

REQUEST FOR PROPOSAL
MULTI-PURPOSE MEETING FACILITY PROJECT
FOR THE
CITY OF KERRVILLE



CITY OF KERRVILLE

Due Date: March 15, 2010
@3:00 P.M. CST

CITY OF KERRVILLE, TEXAS
800 Junction Hwy
Kerrville, TX 78028
(830) 257-8000
www.kerrvilletx.gov

CONTENTS

Overview	3
Community Profile	
Hospitality and Tourism	
History of Convention Center	
Definitions, Terms and Conditions	7
Proposed Agreement	9
Solicitation and Negotiation Process	11
Ownership and Operations	11
Submission Requirements	12
Time and Place for Submission of Responses	14
Selection Criteria	15
Special Conditions	15

1.0 Overview

General Information

This Request for Proposals ("RFP") is a solicitation process, which is expected to culminate in a negotiated agreement between the City of Kerrville ("Kerrville") and a qualified Developer ("Developer") to develop and construct a Multi-Purpose Meeting Facility (MMF). The Kerrville City Council has the responsibility of selecting a Developer for the MMF project. An RFP review team will be appointed by the City Council to recommend a potential Developer.

Proposers are to propose a development team to include appropriate professionals such as architects, construction professionals, a hotel operator and other parties found necessary to complete the Project. The proposal selected by the City may require modifications by the City.

Interested proposers must submit one (1) original, five (5) copies and one (1) electronic version (CD-Rom or USB drive) of the proposal which must then be submitted in a sealed envelope bearing the name and address of the proposer.

Proposals will be accepted until 3:00 pm CST on Monday, March 15, 2010 and should be addressed to:

City Secretary
City of Kerrville
800 Junction Hwy
Kerrville, TX 78028

Schedule of Important Dates

The tentative schedule for this Request for Proposal is as follows:

Release RFP to Proposers	January 14, 2010
Advertise Dates	Jan. 15 & Jan. 22, 2010
Proposal Submission Deadline	March 15, 2010, 3 p.m.

Community Profile

The Kerrville/Kerr County area, located in the heart of the Texas Hill Country, is surrounded by majestic rolling hills, the beautiful Guadalupe River and picturesque trees. Each spring, the hills come alive with beautiful wildflowers that dot the countryside.

Kerrville is 62 miles northwest of San Antonio on Interstate 10 and is intersected by State Highways 16 and 27. Austin, the Gulf Coast and Mexico are easily accessible by nearby Interstate Highways 35 and 37. The central location of the Kerrville area attracts visitors, as well as consumers, from throughout the Hill Country.

Chartered in 1856, Kerr County was named after Captain James Kerr, a friend of founder Joshua Brown and boasts approximately 48,000 residents. The City of Kerrville was founded in 1889, and is home to approximately 23,500 residents. Our 10 year forecast projects our population to be 29,500 by 2020. Kerrville is the county seat of Kerr County.

In the early '20s, the Kerrville area was identified as one of the "healthiest places in the nation" to live. There is pride in maintaining a healthy environment, which depends greatly on the climate and year-round good weather. Kerrville is 1,640 feet above sea level with an average July temperature of 81 degrees and a January norm of 47 degrees. The average yearly rainfall is 31.5 inches and the mean relative humidity at noon is 55%.

The Kerrville area also boasts a desirable quality of living because of its available healthcare, technology, education, arts and culture. The low crime rate and big city amenities position this area as one of the best small town environments in which to live and work.

The City of Kerrville is home to three golf courses, 936 acres of parkland, including a 500 plus acre city park nestled on the banks of the Guadalupe River and a sophisticated arts community.

The local economy is fueled by small businesses that are widely known. Tourism and retirement services take the lead for employment, followed closely by healthcare (V.A. Medical Center, Kerrville State Hospital and Peterson Regional Medical Center) hospitals, clinics, and special services). Major employers in the Kerr County area draw their labor force from the immediate Hill Country area (Kerr, Bandera, Gillespie, Kendall, Real and Kimble counties). This is also considered the trade area. The collective population of these counties is approximately 145,000.

Corporate offices, health care services, camps, communications, construction, entertainment, financial services, hunting, hospitality, personnel services, real estate, retail, transportation and wholesale distribution and warehousing are ideal operations for the Kerr County area. Markets outside the community can be quickly reached by

truck and light cargo deliveries. Several local industries market their product internationally as well.

Kerrville is also the home of Schreiner University, an independent and coeducational university. The prestigious U.S. News and World Report "America's Best Colleges Guide" listed Schreiner College as one of the top regional liberal arts colleges in the western United States. The Board of Trustees voted to change the college to Schreiner University in February 2001.

Kerrville also boasts the Kerrville Municipal Airport, located in the center of the Airport Development Area east of the city of Kerrville. The airport is conveniently located six miles from downtown Kerrville on State Highway 27 E and is easily accessible to Interstate Highway 10 at only seven miles. For more than forty years, Kerrville Municipal, a city/county owned airport, has served private and corporate aircraft on a 6,000-foot runway. Current utility infrastructure to the airport site includes water and wastewater. A state of the art general aviation terminal greets passengers and houses professional offices.

The Economic Improvement Corporation (4B Sales Tax Board) funded the extension of water and wastewater to the Airport Commerce Park, a Planned Development District business park of approximately 70 acres located across State Highway 27 E from the Airport. The Airport Commerce Park attracts not only aviation related businesses, but general professional, manufacturing and service providers to the area.

Hospitality and Tourism

The major source of employment for the Kerrville area is the hospitality industry that includes tourism, youth camps, retreat facilities, seasonal visitors known as Winter Texans and year-round hunting. Approximately one million visitors come to the Kerrville/Kerr County area each year.

Visitors enjoy eclectic retail shops, Hill County cuisine and outdoor activities. Kerrville is the center of an arts and cultural renaissance featuring Community Theater, art galleries, and the Official Texas Arts and Crafts Fair and the Kerrville Folk Festival.

The City of Kerrville has approximately 1,200 hotel/motel rooms featuring 730 of those rooms as business class appropriate for conventioners. Many bed and breakfast accommodations pepper the county along the Guadalupe River and its tributaries.

History of Convention Center

The Kerrville City Council appointed a ten member committee in June 2009, to study the possibility of developing and constructing a convention center in Kerrville. The Convention Center Blue Ribbon Committee was charged with answering the following questions: 1.) Do we want a convention center? 2.) If so, where would it be located? And 3.) How can we fund, build and operate the facility?

The group reviewed the Kerrville Convention & Visitors Bureau's in-house analysis detailing potential convention business expansion, projected tax increases and timelines for additional hotel build outs. Other resources aiding the committee were the Kerrville/Kerr County Economic Development Strategic Plan, the updated Comprehensive Plan and financial planning tools available to the City.

Based on the knowledge garnered, the committee recommended the following:

- Positive recommendation for a convention center project that must be tax neutral, maintain or improve the quality of life and help revitalize the downtown area.
- The type of facility recommended would be 45,000-60,000 square feet, capable of hosting 2,500 delegates at a time.
- The center would be City-owned and City-managed.
- Preferred location would be Historic Downtown with the alternative location being within walking distance of downtown in the Central City district. If preferred locations are not feasible, other locations could be considered.

A Request for Proposals was issued in September 2009 to receive proposals for a third party feasibility study addressing the scope and marketability, the economic impact, and potential targeted locations of a convention. The study was completed in December 2009 and yielded a strong recommendation to seek proposals from interested parties with detailing a potential private/public partnership to build a convention/conference center.

2.0 DEFINITIONS, TERMS AND CONDITIONS

Definitions

In order to simplify the language throughout this request for proposal, the following definitions shall apply:

City – City of Kerrville

Project Team – Group of individuals assigned by the City of Kerrville to conduct reviews, interviews, or negotiations with proposers to the RFP.

Proposer – Company or individual submitting a proposal in response to the RFP as well as any subcontractors listed in the RFP.

RFP – Request for Proposals.

Receipt of Proposals

The submitted Proposal(s) must be received by the City Secretary's Office prior to the time and date specified. The mere fact that the proposal was sent will not be considered; a potential proposer must ensure that the Proposal is actually delivered.

Questions and Inquiries

Questions and Inquiries about this RFP should be directed to Mindy Wendele, Director of Business Programs at (830) 792-8343 or mindy.wendele@kerrvilletx.gov. Questions should be submitted in writing on or before 5:00 pm CST on the day prior to the proposal due date specified herein.

Reservations

The City reserves the right to accept or reject any or all Proposals as a result of this request, to negotiate with all qualified proposers, or to cancel, in part or in its entirety, this RFP if found to be in the best interest of the City. All Proposals and media (CDs or USB drives) shall become the property of the City of Kerrville.

Reimbursements

There is no express or implied obligation for the City of Kerrville to reimburse responding proposers for any expenses incurred in preparing Proposals in response to this RFP and the City shall not reimburse proposers for these expenses, nor shall the City pay any subsequent costs associated with the provision of any additional information or presentation.

Communication

The City shall not be responsible for any verbal communication between any employee of the City and any proposer. Only written requirements and qualifications will be considered.

Negotiations

The City may negotiate with as many as three of the responsible qualified proposers who submit Proposals that are reasonably suitable for selection. All proposers reasonably suitable for selection based on criteria set forth in this RFP may be given an

opportunity to make a presentation and/or interview with the Project Team. Following any presentation and/or interviews, proposers will be ranked in order of preference and contract negotiations will begin with the top ranked proposer. Should negotiations with the highest ranked respondent fail to yield a contract or if the respondent is unable to execute said contract, negotiations will be formally ended and then commence with the second highest ranked proposer, etc.

Award of Contract

Award of the contract shall be made to the, proposer whose proposal is determined to be the best evaluated offer resulting from the proposal and negotiation process, taking into consideration the relative importance of price and other factors set forth in this RFP.

3.0 Proposed Agreement

3.1 Project Scope

The City seeks the development of a multi-purpose meeting facility with a hotel (“Project”) with a target opening date of Spring 2013. The purpose of the Project is to attract a higher volume of convention bookings to the City that the City cannot currently accommodate due to lack of convention and trade show space.

The City’s interest in the Project is based in part on the findings of a June 2009 economic impact analysis study produced by the Kerrville Convention and Visitors Bureau (KCVB) and a subsequent feasibility study performed by TXP, Inc. substantiating the KCVB analysis. These studies and reports will be used to evaluate proposals submitted in response to this RFP. Upon request, the City will provide all relative information that it has including data collected by the Kerrville Convention and Visitors Bureau, Kerrville/Kerr County Economic Development Strategic Plan, the Convention Center Feasibility Study, digital base maps, aerials, topography, and floodplain maps.

The TXP, Inc. feasibility study recommended construction of a 45,000 square foot multi-purpose meeting facility with additional hotel rooms with amenities directly associated with the convention center/conference center. The City desires approximately 25,000-27,000 square feet of multi-purpose spaces for meetings and ballrooms. The preferred size request is not intended to limit the respondent’s creativity or limit the proposer’s response. Parking facilities sufficient for a minimum of 600 attendees must conform to the City zoning requirements.

The City seeks development proposals that create vibrant linkages and connections to existing or proposed additional development – commercial, entertainment, retail and recreational. Proposal should include a transportation plan for ease of transporting conventioners to citywide events.

Proposers are to target, to the greatest extent practical, the Leadership in Energy and Environmental Design (LEED) Green Building Rating System standard for a certification for the Project with the goal of maximizing long-term benefits, such as operating and maintenance savings, while minimizing up-front Project cost. Proposers are to explain methodologies they will employ and estimated cost to achieve this goal.

The City seeks qualified developers willing to develop the Project in accordance with the scope of work as stated in this RFP, as well as all applicable land use regulations established by the City and the City’s Comprehensive Plan and Comprehensive Plan Update. The comprehensive plan is available on the City’s website at www.kerrvilletx.gov.

3.2 Project Goals

The City’s goal is to minimize the level of public financial participation in the Project and to attain the most distinctive and marketable Project possible. It is the desire of the City

that proposers consider creative development structures that will accomplish the goals of the project. Two development structures of interest include, but are not limited to: 1) private ownership and financing of the MMF that might include a component of public participation in infrastructure improvements. 2) a public not-for profit corporation ownership (local development corporation) with a tax-exempt, public financing structure. The proposers are encouraged to be creative in the development and financing alternatives, plus the room count/meeting space alternatives. A key component of any development structure is the creation of jobs and the improvement of the Kerrville economy. Proposers are to assemble all the necessary parties with proven track records in the development similar in scope to the Project. The City may require Proposer to remove or add members from the Development Team as the City deems necessary.

3.3 Project Team

Proposers are encouraged to bring to the Project a team of architects and construction professionals with proven track records that meet the goals of the development. The City reserves the right to approve the design architect and the construction firm and to review and approve all sub-contracts.

3.4 Project Target

Any Agreement entered into between the City and a proposer shall specify a commitment to develop a MMF designed for the group meeting market, specifically the SMERF (social, military, educational, religious, and fraternal) sub-segment. It is anticipated that the Kerrville Convention and Visitors Bureau (CVB) will work closely with selected Developer to market the new facility. The quality and level of finishes should be consistent with the quality of similar facilities in comparable North American cities. Pricing and booking policies shall be consistent with the needs of the Center in attracting group demand.

3.5 Development Commitment

The City shall require a commitment from the selected Proposer to meet a clearly defined Project schedule, scope of development, and guaranteed maximum price. The City will require a complete open book development with the City having a key role in the Project.

3.6 Historical Underutilized Businesses

It is the City's policy to ensure the full and equitable participation by Minority/Women Business Enterprises (M/WBE) in the procurement of all goods and services to the City on a contractual basis. The City's objective is to increase the use of M/WBE firms to a level comparable to the availability of M/WBEs that provide goods and services directly or indirectly to the City. An M/WBE goal will be established for Kerrville's participation in this project.

4.0 Solicitation and Negotiation Process

4.1 In order to encourage broad participation by the development community and in recognition of the strong interest in Kerrville's MMF market, Kerrville reaffirms the following general timeline for the selection of a proposer:

4.1.1 Issue RFP, January 14, 2010

4.1.2 A pre-submission conference is scheduled for Thursday, February 4 at Kerrville City Hall, 800 Junction Hwy. Kerrville, Texas beginning at 3:00 p.m. Attendance is not mandatory, but strongly encouraged.

4.1.2 Developer Responses due March 15, 2010

4.1.3 Interview Developers, April 15, 2010

4.1.4 Rank Developers and make a recommendation of the top-ranked Developer(s) to City Council, April 27, 2010

4.1.5 Selection and authorization to negotiate, April 29, 2010

4.1.6 Begin negotiations May 1, 2010

4.2 Non-exclusivity – The City encourages the best combination of potential participants. With this objective in mind, all members of a responding team, with the exception of the lead member, may be listed as members on more than one but not more than four different proposals. A member of one team may submit as a supporting member to another team, but will not be considered for multiple lead-Developer submittals. For example, a lead member in one Project team may submit as an investor on another team. The City reserves the rights to select members of the final development team for the Project.

5.0 Ownership and Operations

5.1 Ownership of the project and MMF will be dictated in part by the requirements of the arrangement negotiated between the selected proposer and the City. The City will consider the following possible arrangements:

5.1.1 A long-term ground lease with the City as lessee, and the proposer as owner of the improvements for the life of the land lease and its extensions, or

5.1.2 Other ownership and financial arrangements that may achieve favorable financial terms.

5.2 The proposer will be expected to take responsibility for the design and construction of all improvements of the MMF, operated exclusively for the benefit of the MMF. The operating agreements and design shall be subject to approval by the City, and as appropriate, the lender or underwriter. Such approval shall not be unreasonably withheld.

5.3 In the negotiation process, the City will seek assurances from the proposer that the future operations and capital improvements of the MMF are provided in a manner acceptable to the City. The general terms of the operating agreement shall be summarized in response to this RFP.

6.0 Submission Requirements

6.1 Transmittal letter and offer to negotiate – not to exceed one page and including:

6.1.1 A statement that the signatory is authorized to submit the proposal;

6.1.2 A statement that the proposal will remain in effect for a minimum of 180 days;

6.1.3 Name of a single contact person for all correspondence and notifications;

6.1.4 An offer to negotiate indicating the proposer's awareness and agreement to comply with the terms of this RFP.

6.1.5 Proposal must include a \$5,000 bid bond.

6.2 Development Team Qualifications

6.2.1 Legal name and principal Officers of each member of the proposer's team, at a minimum, including the Developer, architect, construction manager or general contractor, and all other known team members;

6.2.2 To the extent not already submitted by the RFP Response, summary of qualifications, list of completed projects, relevant experience, and references for each member of the development team presented in 5.2.1.

6.2.3 A detailed description of other projects most similar in scope to the MMF Project; and

6.2.4 A description of the type of entity that will develop the MMF (e.g. corporation, LLC, joint venture, etc.) and a list of other owners of interest that may provide equity to the ownership entity and the estimated percentage of ownership of each.

6.3 Physical Development Proposal - Proposers shall provide a concept study for the proposed Project program, inclusive of the following:

6.3.1 An overall schematic breakdown of the MMF;

6.3.2 Amount (square feet) and distribution of meeting and banquet space;

6.3.3 Description of facilities for food and beverage services;

6.3.4 Total gross building area;

6.3.5 Building footprint;

6.3.6 Number of stories;

6.3.7 Links between MMF elements and parking facilities;

6.3.8 Infrastructure enhancements (if any) need to support the MMF; and

6.3.9 Traffic management plan

6.4 Concept Description - As part of the Project description, proposers shall include the gross floor area of each use at all elevations and major entrances and the physical interrelationship of the MMF with the adjacent built environment. A narrative statement, not to exceed 1,000 words, shall accompany the diagrams and summarize their content, the factors taken into consideration in developing the layout, and other information that the proposer believes would be helpful in understanding the presentation. This element of the proposal is not intended to be a design submittal; however, it is desired that the design of the MMF be consistent with the goal of maximizing local economic impact and job creation. To that end, the concept description should address the integration/coordination between the MMF and delegate services (including retail, restaurants, and entertainment) outside the MMF.

6.5 Project Schedule - Proposers shall provide a Project schedule, from authorization to negotiate through opening of the MMF, assuming that a development agreement is consummated with the City.

6.6 Project Financing – All proposals to this RFP shall include the following.

6.6.1 Proposers shall provide a detailed development budget, including detailed estimates on pre-construction costs, construction costs, furniture, fixtures, and equipment, developer profits, and contingency funds. Escalation of costs for inflation shall be included in the projections.

6.6.2 Proposers shall provide a statement of net operating income for the proposed project, assuming completion of construction and opening of the MMF in the appropriate year, based upon the Project schedule submitted by the proposer.

6.6.3 Proposers shall provide an analysis of the Project's cash flows. In this schedule, cash flows from operations, project costs, debt service, profit requirements, and the residual value of the Project are used to calculate the net present value of the Project.

6.6.4 Proposers shall provide a plan and demonstrate ability for obtaining both equity capital and, as required, debt financing necessary to undertake the Project, including the rates of return these sources are likely to require. Proposers are encouraged to present evidence of equity capital and debt

financing commitments from financial institutions, partners, and other resources, as part of the proposal.

6.6.5 Proposers shall provide evidence of the concurrence of key participants in the development concept, site plan, and economics. These participants should include, in addition to the development team, the MMF operator and sources of debt and equity capital.

6.6.6 In order to keep the City's options open regarding financing, all financing approaches will be considered.

6.7 Information requested in the RFP and deemed to be privileged and confidential may be submitted in a separate envelope marked "Privileged and Confidential Information." The City shall use its best efforts to protect such information from disclosure to the extent allowable by law.

7.0 Time and Place for Submission of Responses

7.1 The deadline for receipt of proposals shall be 3:00 p.m.CST on March 15, 2010. Proposals received by the City after that date and time will not be considered. IT IS THE PROPOSER'S RESPONSIBILITY TO ENSURE THAT THE PROPOSALS ARE RECEIVED BY THE CITY PRIOR TO THE DEADLINE.

7.2 Proposers shall submit 5 bound copies and one electronic copy in .pdf format of their Response to:

City Secretary
City of Kerrville
800 Junction Highway
Kerrville, Tx 78028

7.3 Proposals must be in 8½" by 11" format. Any materials that are larger than this size should be folded to fit into the 8½" by 11" format. Proposals must be organized following the Submission Requirements section headings noted in Section 6 of this RFP, and must include at least the requested information. The City reserves the right to request additional information from any or all proposers during the RFP review period.

7.4 The outside of the package should be clearly marked with the following: "RFP Response-Multi-Purpose Meeting Facility City of Kerrville."

7.5 RESPONSES THAT ARE NOT SUBMITTED IN A SEALED ENVELOPE OR CONTAINER WILL NOT BE CONSIDERED. TELEGRAPHIC OR FACSIMILE RESPONSES WILL NOT BE ACCEPTED.

7.6 Questions regarding the required procedure for the submittal of proposals shall be submitted in writing or by FAX to Mindy N. Wendele at 830-792-3850. Responses to questions will be provided in writing to all known participants. Questions should be submitted by 5:00 p.m. CST on Thursday, March 11, 2010 to ensure a timely response.

8.0 Selection Criteria

8.1 The qualifications of the development team will be evaluated based on the following criteria:

8.1.1 Previous experience with similar project(s) - 15%

8.1.2 Best value to City - 30%

8.1.3 Financial strength and stability of the Proposer - 30%

8.1.4 Project innovation, creativity, practicality and ability to minimize risk to the City - 25%

8.2 The proposed building program, ownership structure, and operating plans will be evaluated using the following criteria:

8.2.1 The extent to which the proposed MMF building program meets the City's objectives in the development of the MMF;

8.2.2 The overall quality of the proposed Project;

8.2.3 The benefit to the City's, financial and otherwise, of the proposed ownership, and operating arrangements; and

8.2.4 The proposals will also be evaluated based on the level of responsiveness to the requirements of the RFP.

9.0 Special Conditions

- 9.1 This RFP does not commit the City to procure or award a contract for the scope of work described herein.
- 9.2 All information submitted in response to this RFP shall become the property of the City, and as such, may be used by the City in any manner.
- 9.3 The City has sole discretion and reserves the right to reject any and all proposals received with respect to this RFP and to cancel the RFP at any time prior to entering into a formal agreement. The City reserves the right to reasonably request additional information or clarification of information provided in the proposal without changing the terms of the RFP.
- 9.4 The City reserves the right to waive any technicalities or irregularities in any proposal.
- 9.5 Proposers acknowledge and agree that the City shall not be liable for any costs, expenses, losses, damages (including damages for loss of anticipated profit) or liabilities incurred by the proposers or any member thereof as a result of, or arising out of, submitting a acceptance of the proposal.
- 9.6 The City shall provide for the release of all public information concerning the Project, including selection announcements and contract awards. Those desiring to release information to the public must receive prior written approval from Director of Business Programs Mindy N. Wendele of the City.
- 9.7 Neither the City nor any of its officers, agents, consultants, or employees shall be responsible for the accuracy of any information provided as part of this RFP. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in the preparation of a proposal to the RFP is at the sole risk of the respondent.
- 9.8 Any proposal to this RFP will remain in effect for a minimum of 180 days after the date of submission.
- 9.9 The proposer shall not collude in any manner or engage in any practices with any other proposer(s), which may restrict or eliminate competition or otherwise restrain trade. Violation of this shall cause the City to reject the proposer's submittal. This prohibition is not intended to preclude joint ventures or subcontracts.
- 9.10 All Proposals submitted must be the original work product of the proposer. The copying, paraphrasing, or other use of substantial portions of the work product of another respondent is not permitted. Failure to adhere to this instruction will cause the City to reject the proposal.

9.11 Proposers, team members and its consultants are prohibited from communicating in any manner about this Project with any of the members of the Kerrville team during this process. Any communications between proposers, their consultants, and the City Development team may disqualify the proposer. At the time official interviews begin, it will be acceptable for the above mentioned to communicate with the City, through official meetings and negotiations.