



EXECUTIVE SUMMARY



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As the capital city for the State of Missouri, strategically positioned between St. Louis and Kansas City, Jefferson City offers significant potential for economic growth. Its unique role as the hub for state government operations, along with hosting the annual legislative session, draws visitors year-round. By leveraging this unique advantage and offering a top-tier experience to visitors, the city can foster sustainable economic growth, benefiting the entire community in the long run.

Jefferson City has long recognized the need for a modern high-quality conference center and headquarters hotel to meet the demand for meeting spaces from government agencies, statewide industry associations, business groups, and local civic organizations. Currently, the city lacks the necessary facilities to attract and sustain a competitive market for conferences, group meetings, and special events. Existing venues are either too small or have declined in quality over the years, leading many events once held in Jefferson City to be relocated to other cities.

The city's recent decision to replace the Madison Street parking garage and acquire and demolish the News Tribune site has opened up a prime redevelopment opportunity. This newly available half-block of downtown Jefferson City presents an ideal location for a new hotel, conference center, and parking garage. This development would serve the needs of Missouri's executive branch and legislature while also benefiting businesses, associations, and local civic events. The influx of visitors generated by these activities will spur economic growth and serve as a catalyst for further investments in the city.

THE RFQ PROCESS

On November 1, 2023, the City of Jefferson issued a Request For Qualifications (RFQ) for development teams to lead the city through the planning, design, engineering, construction, operation, and maintenance of a new conference center with an integrated full-service hotel and parking facility. The city articulated their desire to partner with a development team with a proven track record of completing similar developments.

Garfield Public/Private LLC (Garfield) submitted a Statement of Qualifications on December 15, 2023 and was interviewed by a panel of individuals representing a variety of backgrounds and expertise on January 12, 2024. A recommendation of the review and interview panel to select Garfield as lead for this project was made to the Jefferson City Council on January 25, 2023 and approved by the Council on February 20, 2023. Following the selection, the city executed a Pre-Development Service Agreement with Garfield on March 19, 2024.

PRE-DEVELOPMENT SERVICES SUMMARY

The purpose of the Pre-Development Services Agreement is to perform the studies and planning necessary to determine the demand, scope, cost, and feasibility of the project. Throughout the process, Garfield has led and coordinated a team of consultants that have provided specific information and expertise that has been utilized in the development of this Pre-Development Services Report. The consultant team and their specific roles are summarized below:

- **Market Study:** CBRE was selected to develop a hotel market study to determine the market demand, make meeting space, hotel size, and amenities recommendations, and to estimate the facility's economic performance.
- **Parking Study:** A parking study was performed by Fishbeck and SP Plus to quantify the existing supply and demand for downtown parking, include recommendations to satisfy existing demand from downtown tenants, office, and retail demand, as well as the additional demand for supporting the conference space and headquarters hotel. Recommendations within the study were made to help mitigate any parking shortages during the construction period.
- **Conceptual Design:** DLR Group and FACET worked with Garfield to develop a conceptual design for the hotel, conference center, and parking garage based upon the recommendations of the market and parking studies.



- **Project Budget:** Construction partner, McCownGordon, has worked closely throughout this process to ensure design proposals were analyzed and balanced with costs impacts.
- **Strategic Business Plan:** Garfield, informed by the information described above, and working with the city's financial advisor, has presented a proposed project ownership and operations model, an initial estimated plan of finance identifying possible revenue sources and estimated bond sales proceeds as well as other sources of capital currently pledged to the development. Also included is a recommended strategy and schedule to further develop the project plan through design, construction, and opening.

MARKET STUDY SUMMARY

The market study estimates significant demand for a modern facility to host conferences, meetings, and events for associations, government, corporate, and local organizations. Over many years, there has been a reduction in quality and quantity of meeting space within the Jefferson City market, resulting in many groups moving their events out of the market.

The market study shows that Jefferson City is a desired location and it is expected that group events would return to the city if first-class facilities are available to hold these meetings. The market study estimates that new facilities will not only serve to recover lost business but also will attract new events to the city. Based upon interviews with the Convention and Visitors Bureau (CVB), meeting planners, and management of existing facilities in the market, CBRE concluded in its initial response that the development could support a headquarters hotel with 250 keys, conference spaces of 36,000 square feet, and a full-service signature restaurant, lobby café, and terrace level lounge. CBRE recommended a major hotel brand, such as Marriott, Hyatt, or Hilton.

CBRE was approached after initial designs and pricing to determine impacts of a development with slight reductions in room key counts and conference meeting space. The amended CBRE market study estimates that the reduced sizing would continue to meet the demands of the market, while

allowing the additional demand not captured by the new facility to overflow into existing facilities in the market. The reduced program is a headquarters hotel of 204 keys, conference spaces totaling 29,000 square feet, with similar food and beverage outlets properly sized for the revised program.

PROJECT PERFORMANCE PROJECTIONS

CBRE estimates the new development will perform at the following levels in its first year of stabilized operations: Average Daily Rate (ADR) is projected at \$191.52, Occupancy at 70%, and Revenues per Available Room (RevPAR) at \$134.07. Based on those inputs, CBRE created a 10-year operating proforma which estimates Net Operating Income (NOI) available to pay debt service on the project capital costs. Those numbers estimate that in the first year of stabilized operations, the hotel and conference center will generate approximately \$4.6 million available to service debt, growing by 3% annually.

Because the new 204-key hotel will not be able to accommodate all the estimated room-night demand for meetings at the new conference center, CBRE has estimated the new development will create demand for other hotels within the Jefferson City market, with induced demand for 6,600 to 9,900 additional room nights per year not accommodated by the headquarters hotel.

The full CBRE market study is presented on the Market Study tab of this report.

PARKING STUDY SUMMARY

The Fishbeck parking study collected data during business hours on two weekdays prior to the end of the 2024 legislative session within a nine-block study area surrounding the project site. The study revealed that the total parking supply within the project area is 2,865 spaces comprised of 1,427 spaces on-street and in public lots, and 1,438 spaces located within private lots. Peak occupancy within the study area was measured at 55% of the total supply, which is categorized as 47% occupancy of on-street parking, 62% occupancy of off-street public parking, and 53% occupancy of private off-street parking. Within the project site, which includes the existing Madison Street parking garage and the News Tribune site,



peak occupancy was 65% or 424 vehicles. The measured peak occupancy rates indicate there is sufficient parking supply within the study area.

Based on the Jefferson City zoning ordinance and a shared parking demand model, Fishbeck estimated 360 parking spaces will be necessary to serve the conference center and hotel as initially designed. Based upon the 424-vehicle existing peak parking demand at the project site, and the 360-vehicle demand for the new conference center and hotel, Fishbeck recommended the new garage accommodate approximately 790 vehicles.

SP Plus further analyzed the existing parking operations and occupancy rates within the study area and recommends exploring and implementing strategies to encourage more efficient use of existing available on-street and off-street parking assets. Based on increasing the use of existing available parking, as well as the reduction in hotel rooms and meeting space in the project program, SP Plus has recommended reducing the size of the parking garage to approximately 690-spaces.

PARKING DURING CONSTRUCTION

It is estimated that 714 existing public parking spaces will be unavailable during construction, reducing the public parking spaces available within the study area to 772 spaces. With peak demand for public parking at 809 spaces, the result during construction would be an estimated deficit of 37 public spaces. Fishbeck has suggested strategies that the city could implement to mitigate the space deficit and the inconvenience to downtown parking users and businesses during construction. These suggestions include relocating existing State parking leases to State or private lots, temporarily modifying street parking time limitations, encouraging parking in underutilized parking along McCarty Street, exploring temporary usage of private lots for public parking, and identifying other public parking spaces outside of the study area while possibly providing temporary shuttle options.

The full Fishbeck parking study and SP Plus parking analysis are presented on the Parking Study tab of this report.

CONCEPTUAL DESIGN SUMMARY

DLR Architects and FACET worked in coordination with Garfield, studying the development site, the topography, and its context with adjacent buildings and the broader downtown area. This analysis, along with the above described studies for the hotel, conference center market, and required parking demand served to inform the design and development programs. The team created multiple concept sketches including site plans, floor plans, and elevations illustrating options of how the hotel, conference center, and parking components could be situated within the project site. Working with the local project team and other consultants, the concepts were evaluated, revised, and refined numerous times resulting in the final concept plan, which represents an efficient design that meets the project objectives, budget, and fits well within the context of the site.

McCownGordon worked closely with and advised the design team and Garfield throughout the conceptual design process on the cost effectiveness, efficiency, constructability of the concepts, and provided input regarding possible structural and mechanical systems as well as building materials.

The conceptual design is warm and welcoming in nature, as expected in a hospitality setting. The project fits well into the downtown context with impactful street presence and frontage on Capital Street. The massing of the hotel is thoughtfully composed, with its lower levels divided into three distinct sections: the restaurant, hotel entrance, and a civic-oriented entrance for the ballroom and conference center facing the Capitol. This layout activates the street, fostering a vibrant pedestrian experience while integrating seamlessly into its civic context. The final conceptual design has the hotel tower rising above the lobby, accommodating 204 rooms, with a lush pool retreat on the fourth level offering sweeping views from the Missouri River back to the Capitol. Aligned to the “Rich History, Modern Charm” city motto, the hotel and conference center project honors its setting and surroundings while contributing contemporary appeal and amenities to both the community and its visitors.

The full DLR & FACET conceptual design packet is presented on the Conceptual Design tab of this report.



CONCEPTUAL DEVELOPMENT BUDGET SUMMARY

Based upon the architectural concept plans, and the expected square footage unit costs for similar types of construction, McCownGordon developed construction cost estimates for each component of the project, i.e., the conference center, hotel, and parking garage. In addition, Garfield estimated non-construction costs necessary to deliver the project. The non-construction costs include furniture, fixtures, and equipment (FF&E), operating supplies and equipment (OS&E), information technology (IT), as well as soft costs which include due diligence, professional fees, inspections & commissioning, hotel brand fees, contingencies and escalation factors, among others. The total project development budget is estimated to be approximately \$130 million, with the hotel estimated to be \$51 million, the conference center \$52 million, and the parking garage \$27 million. The development budget of \$130 million is net of financing costs, capitalized interest, and reserves.

The detailed Garfield project development budget as well as the McCown-Gordon conceptual cost estimate is presented on the Project Budget tab of this report.

STRATEGIC BUSINESS PLAN SUMMARY

Project Ownership

Based on decades of experience developing similar facilities across the country, Garfield recommends developing the project utilizing a public non-profit ownership model. In this model the property is owned by a public not-for-profit entity such as a municipality, government agency, or non-profit organization while the facility is operated and managed through a third-party professional management agreement. The advantage of this arrangement, is that the project is less costly to finance than a privately constructed, conventionally financed project, and has greater benefits for Jefferson City and its taxpayers.

- Tax-exempt publicly issued bonds carry an interest rate well below that of any taxable loan program which reduces the overall development cost.
- Due to initial capital costs, a conference center supported by a full-service headquarters hotel cannot be developed without contributions from the public sector. In this model, public sector contributions are an investment in an asset which directly benefits the community rather than a subsidy provided to a private owner.
- The public not-for-profit will receive all cash flow after debt service and reserve requirements over the 30-year bond period. Following the retirement of all bonds, the public not-for-profit will own the property debt free, at which time it may continue ownership and realize significant annual profits from the project or capitalize on the sale of the property to private ownership.

Additional benefits of public non-profit ownership include:

- Sufficient capital replacement reserves are provided for periodic replacement and rehabilitation to maintain the quality of the facility throughout the life of the project. The success of the project relies on ensuring the facility is maintained to a high standard.
- Consistent ownership throughout the life of the project. Privately owned facilities often change ownership over time. Maintaining local ownership and control of the facility further ensures the quality of the property.



Project Operations

The project owner will enter into a hotel operating agreement with either a major hotel brand, such as Marriott, Hilton, or Hyatt, or a third-party hotel management company operating under one of the major brands. Operating the facility under a major hotel brand is imperative to the success of the project. Having access to the resources provided by a major brand such as name recognition, consistent quality standards, integration with global reservation systems and other booking outlets, consistent brand marketing program, and access to brand loyalty programs encouraging repeat bookings to the hotel and meeting space will maximize the potential of the facility.

Whether the hotel is brand managed or franchised and operated by a strong, third-party management firm, it is important to negotiate with and have a contract with a major brand with a national presence and recognition. Garfield has had initial discussions with a number of global full-service brands, each expressing an interest in the Jefferson City project. As the project development proceeds, Garfield will formalize these discussions by requesting proposals from each brand and assisting the owner in negotiating the hotel operating agreement.

Revenue Sources

Garfield, in conjunction with city staff and the city's financial advisors, has identified an initial list of revenue sources available to the city to support bond financing for the project. This list represents sources available to the city and does not include outside funding sources.

- Net operating income (NOI) from hotel and conference center operations.
- 50% of existing State, City, and County sales taxes generated on-site captured via Downtown Revitalization TIF.
- Additional 50% of certain City sales taxes generated on-site not captured via the Downtown Revitalization TIF.
- On-site collection of taxes through special taxing districts such as Community Improvement District (CID), Transportation Development District (TDD), and Port Improvement District (PID).
- Surcharge assessed on conference center hotel rooms.

- City's existing 4% lodging tax intended for conference center development. (assumed to be extended for an additional 25 years)
- Parking revenues generated from the operation of the new parking garage.
- City's existing gross receipts utility taxes generated on-site.

Projected Bond Issuances

Based on the above initial revenue sources, Stifel, the bond underwriter, in conjunction with Garfield, the city's bond council and financial advisors, has prepared projections for a series of bond issues, the proceeds of which will be utilized to finance the project development.

- Senior hotel revenue bonds backed by hotel NOI. Assuming 30-year bond issue, 3.0 debt service coverage ratio, 5.5% coupon rate, no recourse to the city.
- Subordinate hotel revenue bonds backed by hotel NOI. Assuming 30-year bond issue, 1.5 debt service coverage ratio, 8.0% coupon rate, no recourse to the city.
- Tax revenue bonds backed by Downtown Revitalization TIF, special taxing districts, and room surcharges collected on-site. Assuming 30-year bond issue, 1.75 debt service coverage ratio, 6% coupon rate, no recourse to the city.
- Special obligation bonds backed by lodging tax revenues. Assuming 30-year bond issue, 1.1 debt service coverage ratio, 5.0% coupon rate, may require debt service shortfall credit enhancement by the city.
- Parking revenue bonds backed by revenues generated by parking garage operations.

Hotel & Conference Center

Pre-Development Business Plan



Existing Funds Pledged to the Project

Garfield, in conjunction with city staff have identified the following existing sources available to fund the project:

- City lodging tax fund balance
- City parking fund balance
- AARPA Tourism Asset Grant
- FY 2025 State of Missouri appropriation

- Partnership with the State of Missouri.
- Contribution from the selected hotel brand.
- Licensing of naming rights.
- Product supplier licensing
- Develop “Made in Missouri” concept to encourage investment by state-wide industries
- Philanthropic contributions.

Summary of Funding Sources

Bond Fund Sources

Hotel Revenue Bonds	\$29,369,204
Tax Revenue Bonds	\$13,290,108
Special Obligation Bonds	\$20,517,309
Parking Revenue Bonds	\$10,000,000

Existing Fund Sources

Lodging tax fund balance	\$ 9,500,000
Parking fund balance	\$ 4,000,000
AARPA Tourism Asset Grant	\$ 2,100,000
FY 2025 state appropriation	\$ 2,000,000

Initial estimate of funding sources	\$90,776,621
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Details of the Garfield strategic business plan including Stifel projections of revenue sources and estimated bond issue proceeds are presented on the Strategic Business Plan tab of this report.

As previously mentioned, the above funding sources are preliminary estimates and only include sources available to the city and does not include outside sources. As project development progresses, Garfield will work with the local project team to further refine the above financing models as well as work to identify outside fund sources to complete the project funding package. Potential outside fund sources which Garfield and the local project team intend to pursue include:



Recommendations

Garfield believes this project is a tremendous opportunity for Jefferson City to draw visitors to the city, generating significant economic growth which will benefit the community, region, and entire state. The increase in visitors to the city as a result of the project is expected to spur additional investment and growth not only in the downtown area, but throughout the city.

To capitalize on this opportunity and realize the benefit to the community, Garfield recommends building upon the foundational work described above and continuing the design and development of the project under a Master Development Agreement with Garfield.

The Master Development Agreement will guide the project through pre-construction, construction, commissioning, and grand opening. Specific pre-construction services are expected to include:

- Further design of the project components including schematic design, design development, and construction document phases.
- Updated cost estimates at each design phase milestone
- Adjustments to alignment project design and project budget at each design phase milestone.
- Continued refinement of revenue source projections with corresponding updated bond scenario estimates, development of additional external revenue sources.
- Discussion and finalizing the hotel brand and management structure.
- Further development of the business plan, operating and ownership agreements.
- Conclusion of pre-construction services with a Guaranteed Maximum Price (GMP) for construction, final operating and ownership agreements. and a final financing plan.

With the GMP and final agreements in place, Garfield and the city will be poised to issue bonds which will begin the construction process.

Master Development Agreement Schedule

Garfield has provided below a preliminary project development schedule which includes anticipated milestones beginning with execution of the Master Development Agreement in March 2025 to begin the pre-construction services phase.

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| • Execute Master Development Agreement | March 2025 |
| • Complete schematic design, update pricing | May 2025 |
| • Complete design development, update pricing | August 2025 |
| • Complete construction documents | December 2025 |
| • Preparation and acceptance of GMP | February 2026 |
| • Bond Issuance / contractor notice to proceed | March 2026 |
| • Mobilization / commence construction | May 2026 |
| • Substantial completion | February 2028 |
| • Final completion / soft opening | March 2028 |
| • Grand opening | April 2028 |

A detailed draft project delivery schedule is presented on the Development Schedule tab of this report.