



# Convention Center District Priorities

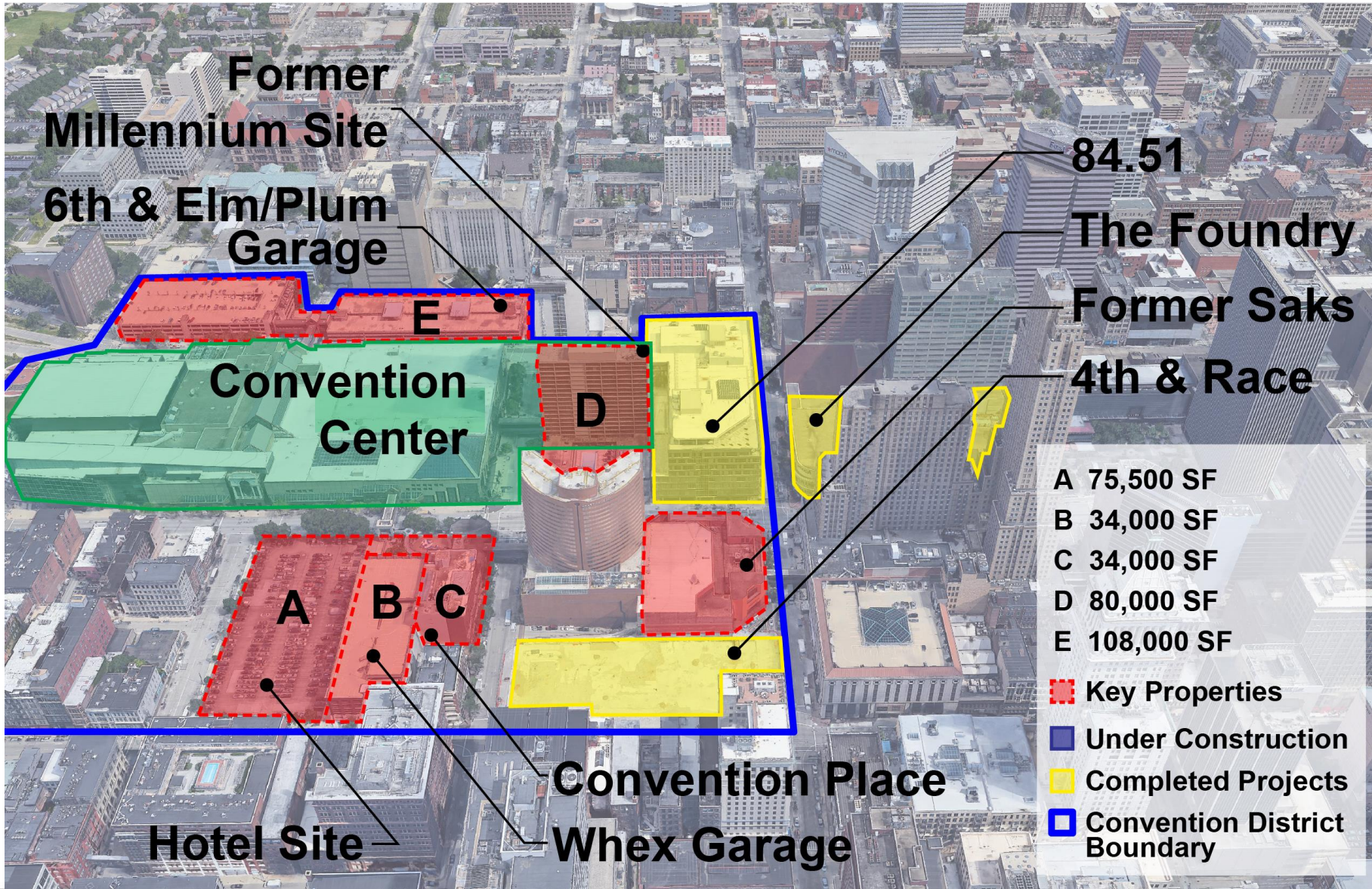
- Recognizing the need for a coordinated strategy to address these challenges, civic and governmental officials approached 3CDC about providing needed services in the role of Development Manager for the District
- Priorities for the redevelopment of the Convention Center District included:
  - ✓ Pursuing a developer for a Convention Center Hotel
  - ✓ Evaluating potential capital improvements to existing DECC
  - ✓ Mixed-use development on surrounding properties
  - ✓ Interim use for Millennium site, while preserving the ability to expand the DECC in the future
  - ✓ Ensuring all work is carried out with a strong commitment to inclusion

## Driving Reasons for Significant Improvements

- Publicly owned asset that needs renovation. Currently multiple building systems are at the end of their useful life.
- The need to upgrade the existing convention center is required in order to secure commitment for convention hotel and is the first step before expansion can occur.
- It is clear that a convention center of our size – if updated as planned and coupled with a first-class convention hotel– will be attractive to shows, conventions, and corporate events. The combination of upgrades to the DECC and the positive attributes and amenities outlined earlier in this piece will give Cincinnati a competitive advantage against its peer cities in the tourism industry.



# Key Properties Under Public Control



# **DUKE ENERGY CONVENTION CENTER DEVELOPMENT PLAN**



## Development Plan

- Approximately \$200 million renovation of the Duke Energy Convention Center including new public plaza on the former Millennium Hotel site
- New 800 room Convention Headquarter Hotel on the parking lot at 5<sup>th</sup> and Plum
- Redevelopment of other publicly controlled assets in the surrounding area
  - Purchased Whex Parking Garage and define redevelopment plan in conjunction with hotel
  - Demolished 435 Elm and prep site for development

## Established Inclusion Goals and Developed Strategies to Achieve Them

### 40% MBE/WBE Participation

- 20% MBE + 5% reach goal
- 10% WBE + 5% reach goal

- Engaged the African American Chamber of Commerce (AACC) to serve as a third-party inclusion consultant
  - Held initial kick-off events at DECC targeting MBE/WBE and Union participation
- Selected design team led by MBE (Moody Nolan) and featuring WBE landscape architect (Hargreaves Jones) resulting in 35% total MBE/WBE participation
- Selected a construction management team that is 40% MBE (Jostin and Triversity)
- Selected a diverse legal team (% pending final billings)
- Four initial design-assist bid packages (façade, mechanical, electric and plumbing) were awarded to Union contractors
  - Working with each to maximize MBE/WBE participation within their respective scopes

## Design Update

EXISTING W 5<sup>th</sup> St & Elm Street





## Design Update

NEW W 5<sup>th</sup> St & Elm Street



## Design Update

NEW W 5<sup>th</sup> St & Elm Street





## Design Update

EXISTING W 5<sup>th</sup> St & Plum Street





## Design Update

NEW W 5<sup>th</sup> St & Plum Street



# Convention Center





# Convention Center





# Convention Center

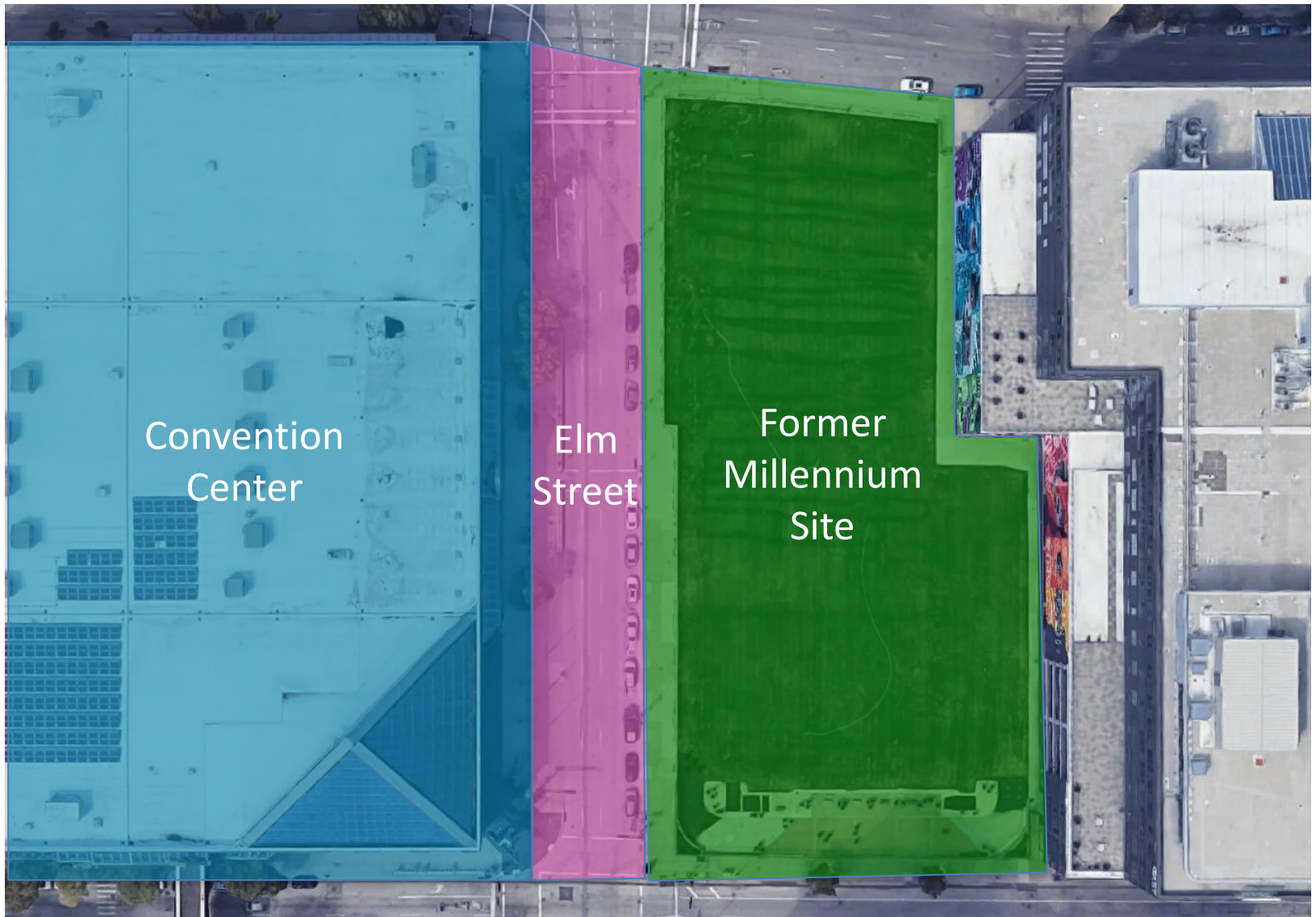


# Convention Center





# Convention Center



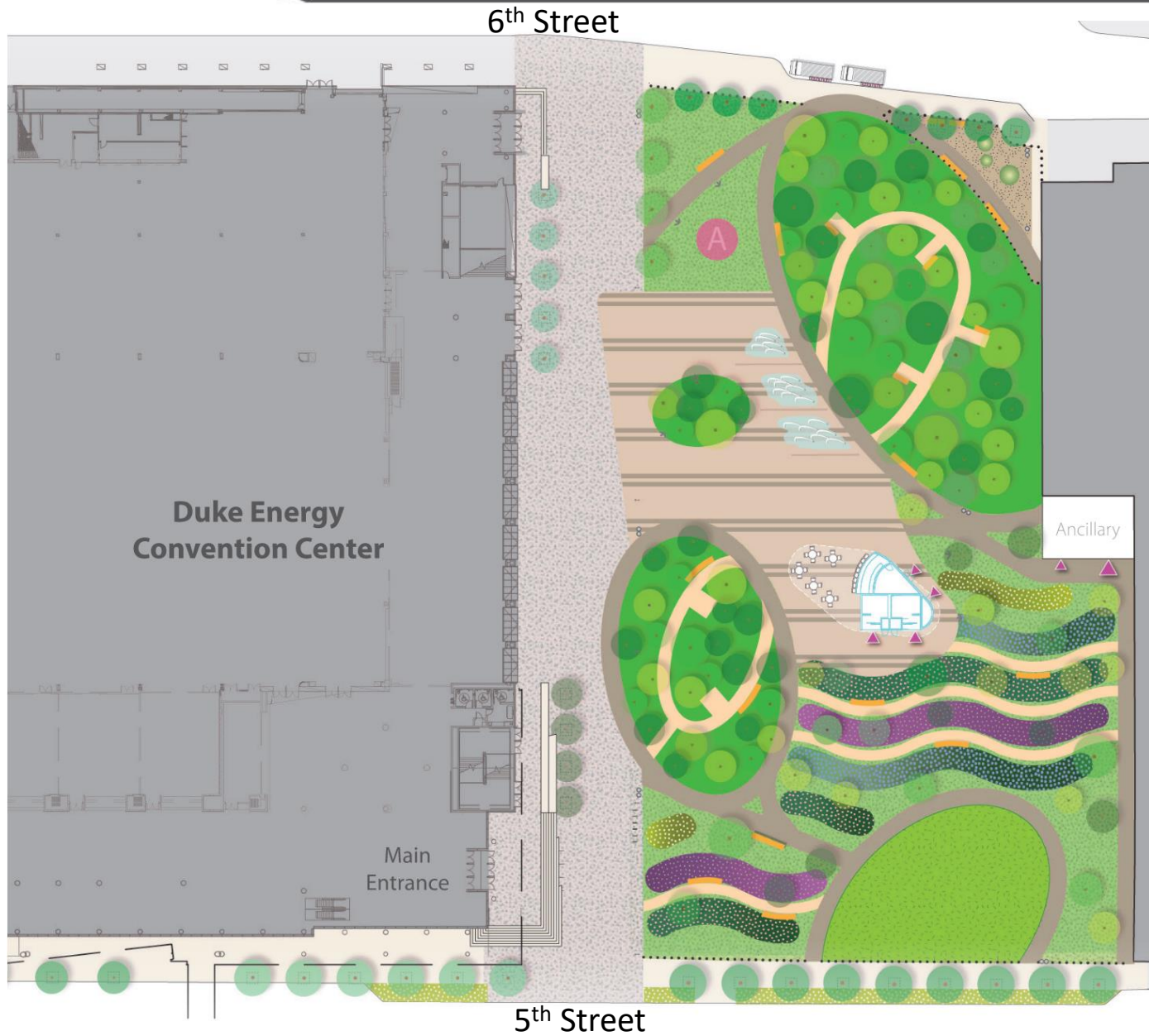
Convention  
Center

Elm  
Street

Former  
Millennium  
Site



# Convention Center



## Finance Strategy

- Develop a full finance plan for the Convention Center to generate approximately **\$200 million**.
- The new plan contemplates a simpler and more efficient structure that reprioritizes the existing Sharonville Convention Center debt and the existing FC Stadium debt
- Enter a common plan of financing which creates no distinction between the City and County TOT distributions

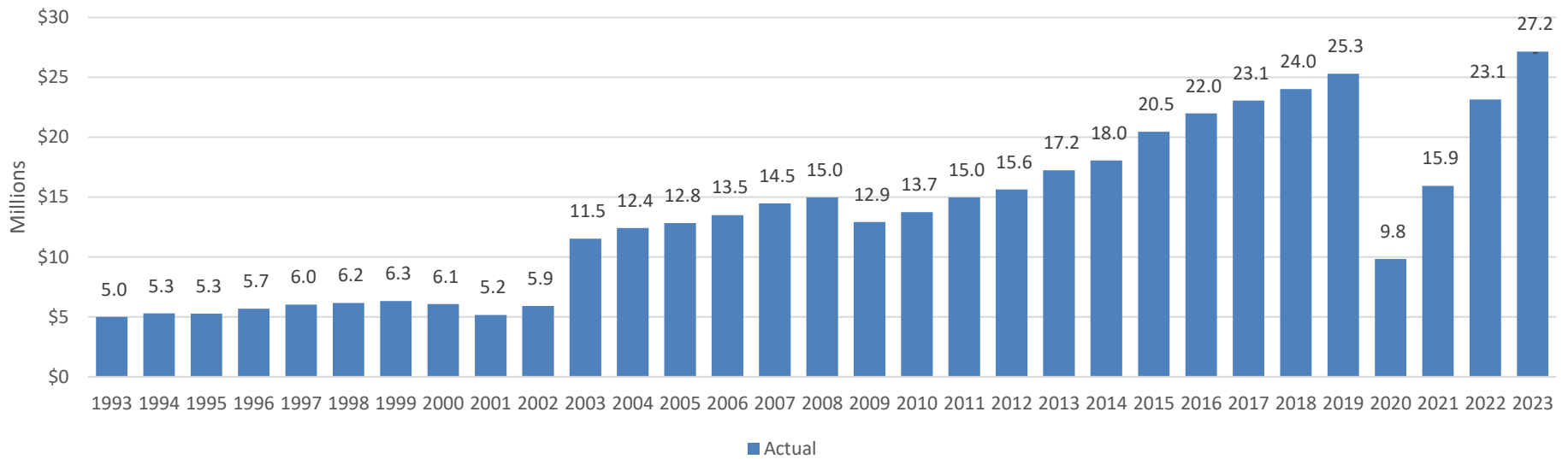


## Finance Overview

### Transient Occupancy Tax (TOT) Summary (11.5%)

- Hamilton County Lodging Tax – 3%
  - Visit Cincy
- Hamilton County Lodging Tax – 3.5%
  - Duke Energy Convention Center Debt Service
  - Sharonville Convention Center Debt Service
  - Millennium Hotel Debt Service
  - Misc. expenditures related to hospitality activities
- Hamilton County Lodging Tax – 1% (new)
- City Lodging Tax – 2.5%
  - Duke Energy Convention Center Debt Service
  - FC Cincinnati Infrastructure Debt Service
- City Lodging Tax – 1.5%
  - Duke Energy Convention Center Operations

## Historical City and County Combined TOT Revenue



***Note: 2023 TOT revenues exceeded 2019 revenue by 7%.***



## Legal and Finance

- Selected an independent financial advisor to structure the financing plan.
- Further developed a financing plan to net approximately \$200 million for the project.
- Selected bond council and investment banking teams to execute on the financing plan.
- Secured a commitment from Visit Cincy to provide \$3 million of its annual Transient Occupancy Tax (TOT) proceeds to help finance the project, with collection beginning in January 2024.
- Secured the following legislation with the State of Ohio in support of the financing plan:
  - A provision to allow Hamilton County to increase the TOT by 1%, an action the County has since taken, with collection having started Dec. 1, 2023.

## Sources/Uses

### Proposed Debt Structure

<b>Sources</b>	<b><u>Total</u></b>
Bond Amount	272,480,000
City/County Grants*	45,000,000
Premium/(Discount)	19,044,386
Interest Earned	8,177,000
Debt Service Reserve	2,300,000
<b><u>Total Sources</u></b>	<b><u>\$347,001,386</u></b>

### Uses

<b>New Project Funds</b>	<b>200,000,000</b>
Payoff Original Issuance	98,417,032
Reserves	19,777,500
Contingency	14,446,314
Predevelopment	11,225,000
Costs of Issuance	3,135,540
<b><u>Total**</u></b>	<b><u>\$347,001,386</u></b>

\* Pending approval

\*\*Total project budget will fluctuate due to construction costs, interest rate market changes, final finance structure, and Moody's rating.



## Project Milestones

### Design

- Complete Design Development 2/29/24
- Construction Documents 3/1/24 – 9/1/24

### Finance

- Close on finance 6/1/24

### Construction

- Secure GMP 3/1/24 – 4/30/24
- Begin construction 7/1/24
- Complete construction 12/31/25

# **CONVENTION HEADQUARTERS HOTEL DEVELOPMENT PLAN**



# Convention Center Hotel

## Portman Holdings – Initial Proposed Design





# Convention Center Hotel

*PLUM STREET AND LOWER FAÇADE*





## Convention Hotel - Public Support

- Convention headquarters hotels require public support primarily due to two factors:
  - ✓ The cost of convention headquarters hotels is higher due to the amount of required ancillary space such as meeting rooms (80,000 sq ft) and ballrooms (45,000 sq ft)
  - ✓ Hotel room revenues are suppressed due to required room block commitments and room rates offered at below market to attract conventions
- It is estimated that the Cincinnati Convention Center Headquarters hotel will cost approximately \$480 million for 800 rooms plus ancillary space
- Anticipated funding gap is \$160 million or 33% of total costs

## Comparable Hotel Gaps

	Salt Lake City Hyatt Regency	Oklahoma City Omni Convention Center Hotel	Loews Kansas City Hotel	Hyatt Regency at the Oregon Convention Center	City Center Omni Convention Center Hotel	Marriott Marquis Washington DC	Omni Nashville Hotel
<b>Location</b>	Salt Lake City, UT	Oklahoma City, Oklahoma	Kansas City, Missouri	Portland, Oregon	Louisville, Kentucky	Washington, DC	Nashville, TN
<b>Opening</b>	2022	2021	2020	2019	2018	2014	2013
<b>Keys</b>	700	605	800	600	612	1175	800
<b>Total Project Cost</b>	\$320.0 million	\$235.5 million	\$322.7 million	\$242.0 million	\$322.0 million	\$516.2 million	\$287.0 million
<b>Public Participation</b>	\$118.4 million (PV over 25 years plus land)	\$85.4 million, plus garage and land	\$161.4 million	\$74 million	\$141.0 million	\$206.0 million plus below-market lease	\$115.0 million
<b>Subsidy % of Total Cost</b>	37%	37%	50%	31%	44%	40%	40%
<b>Form of Public Subsidies</b>	Land Contribution Property Tax Abatement Taxable Bonds (S&U)	Land Contribution Garage Contribution Taxable AA Bonds (Annual Appropriation)	Land Contribution Local Grant (City GF) City Loan (repaid by City's GF) Tax-Exempt Bonds (HOT & PILOT)	State Grant (lottery) Local Grant (CC) Tax-Exempt Aa3 Bonds (county-wide HOT)	GO Bonds TIF Rebate (S&U, property taxes; and state individual income taxes)	City Grant City Loan (repaid by site-specific taxes) Tax-exempt and Taxable Bonds (Tourism Taxes) Below Market Lease	Land and Infrastructure Partial Property Tax Abatement Tourism Taxes Rebate

## Gap Funding Solutions

- Secured State legislation to allow the TOT generated by the new hotel to be directly pledged to the hotel debt issuance (TOT TIF)
- Partnering with owners of downtown food and beverage establishments near the Convention Center District to create a New Community Authority (NCA) district. The NCA will result in a 1% surcharge being added on food/beverage receipts at establishments who opt to participate in the program. It is anticipated to generate approximately \$1 million annually to support debt service on TOT TIF
- Applied for and awarded the State of Ohio's Transformational Mixed-Use Development Tax Credit (TMUD), which could result in a \$40 million tax credit that would generate \$35 million in equity for the project
- Recommend locally for a \$50 million appropriation from the \$700 million State of Ohio One-Time Strategic Community Investment Fund (OTSCIF), which is focused on transformational projects



## Schedule

Design

- Schematic design 2/1/24 – 6/1/24

Finance

- Development Agreement brought before Council Q3 2024

Construction

- Begin construction 4Q 2024
- Complete construction 3Q 2026



THANK YOU

