

ADD-ON

Agenda Item #:

5A-3

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: December 21, 2010

☐ Consent ☒ Regular
☐ Public Hearing

Department: ADMINISTRATION

Submitted By: ADMINISTRATION

Submitted For: ECONOMIC DEVELOPMENT OFFICE

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: the Application of West Palm Beach Hotel Group, LLC with respect to Recovery Zone Bond Allocation of \$25,000,000.

Summary: West Palm Beach Hotel Group, LLC desires to construct a Marriott Residence Inn in Downtown West Palm Beach. On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) authorizing the issuance of Recovery Zone Bonds were signed into law. On June 12, 2009, the Treasury Department allocated \$53,988,000 to Palm Beach County. The Bond allocation expires on December 31, 2010. Legislative efforts are ongoing to attempt to extend the expiration date. Provided the bonds are extended, and the Convention Center Hotel does not utilize the allocation, staff is recommending \$25,000,000 be allocated to the project. If this occurs, the Board of County Commissioners will need to adopt a Resolution approving the Application and evidencing "official intent" and conduct a Tax Equity and Fiscal Responsibility Act (FEFRA) Public Hearing. **The Bonds would be payable solely from revenues derived from the Company. Neither the taxing power nor the faith and credit of the County nor any County funds, shall be pledged to pay principal or redemption premiums, if any, or interest on the Bonds.** Countywide (PFK)

Background and Policy Issues: On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) Section 1401 of Title I of Division B (ARRA) of 2009, Publication L. No. 111-5 Statute 115 (2009) ("ARRA"), added §§1400U-1 through 1400U-3 to the Code authorizing state and local governments to issue Recovery Zone Bonds, which may be issued in an aggregate principal amount of \$15 Billion nationwide prior to January 1, 2011 for the purpose of financing depreciable property located in areas characterized by significant poverty, unemployment, general distress, or home foreclosures, including economic distress as a result of a military base closure or realignment. ARRA provides Federal income tax incentives for obligations issue to finance the construction, renovation, or acquisition of Recovery Zone property to be used to qualified business in the Recovery Zone.

Attachments:

1. Application

Recommended By: 

Department Director

Date

Approved By: 

County Administration

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	20____	20____	20____	20____	20____
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	_____	_____	_____	_____
No. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No _____
 Budget Account No.: Fund _____ Department _____ Unit _____
 Object _____ Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

No fiscal impact associated with the approval of this application.

C. Departmental Fiscal Review:

[Signature]

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

[Signature] 12/16/2010
 ALJ OFMB
 12/16/2010
[Signature] 12/17/10
 Contract Dev. and Control
 12/16/10
 12/16/10

B. Legal Sufficiency:

[Signature] 12/18/10
 Assistant County Attorney

C. Other Department Review:

 Department Director

REVISED 9/03

ADM FORM 01

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)



**Recovery Zone Facility Bond
Palm Beach County, Florida**

APPLICATION FORM

**When there is insufficient space on the application to provide information, include attachments.
Enclose all pertinent documentation.**

**Economic Development Office
Governmental Center
301 North Olive Avenue, 10th Floor
West Palm Beach, FL 33401**

Project Eligibility Questionnaire

1. Entity that will lease or purchase the project (or borrow the bond proceeds) from the bond issuer. This entity is referred as the project’s “Principal User” for the remainder of this questionnaire.

Entity Name West Palm Beach Hotel Group LLC		Entity Website	
Entity Physical Address 7900 Glades Road, Suite 320 Boca Raton, FL 33434		Entity Mailing Address 7900 Glades Road, Suite 320 Boca Raton, FL 33434	
Representative Name, Title and Mailing Address Gary Koolik Manager 7900 Glades Road, Suite 320 Boca Raton, FL 33434		E-mail Address koolikg@brefrank.com	
		Telephone Number 561-883-5959	
		Mobile Number 561-702-1824	
		Fax Number 561-883-3138	

2. Form of organization of Principal User (check one)

Business Type			
INDIVIDUAL <input type="checkbox"/> Individual <input type="checkbox"/> Sole Proprietorship	CORPORATION <input type="checkbox"/> Sub-S <input type="checkbox"/> C <input type="checkbox"/> LLC	PARTNERSHIP <input type="checkbox"/> General <input type="checkbox"/> Limited <input checked="" type="checkbox"/> LLC	OTHER <input type="checkbox"/> Non-Profit Organization <input type="checkbox"/> CRA <input type="checkbox"/> Municipality <input type="checkbox"/> Franchise <input type="checkbox"/> Other _____

3. Is the Principal User related to any other organization by more than 50% common ownership?

X Yes ☐ No

If yes, indicate name of related organization and relationship: Hibiscus Ventures LLC. Both entities have the same owners.

4. If any of the above persons own more than 50% of the Principal User, list all other organizations which are related to the Principal User by virtue of such persons having more than a 50% interest in such organizations: N/A

5. Project Site Information

Subject Property Address (street, city, state & ZIP) 455 Hibiscus Street West Palm Beach, FL 33401		Property Control Number(s) 74434321080550012
<input checked="" type="checkbox"/> Located in a Municipality <input type="checkbox"/> Located in an Unincorporated Area Current Land Size <u>.67</u> acres Current Building Size: <u> </u> sq ft		X Recovery Zone: Census Tract 12099002700 Unemployment Rate 11.8% Poverty Rate 16%
<input checked="" type="checkbox"/> Lot only	<input type="checkbox"/> Lot and building	Indicate the present use of the project site: Parking lot
<input checked="" type="checkbox"/> Own	<input type="checkbox"/> Lease	Is there a lien on the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, who holds the lien?
Property Owner's Name and Telephone Number: Hibiscus Ventures LLC 561-883-5959		Has the subject property been or will be in a foreclosure procedure? NO

6. If the Principal User now owns the project site, indicate: See #10.

- a. Date of Purchase March 10, 2008
- b. Purchase Price \$4,000,000
- c. Balance on Existing Mortgage N/A
- d. Holder of Mortgage N/A

7. If the Principal User is not now the owner of the project site, does the Principal User have an option to purchase the site and any buildings on the site? See #10.

☐ Yes ☐ No
If yes, indicate:

- a. Date Option Agreement Signed by Owner
- b. Purchase Price Under Option
- c. Expiration Date of Option

8. Has the Principal User entered into a contract to purchase the site? See #10.

☐ Yes ☐ No

If yes, indicate:

- a. Date Signed
- b. Purchase Price
- c. Settlement Date

9. If the Principal User is not the owner of project site, does the Principal User now lease the site or any building on the site? See #10.
☐ Yes ☐ No

10. Is there a relationship legally or by virtue of common control or ownership between the Principal User and the seller / lessor of the project site?
☒ Yes ☐ No
If yes, describe the relationship: Principal User and Property Owner are related entities with the same ownership.

11. Does the project involve acquisition of an existing building or buildings?
☐ Yes ☒ No

If yes, indicate number and size of buildings:

12. Does the project consist of the construction of a new building or buildings?
☒ Yes ☐ No
If yes, indicate number and size of new buildings: One 108,000 square foot building.

13. Does the project consist of additions and /or renovation to existing buildings?
☐ Yes ☒ No
If yes, indicate nature of expansion and/or renovations:

14. What will be the use of the buildings or buildings to be acquired, constructed or expanded by the Principal User for this project? Hotel with an attached parking garage.

15. Has the construction work on this project begun?
☐ Yes ☒ No
If yes, complete the following:

	Construction Work	Yes	No	% Completed
a.	Site Clearance			%
b.	Foundation			%
c.	Footings			%
d.	Steel			%
e.	Masonry Work			%
f.	Other (describe below)			%

16. List principal items or categories of equipment to be acquired as part of the project: See attached budget.

17. Has any of the above equipment been ordered or purchased?

☐ Yes ☒ No

If yes, indicate:

Equipment Item	Date Ordered	Delivery Date	Price

18. State the proposed uses of bond proceeds:

Description of Cost	Amount
Land	0
Building(s)	18,000,000
Equipment	2,600,000
Engineering	200,000
Architecture	950,000
Interest during construction	1,000,000
Bond discount	250,000
Cost of financing	750,000
Other (please explain below)	1,250,000
Face amount of issue	25,000,000

Other: Fees

100% LEVERAGE, NEW DO
YOU COVER DEBT SERVICE.

19. Have any of the above expenditures already been made by the applicant?

☒ Yes ☐ No

If yes, indicate particulars: Applicant has expended funds for land, engineering, architectural, legal, other professionals, permit and filing fees and working capital.

20. Have any of the above expenditures been incurred but not paid by the Principal User?

☐ Yes ☒ No

If yes, indicate particulars:

21. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds?

☐ Yes ☒ No

If yes, indicate particulars:

22. Will any of the funds to be borrowed through the County be used to repay or refinance an existing mortgage or outstanding loan?
☐ Yes ☒ No

If yes, indicate particulars:

23. Indicate approximate number of individuals who will be employed after completion of the project:
25 full-time employees and additional part-time employees.

24. Do any of said employees require specialized training or skills to qualify for said employment?

☒ Yes ☐ No

If yes, please indicate whether or not training programs will be instituted or whether or not local technical and vocational education can provide such training: Training programs will be provided as needed.

25. Please indicate utility needs: i.e. electrical, water and sewer. Include quantity and character of said needs:
Water, sewer, electric and gas are required. All utilities are available at the site.

26. Does the project produce emissions through stacks or chimneys, which would subject it to the jurisdiction of the Florida Department of Environmental Regulation?

☐ Yes ☒ No

If yes, indicate particulars:

27. Does the project produce sewage, industrial effluent, or discharge of an unusual character requiring specialized treatment?

☐ Yes ☒ No

If yes, indicate particulars:



Authorized Company Officer Signature

Gary Koolik

Print Name

Manager

Title

August 20, 2010

Date