

Legislation Text

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UNC Charlotte Conference Center Partnership

Action:

Authorize the City Manager to negotiate and execute an agreement with The Foundation of UNC Charlotte for the City to fund up to \$8 million to construct a Conference Center in partnership with UNC Charlotte.

Staff Resource(s):

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Explanation

- On June 25, 2018, the Mayor and City Council received a presentation from the UNC Charlotte Chancellor about a proposed partnership with UNC Charlotte for a Conference Center connected to a planned, new hotel on the UNC Charlotte campus.
- The Hotel and Conference Center would be transit oriented development and anchor the JW Clay/UNC Charlotte transit station (Council District 4).
- The estimated \$87 million project will be developed by the Foundation of UNC Charlotte (Foundation).
- The Conference Center will be a 24,000 square foot state of the art facility that will be twice the size of a conference center in a like-sized hotel.
- UNC Charlotte has proposed an \$8 million funding partnership from the City to construct the Conference Center
- On July 23, 2018, City Council conducted a rezoning public hearing for the Hotel and Conference Center. Requested Council action on this rezoning is also on the August 27, 2018, business agenda.
- Key benefits of the Conference Center include:
 - Estimates of nearly \$9 million in City, County, and State tax revenue in the first five years of Hotel and Conference Center operation,
 - Supports the University City Transit Station area plan and the JW Clay master plan,
 - Supports growth of the City's second largest employment hub area,
 - Creates demand for other University City area hotels and helps to accommodate large scale conventions in Center City because the conference space exceeds hotel room capacity,
 - Drives demand for area restaurants and entertainment amenities,
 - Improves attendee access to all parts of the City because of proximity to JW Clay/UNC Charlotte transit station,
 - Strengthens academic reputation of UNC Charlotte by attracting national and international academic conferences and research symposia, and
 - Advances capability to host other events that support faculty and student activities and the hospitality and tourism industry.
- Key terms of the partnership include (full set of terms included in attachment):
 - MWSBE participation (preliminary 10 to 15 percent MBE goal and 10 to 15 percent SBE goal on both the Hotel and Conference Center construction), enrollment in the PIECE program, and University scholarships will be negotiated and agreed upon in the definitive agreements,

- The facility will be "condominiumized" such that the "Hotel Unit" will be owned by the Foundation/University and the "Conference Center Unit" will be wholly owned by the City,
- The City's investment will be used exclusively for the cost of construction of the Conference Center,
- The City's investment will be funded in two, \$4 million payments; the first to be delivered six months after commencement of construction, estimated to be on or about July 31, 2019, and the second when a Certificate of Occupancy is received,
- The Foundation/University will lease the Conference Center Unit from the City for a 30-year base lease, with up to two, 10-year extension options,
- The Foundation/University receives an option to purchase the Conference Center Unit any time after the completion of year 30 of operation at a price equal to fair market value,
- The Foundation/University, at its cost, is required to upfit, operate, maintain, and repair the Conference Center Unit throughout the term of the lease,
- The City has secured adequate financial guarantees if the project fails to open, goes dark, or if the project becomes insolvent over the first 20 years,
- The City has secured a "Room Block Agreement" of up to 100 hotel rooms a night at the hotel for future conventions booked by the Charlotte Regional Visitor's Authority (CRVA), and
- UNC Charlotte has agreed to negotiate "rent-free" use of selected UNC Charlotte athletic or campus facilities for sports and tourism related events in partnership with the City and CRVA.

Charlotte Business INclusion

Prior to the City Manager executing the agreement, the CBI Office will establish subcontracting goals that include both the Hotel and Conference Center (Part G, Section 2.7 of the Charlotte Business INclusion Policy).

Fiscal Note

Funding: Convention Center Tax Fund

Attachment(s)

June 25, 2018 Action Review Presentation

Letter from Chancellor Dubois regarding use of athletic facilities

Term Sheet