

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

Meeting Date: January 15, 2013

Consent  
 Ordinance

Regular  
 Public Hearing

Department: Administration

**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to receive and file: executed documents dated November 30, 2012, related to the Convention Center Hotel project:

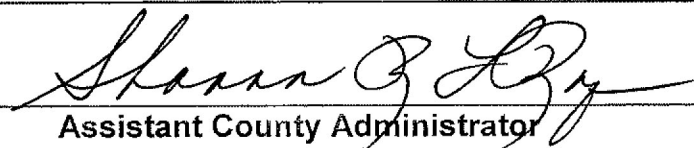
- A) Amendment to Settlement Agreement;
- B) Convention Center Hotel – West Palm Beach Agreement;
- C) Declaration of Restrictive Covenant (Convention Center Hotel Land Pilot Payment);
- D) Payment, Performance, and Construction Guaranty;
- E) Development Agreement;
- F) Hotel Lease;
- G) Memorandum of Hotel Lease;
- H) Hotel Room Block Agreement;
- I) Memorandum of Room Block Agreement; and
- J) Convention Center Hotel Garage Easement.

**Summary:** On October 30, 2012, the BCC approved and authorized the Chair of the BCC to execute the above agreements contingent upon receipt of fully executed agreements including Related New York's \$5 Million security deposit by November 30, 2012. Staff has received the required security deposit in the form of a bond. Related New York has until May 2014 to commence construction or the \$5 Million security deposit will be forfeited. Countywide (JM) (HJF)

**Background and Policy Issues:** On July 24, 2012, the BCC conceptually approved the Terms and Conditions of the hotel Agreements. On April 12, 2011, the BCC conceptually approved a subsidy in the amount of \$27 Million for the development of a 400 room Hilton Convention Center Hotel to The Related Companies, L.P. and directed Staff to begin negotiations with Related. On March 9, 2010, the BCC approved the Selection Committee's number one ranking of The Related Companies, L.P. to develop and operate the Hotel. *(Continued on Page 3)*

**Attachments:**

- A. [Amendment to the 2005 Settlement Agreement](#)
- B. [Convention Center Hotel West Palm Beach Agreement](#)
- C. [Declaration of Restrictive Covenant \(Convention Center Hotel Land - PILOT Payment\)](#)
- D. [Payment, Performance, and Construction Guaranty](#)
- E. [Development Agreement](#)
- F. [Hotel Lease](#)
- G. [Memorandum of Hotel Lease](#)
- H. [Hotel Room Block Booking Agreement](#)
- I. [Memorandum of Room Block Agreement](#)
- J. [Convention Center Hotel Garage Easement](#)

Approved by:   
Assistant County Administrator

12-17-12  
Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures	\$0	\$27,000,000	\$0	\$0	\$0
Operating Costs	0	0	0	0	0
Debt Service	0	2,242,690	2,243,910	2,243,100	2,243,100
External Revenues	0	(27,000,000)	0	0	0
Program Income (County)	0	0	0	0	0
In-Kind Match (County)	0	0	0	0	0
<b>NET FISCAL IMPACT</b>	<b>\$0</b>	<b>\$2,242,690</b>	<b>\$2,243,910</b>	<b>\$2,243,100</b>	<b>\$2,243,100</b>
No. Additional FTE Positions (Cumulative)	0	0	0	0	0

Is Item Included in Current Budget:      Yes      \_\_\_\_\_      No

Budget Account No:      \$  
Reporting Category:

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

The debt service will be funded by available non Ad Valorem sources. However, the use of the funds will have a direct impact on Ad Valorem requirements. The County will provide a guarantee limited to 40% of the senior debt to a maximum of \$20 Million, which guarantee shall expire no later than seven (7) years after the Hotel opening and contingent upon Related Companies, LP providing the mortgagee an unconditional, absolute, irrevocable, and continuing guarantee of payment and performance of the senior debt.

**C. Departmental Fiscal Review:**

**III. REVIEW COMMENTS**

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

*[Signature]* 12/20/12  
OFMB  
12/19/12  
12/19/12  
JZ

*[Signature]* 12/21/12  
Contract Dev. and Control  
12-21-12 B Wheel

**B. Legal Sufficiency:**

*[Signature]* 12/27/12  
Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
Department Director

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

**Background and Policy Issues:** On March 15, 2005, the BCC approved a Settlement Agreement (R2005-0594) which settled lawsuits regarding the construction of the Convention Center Hotel. The Settlement Agreement included various stipulations regarding the taxability of the hotel. The Hotel Agreements negotiated between the County and Related do not comply with the Terms and Conditions of the 2005 Settlement Agreement with respect to the taxability of the hotel as it relates to the construction of condominiums. Therefore, a new Agreement, Convention Center Hotel – West Palm Beach Agreement (WPB Agreement), was negotiated between the City of West Palm Beach and Related which addresses Payments in Lieu of Taxes (PILOT Payments). The WPB Agreement requires the hotel tenant to make annual PILOT Payments to the West Palm Beach Community Redevelopment Agency and/or the City of West Palm Beach as compensation for the hotel and hotel land being immune from Ad Valorem property taxes. Failure of the hotel tenant to make these payments constitutes a default under the County's Hotel Lease with the tenant. The County is a party to the WPB Agreement solely for the purpose of imposing the terms and conditions of the WPB Agreements on the hotel and hotel land. The WPB Agreement does not substantially affect the negotiated terms between Related and the County under the Hotel Agreements. Due to the execution of the WPB Agreement, an Amendment to the 2005 Settlement Agreement is required to memorialize the changes. The Declaration of Restrictive Covenant (Convention Center Hotel Land – PILOT Payment) places a restrictive covenant on the hotel land imposing the obligations for annual PILOT Payments to the West Palm Beach Community Development Agency and the City of West Palm Beach.