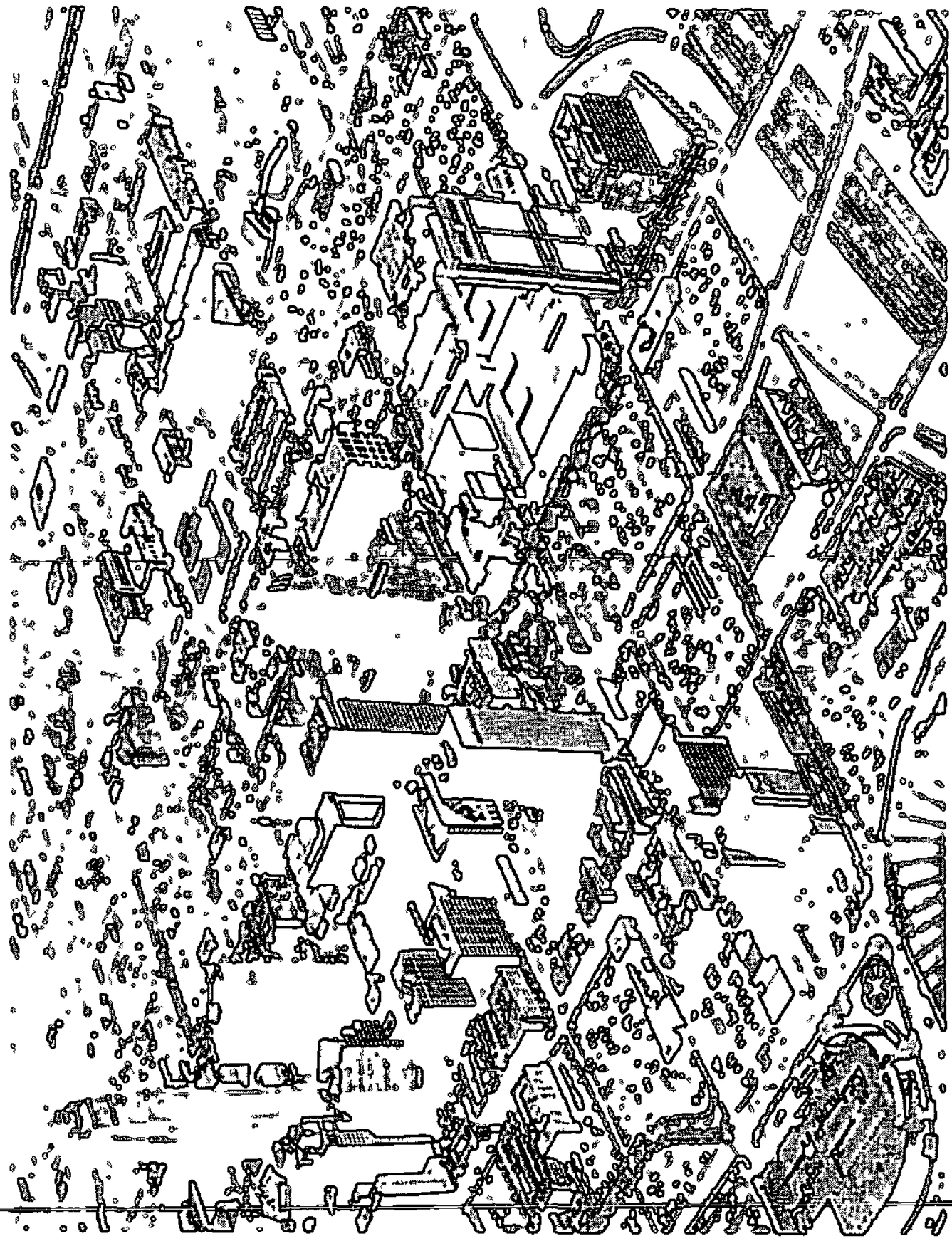
- Eight block urban redevelopment project
- Retail core
- Two hotels
- Five office towers
- Urban Land Institute Award of Excellence 1985

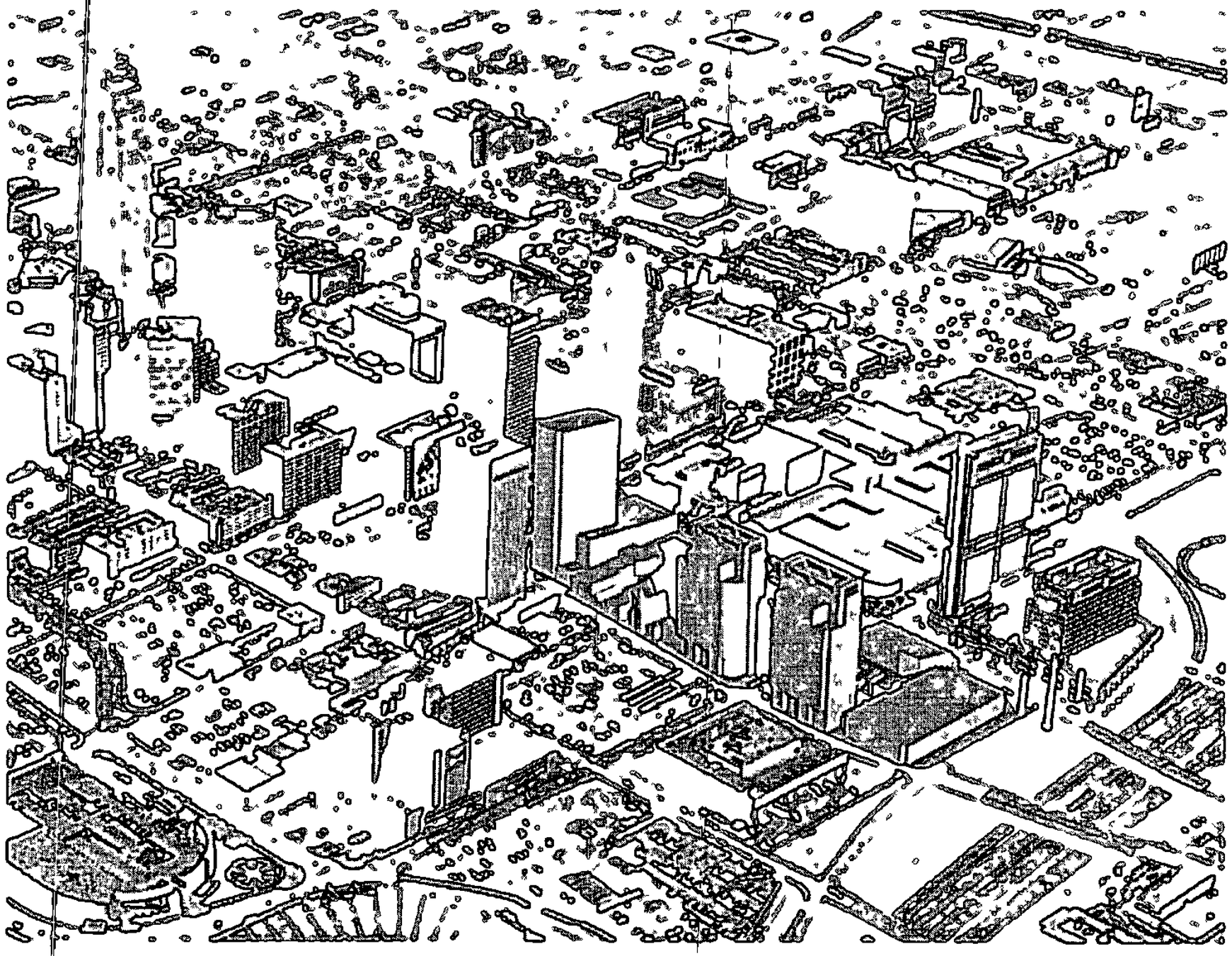
GATEWAY CENTER PARTNER

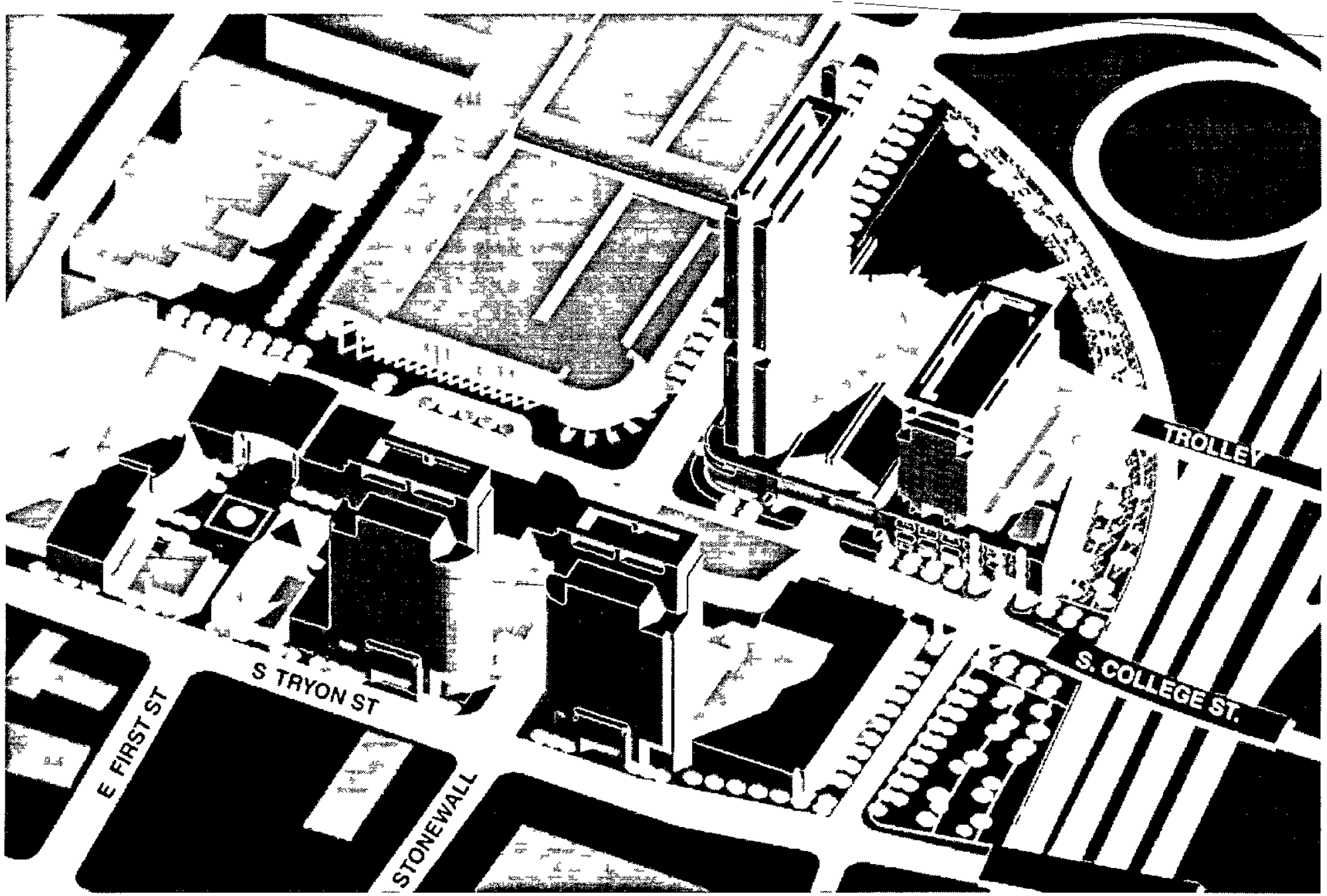


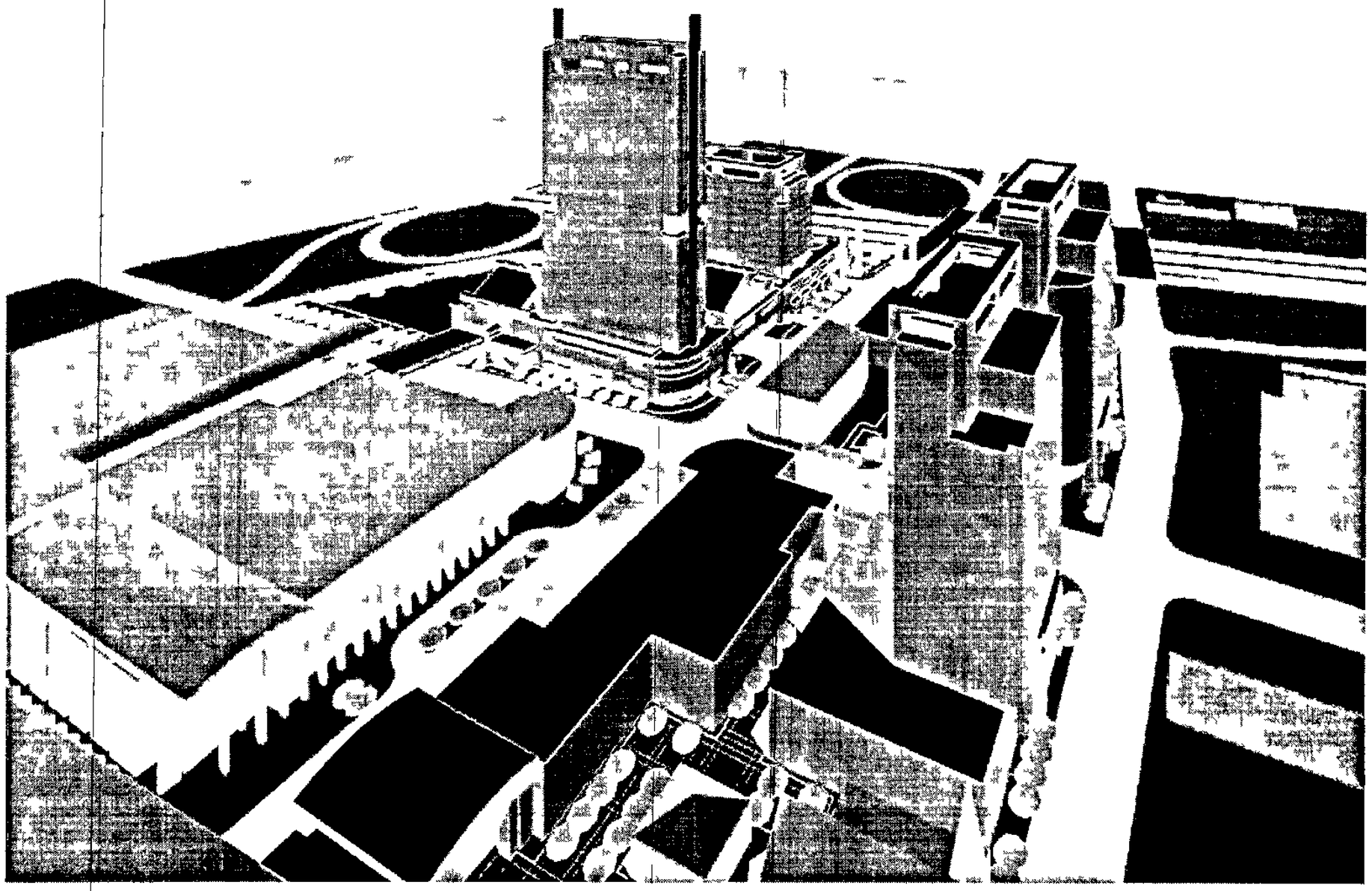








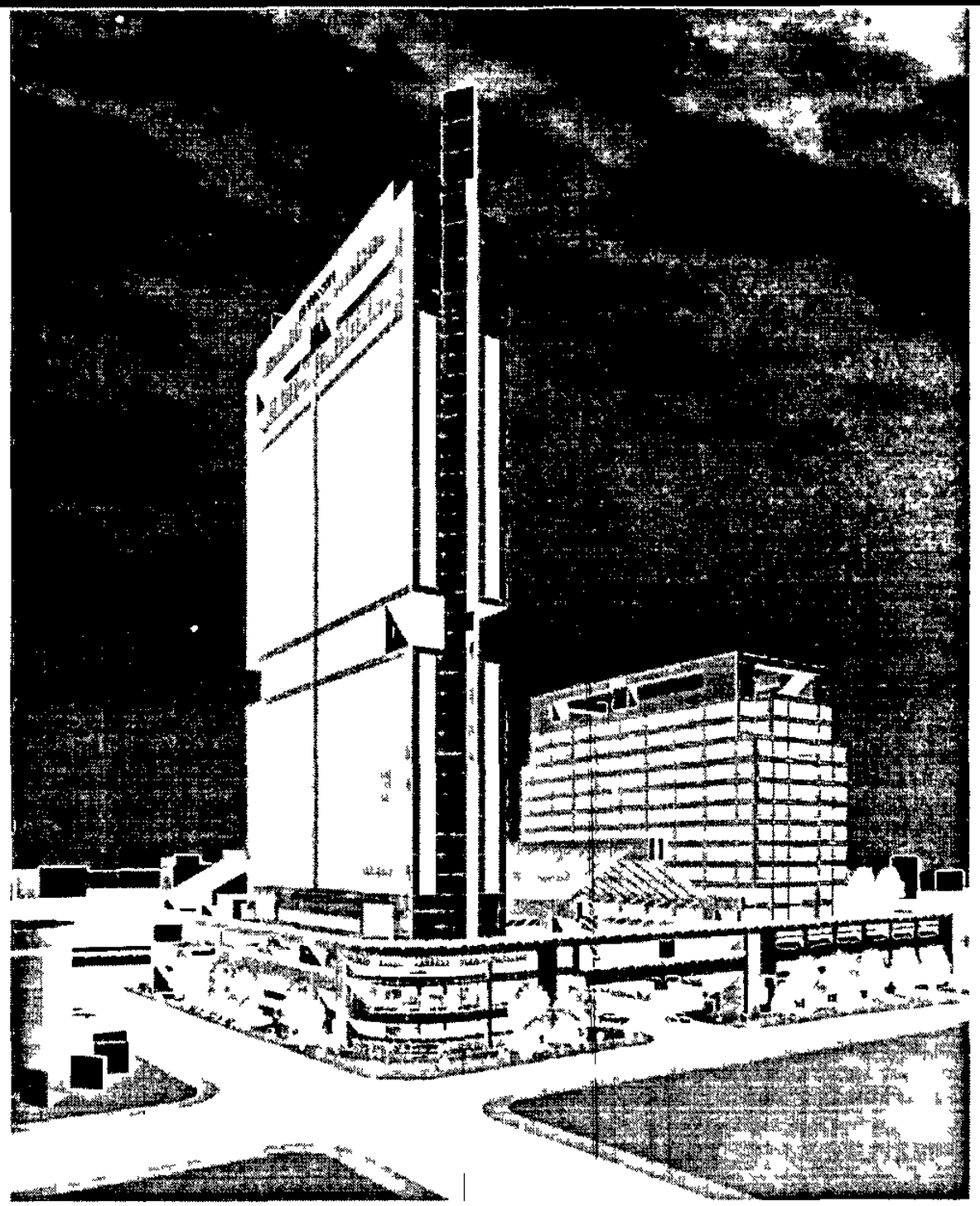

TROLLEY
S. COLLEGE ST.
S TRYON ST
E FIRST ST
STONEWALL

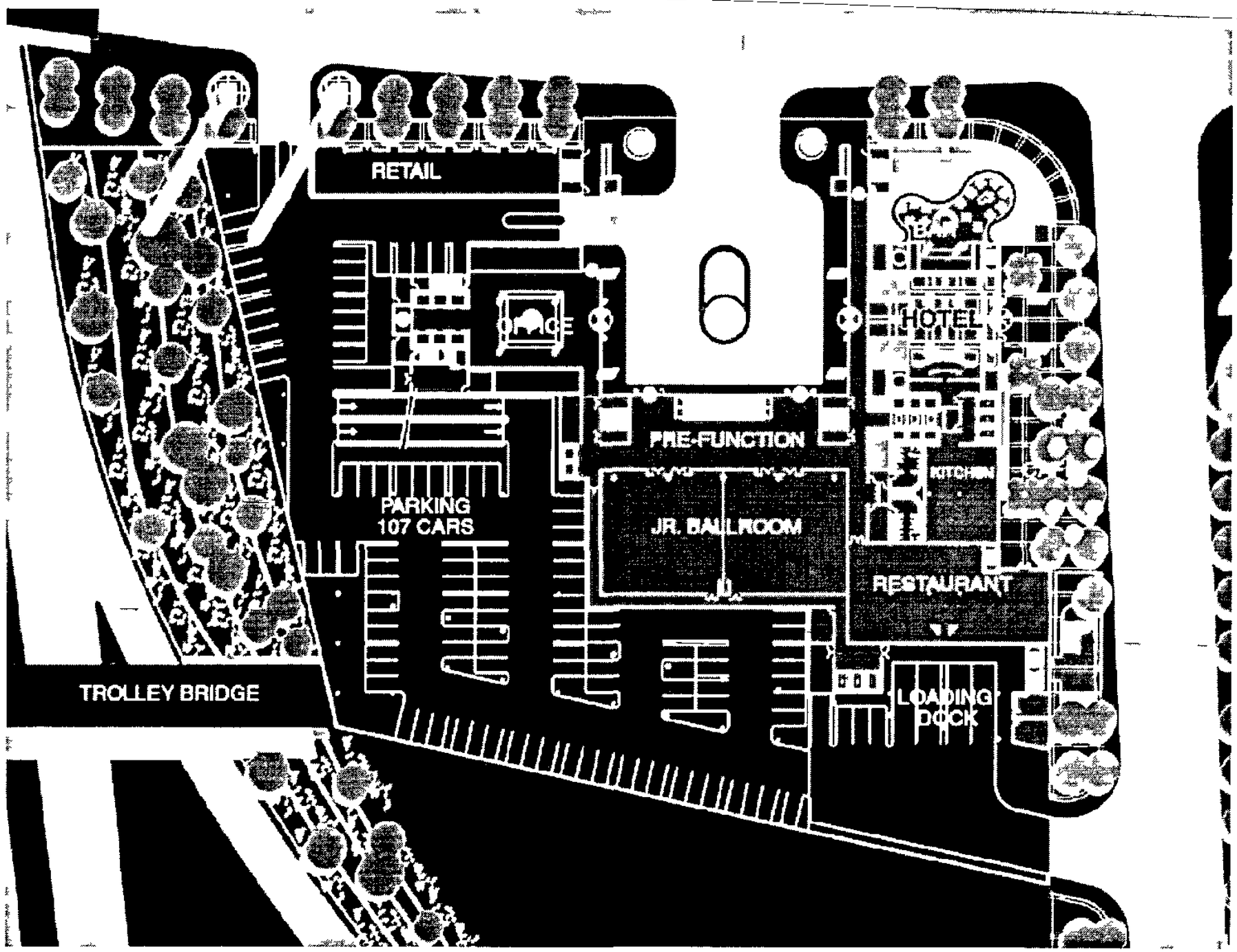


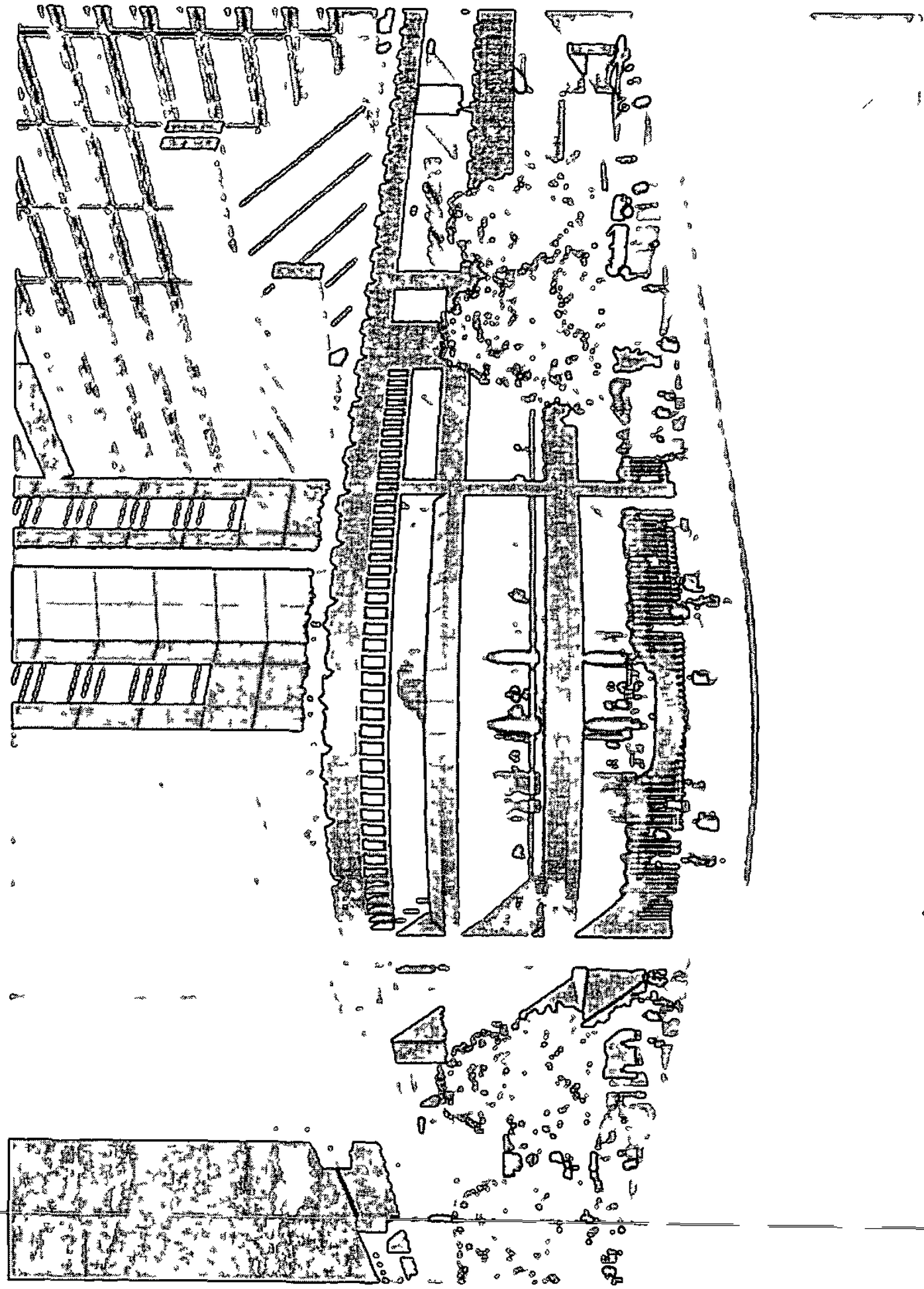
CHARLOTTE

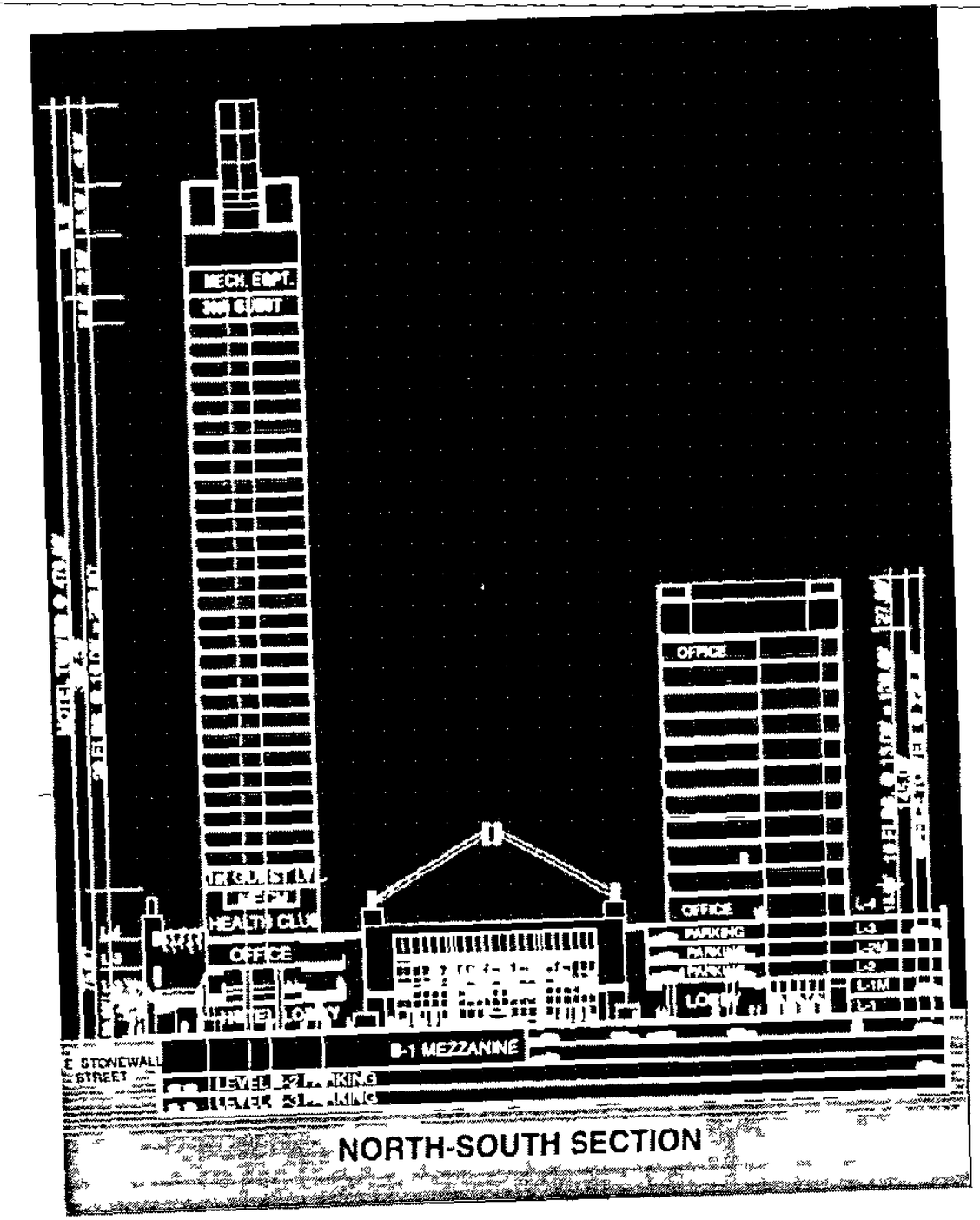
CONCEPTUAL DESIGN

- HOTEL
- OFFICE
- RETAIL

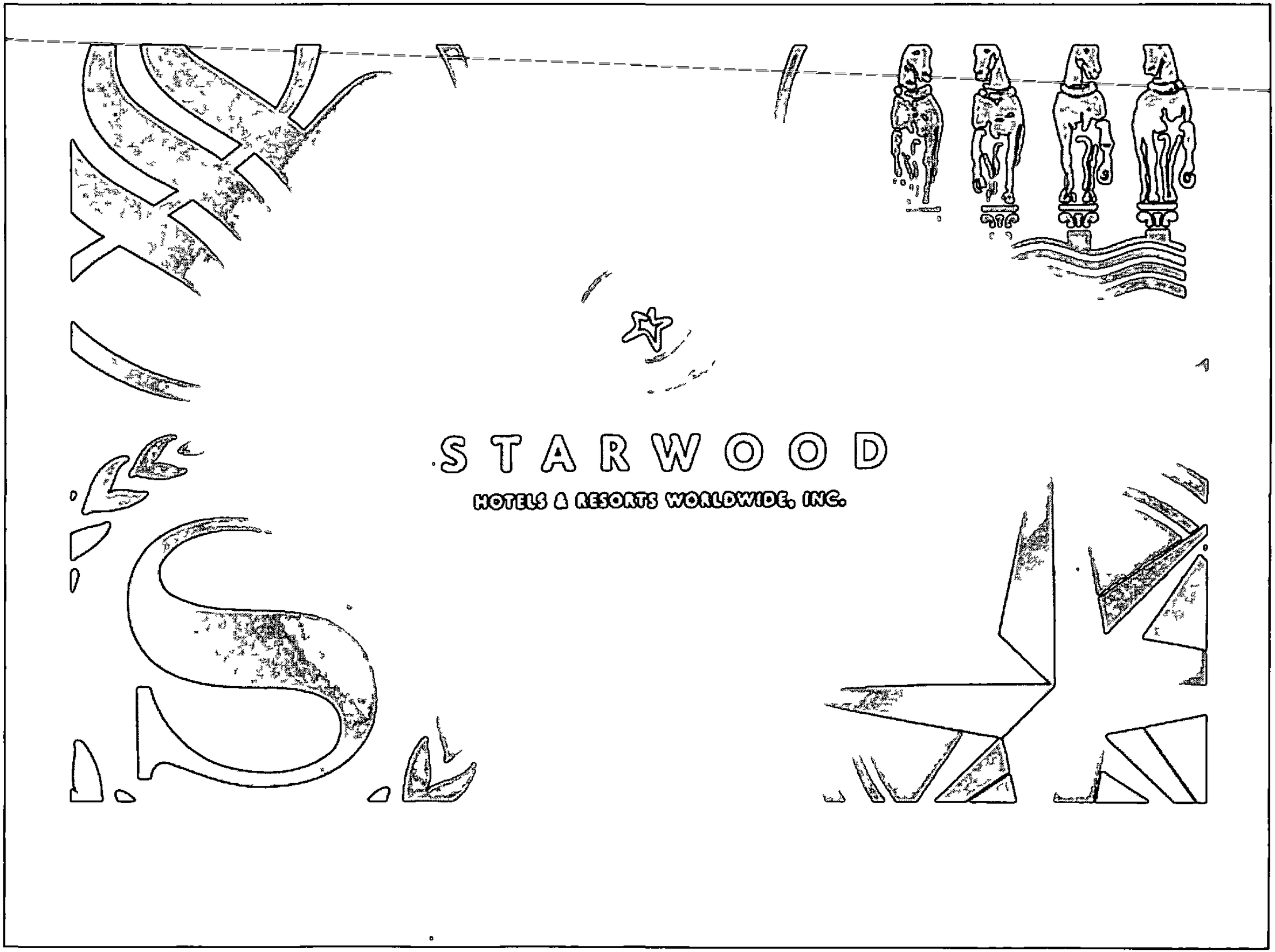



RETAIL
HOTEL
PRE-FUNCTION
KITCHEN
PARKING
107 CARS
JR. BALLROOM
RESTAURANT
TROLLEY BRIDGE
LOADING
DOCK





NORTH-SOUTH SECTION


STARWOOD
HOTELS & RESORTS WORLDWIDE, INC.

The Name is...

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

The Preeminent Lodging & Gaming Company in the World

Hotels

- Luxury Collection (St. Regis) (53)
- Westin (113)
- Sheraton (337)
- Four Points (75)
- Other (83)

Total = 661

Gaming

- Caesars Las Vegas
- Caesars Atlantic City
- Other (9)

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

4/15/98

Hotel Portfolio

	Luxury Collection (St. Regis)	Westin	Sheraton	Four Points	Starwood	Total
Owned/JV/ Leased	34	33	63	6	76	212
Managed	18	37	116	0	7	178
Franchise/ Mktg. Rep.	1	43	158	69	0	271
Total	53	113	337	75	83	661

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

5/1/98

The Westin Savannah
Harbor Resort

CHARLOTTE

HOTELS UNDER DEVELOPMENT

- Savannah
- Portland, Oregon
- Denver Suburbs
  - Denver Airport
  - San Antonio Suburbs
  - San Antonio Downtown
- Seattle Airport
- Seattle Downtown
- Seattle Suburbs
  - San Francisco
  - Orlando

Starwood Strengths

- Premier global hospitality company
- Diverse, well recognized, quality brands
- High quality, well maintained properties
  ($2.3 billion in capital expenditures since 1995)
- Experienced management team on six continents
- Demonstrated track record of growth
- Irreplaceable asset base
- Outstanding acquisition capabilities

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

"We want to be the leader in every category in which we do business."

Barry Sternlicht

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

The Name is...

Westin

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

CHARLOTTE

WESTIN HOTELS & RESORTS

- OLDEST HOTEL COMPANY IN THE WORLD
- 113 HOTELS WORLDWIDE
- THE ONLY MAJOR CHAIN OF 4-STAR HOTELS
- #1 UPSCALE CHAIN BY JD POWER
- #1 UPSCALE CHAIN BY BTN
- #1 GROUP BRAND

CHARLOTTE

WESTIN PORTFOLIO

- UNLIKE ANY OTHER IN THE INDUSTRY
- ALL FIRST CLASS, SIGNATURE HOTELS
- COMMITMENT TO ELEGANCE, SERVICE, AND GUEST EXPERIENCE

CHARLOTTE

WESTIN IS THE #1 GROUP BRAND IN THE INDUSTRY

- 47% of Westin's business is Group Business
- Westin's Average Group Rate is $143

CHARLOTTE

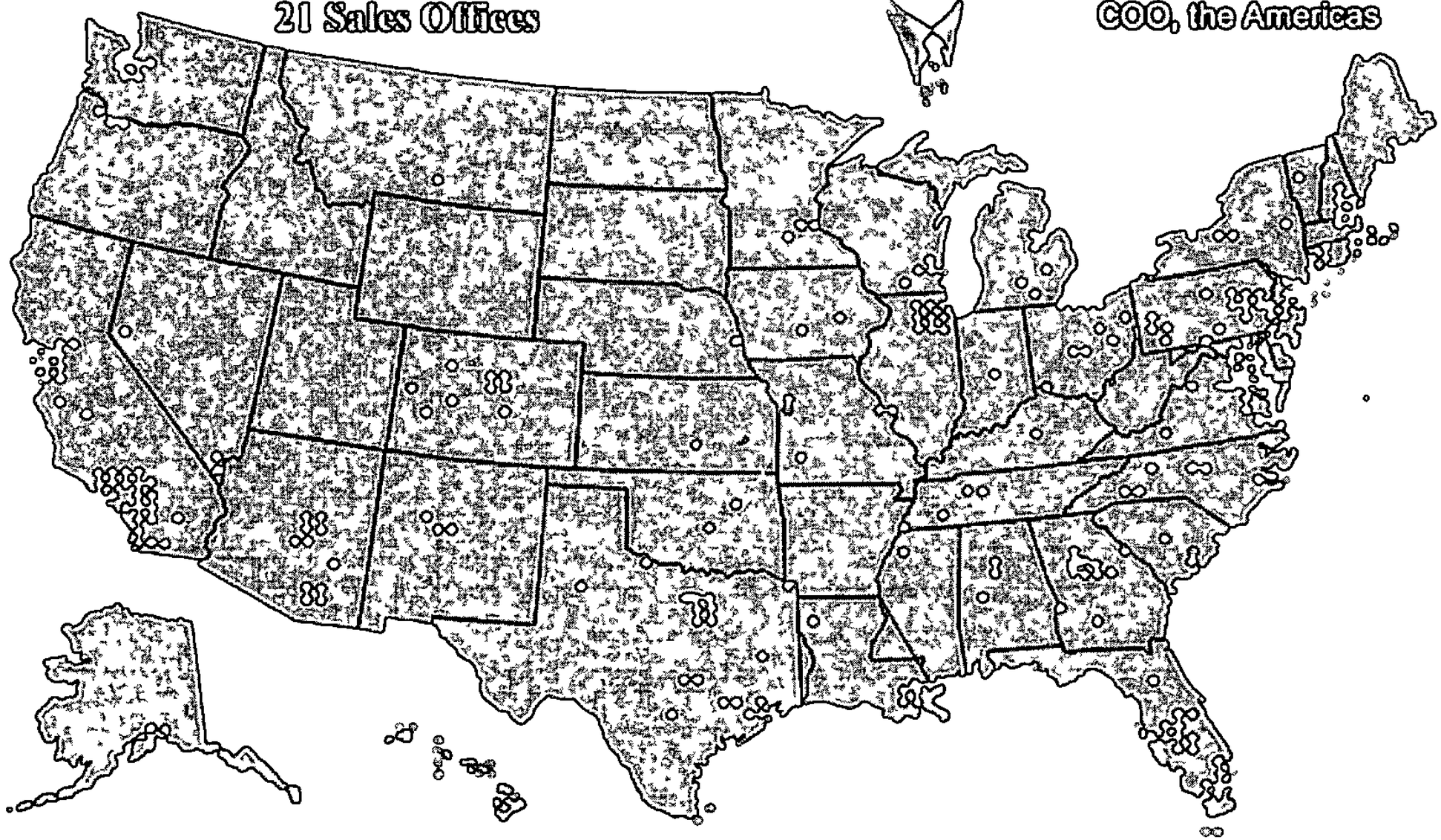
WESTIN'S NORTH AMERICAN APPEAL

- Our hotels are larger and more sophisticated than the competition's
- We have 85 affiliated hotels with 400+ rooms
- We have focused national sales force

U.S.A. - 385 properties

85 Convention Hotels
21 Sales Offices

Fred Kleisner, Pres. &
COO, the Americas



NATIONAL SALES TEAM

- 21 national sales offices
- 90 dedicated sales professionals

$24 million budget

NATIONAL SALES TEAM PERFORMANCE

- 19.2% of all business booked
- $156 average rate

CHARLOTTE

MARKETING SUPPORT

- ADVERTISING
- PUBLIC RELATIONS
- PREMIER CLUB
- AIRLINE PARTNERS

Public Relations

20 Billion Impressions = a Minimum of $350 Million in Advertising Value

(the best in the industry)

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

Premier Club Worldwide
Frequency Guest Program

- Create the most dynamic global program in the industry
- Generous incentives and unparalleled flexibility
- Personal recognition
- Increase members, customer loyalty, spending and profitability to our stakeholders

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

Premier Club Worldwide
Frequency Guest Program

Today

- 4.7 million members
- 1.4 million active members = $1.1 billion in revenue

Goal by December, 2000

- 9.4 million members
- 2.8 million active members = $2.2 billion in revenue
- 5 pts. increase in occupancy = $600 million in new business room revenue

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

Frequent Guest Programs
Current Active Membership - 1.4M

115,000

1,124,000

157,000

33,000

28,000

Starwood Hotels & Resorts Worldwide, Inc. - Hotel Group

CHARLOTTE

LOCAL SALES & MARKETING

- 16 sales professionals
- $2.6 million annual Sales & Marketing Budget

CHARLOTTE

ROOM BLOCK COMMITMENT

- 600-rooms
- 10 to 14 days per month
- 24-months out

CHARLOTTE

PARKING BLOCK COMMITMENT

- 1,750 TOTAL PARKING SPACES
- 500 SPACES/CONVENTION CENTER
- 400 SPACES/HOTEL
- 700 SPACES/MONTHLY OR DAILY BASIS

CHARLOTTE

FINANCIAL CAPABILITY

- PORTMAN HOLDINGS
- STARWOOD HOTELS & RESORTS
- SCHOTTENSTEIN REALTY

CHARLOTTE

FINANCIAL SUMMARY

	Hotel	Garage	Total
Project Costs	$115,500,000	$18,500,000	$134,000,00
Per Unit	$145,000	$10,600	

CHARLOTTE

FINANCIAL SUMMARY

HOTEL CAPITALIZATION

Total Cost	$115,500,000
Debt	$ 80,000,000
Equity	$ 22,500,000
Equity Assistance	$ 13,000,000

CHARLOTTE

FINANCIAL SUMMARY

GARAGE ASSISTANCE

- 500 spaces at $100 per month
- City receives 15% of the garage profits

Present Value of Lease	$4,790,000
Present Value of Participation	$1,727,000
NET COST TO CITY	$3,063,0000

CHARLOTTE

FINANCIAL SUMMARY

Hotel Assistance	$13,000,000
Garage Assistance	$ 3,000,000
TOTAL ASSISTANCE	$16,000,000

CHARLOTTE

FINANCIAL SUMMARY

Why our proposal provides the best value:

- Our land is less expensive
- Our land is leased
- The site is larger
- The Project has more revenue potential

CHARLOTTE

FINANCIAL SUMMARY

The land is less expensive.

CHARLOTTE

FINANCIAL SUMMARY

The land is leased instead of purchased.

CHARLOTTE

FINANCIAL SUMMARY

The site is bigger.

CHARLOTTE

FINANCIAL SUMMARY

Our project has more revenue potential

In addition to the hotel and required parking our project includes:

850 additional parking spaces

250,000 SF office building

CHARLOTTE

FINANCIAL SUMMARY

CONCLUSION

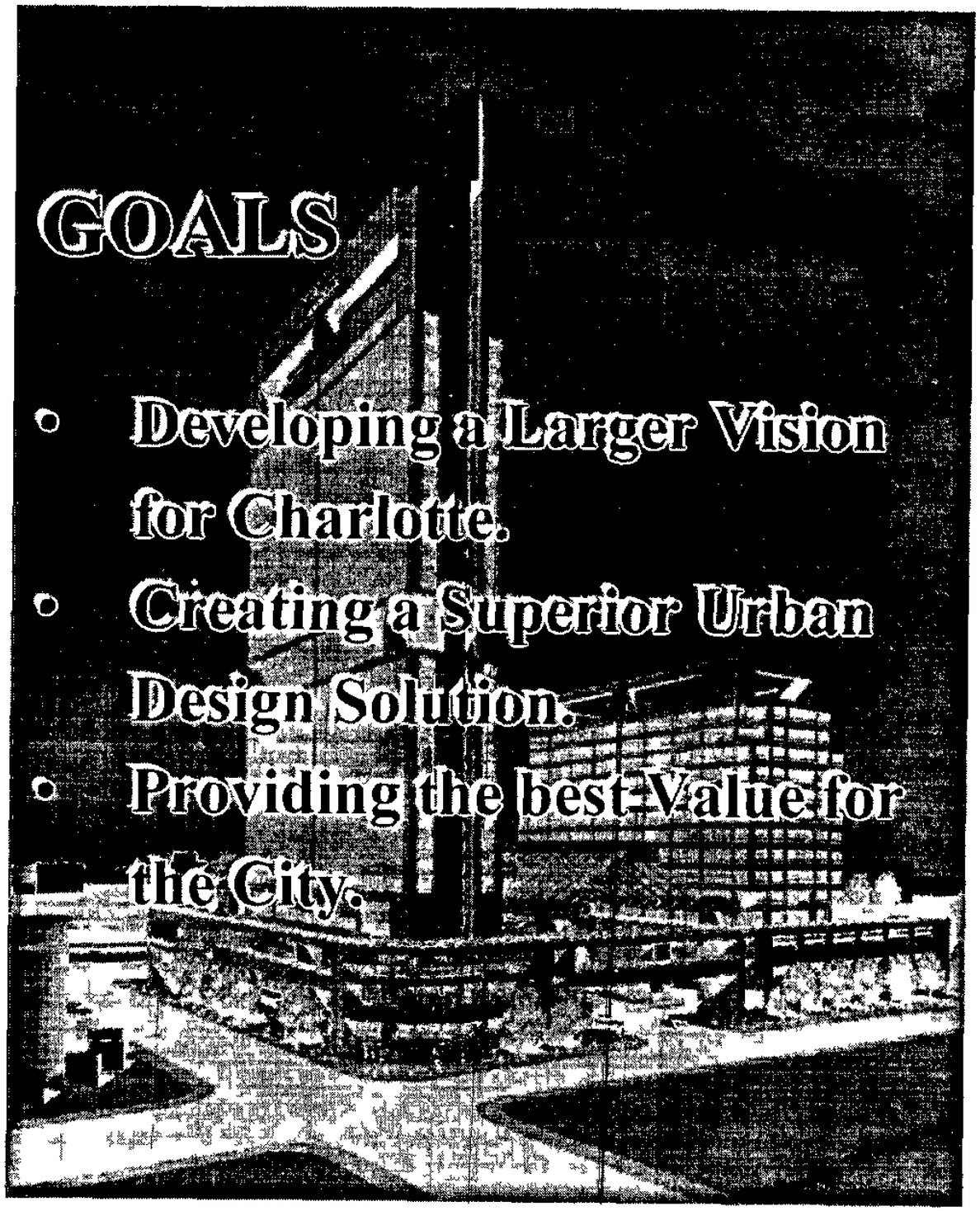
The advantage is in the land.

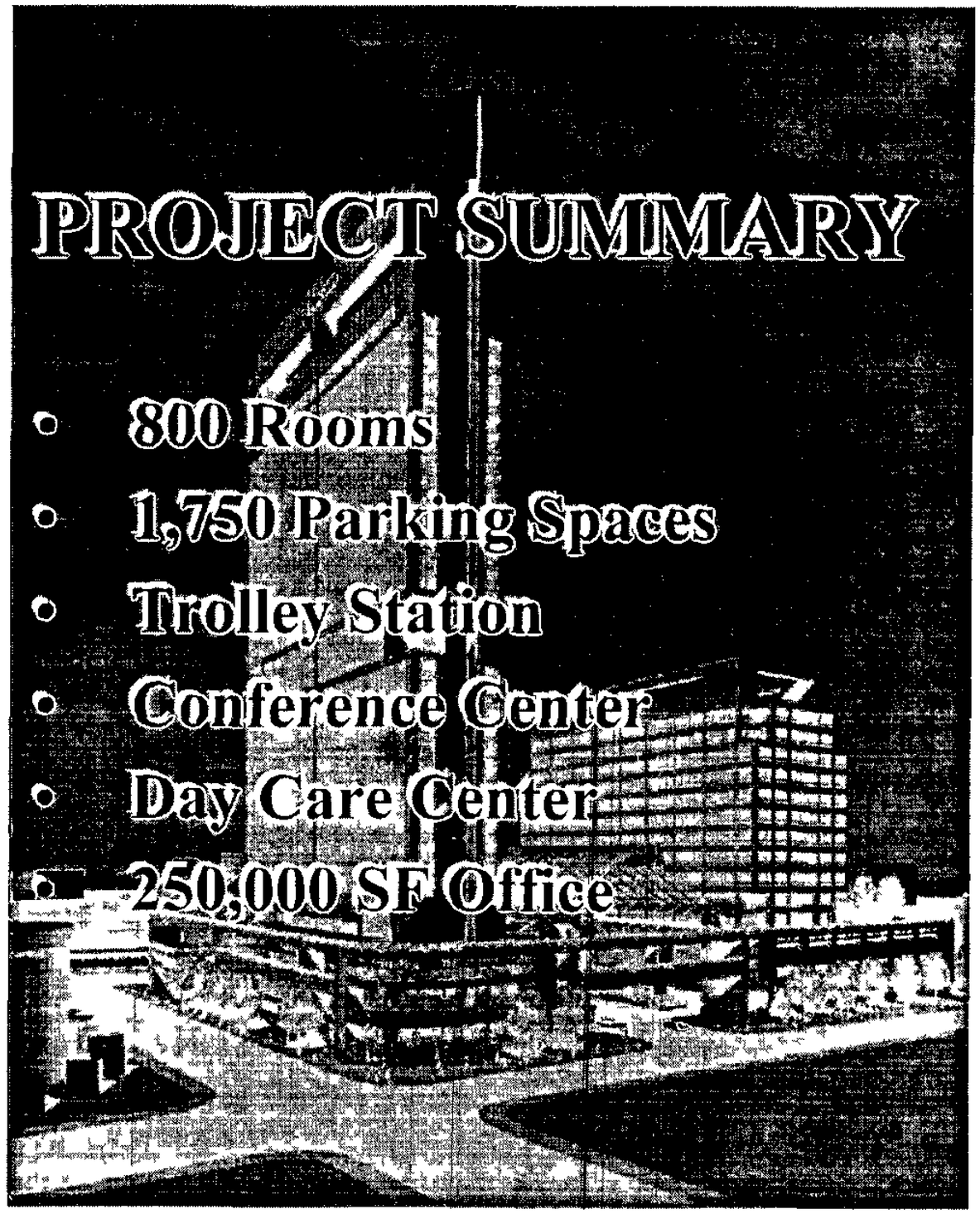
The land is less expensive

The land is leased

The site is bigger

The project has more revenue potential


GOALS
Developing a Larger Vision for Charlotte.
Creating a Superior Urban Design Solution.
Providing the best Value for the City.


PROJECT SUMMARY
800 Rooms
1,750 Parking Spaces
Trolley Station
Conference Center
Day Care Center
250,000 SF Office