

Flagler Village Hotel

Application for:
Fort Lauderdale CRA
Streetscape Funding Contribution
TIP Rebate Program

Submitted By: 315 Flagler, LP



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315 Flagler, LP

June 14, 2016

Jonathan Brown
Deputy Director
NPF CRA
914 NW 6th ST, Suite 200
Fort Lauderdale, FL 33311

RE: Owner and Developer: 315 Flagler, LP
Project: Flagler Village Hotel
Request: CRA Streetscape Funding Contribution

Dear Mr. Brown:

Please accept this letter on behalf of 315 Flagler, LP as a formal request of Northwest Progresso-Flagler Heights (NPF) CRA funds to assist with project related and off-site improvements in the Flagler Heights area of the NPF CRA. The request is for a total commitment from the CRA of \$329,933 for the streetscape program. That amount represents 70% of the cost of the streetscape improvements required and is consistent with previous requests.

Cost Sharing

Total offsite construction	\$471,333
70% CRA funded on a reimbursement basis	\$329,933

Attached please find the required application form and supportive documents.
Please call me with any questions.

Sincerely,


Dev Mitwani
315 Flagler, LP

300 SW 1st Ave
Suite 106
Fort Lauderdale, FL 33301

**Flagler Heights Strategic Investment Streetscape Program
Application Form
PLEASE SUBMIT FOUR COPIES OF THE APPLICATION PACKAGE**

1. Address of project requesting CRA investment: 315 NW 1st Ave, Fort Lauderdale, FL

2. Name of Applicant: 315 Flagler, LP

Contact Person: Dev Motwani

Address of Applicant: 300 SW 1st Ave, Suite 106, Fort Lauderdale, FL 33301

Phone: 917-319-3090 Fax: _____

Email: dev.motwani@gmail.com

3. Does the applicant own project property? X Yes _____ No

If "no" box is checked, when will property be in control (own or long-term lease)
of the applicant?

Indicate the owning entity of the property (i.e. name on property title):

4. What is the total estimated project investment?

Current assessed value: \$781,350

New capital investment dollars: \$36,187,074

Total estimated new assessment: \$36,968,424

Mortgage Information: A construction loan in the amount of \$20,968,424

Requested Contribution: 70% Contribution toward the cost of streetscape improvements:

Total Cost of Streetscape: \$471,332.87

70% CRA Contribution: \$329,933

5. What is the percentage (%) amount of ownership equity relative to total estimated investment?

☒ 20% or more

☐ 10% to 19.9%

☐ Less than 10%

☐ None

6. When is it anticipated that construction will begin, assuming project receives funding assistance from this program?

☒ Less than 12 months

☐ 12 to 16 months

☐ 16 to 24 months

☐ Longer

7. Include with the application:

- Description of proposed development/ improvement to the property
- Preliminary site plan, floor plans and rendering that enable staff to determine quality of design; parking must be included in the site plan and meet current code regulations
- Infrastructure improvements, if any, in either the public ROW or on private property
- Preliminary project schedule
- Tenant makeup
- Resume of developer indicating related development experience
- Business and Financial information:
 - Business Plan
 - Pro Forma
 - Mortgage on Property
 - Lease agreements
 - Letter of intent from lending institutions
 - Partnership and/or ownership information with equity positions

The Flagler Heights Strategic Investment Streetscape Program benefits are contingent on funding availability and CRA approval, and are not to be construed as an entitlement or right of a property owner or applicant. Properties in the CRA areas are not eligible for City/ CRA funded programs when such funding conflicts with the goals expressed in the CRA Strategic Finance Plan or Community Redevelopment Plan.

Signature of Applicant

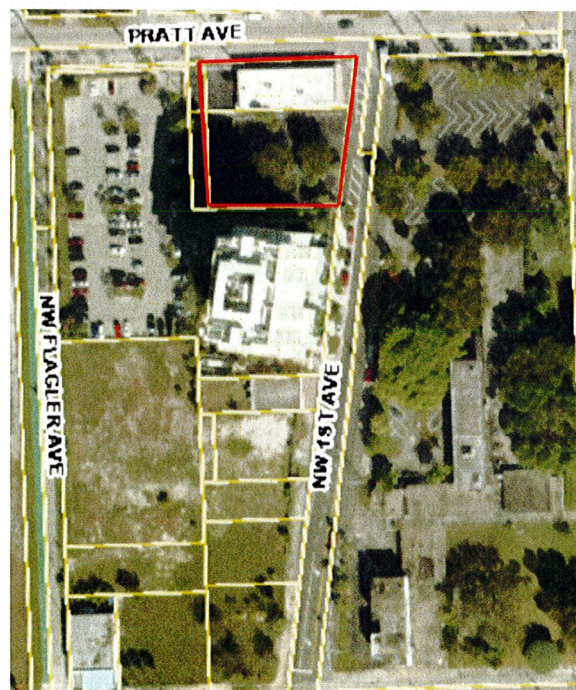
Date

Printed Name

Description of Proposed Development and Request for Funding:

1. General Property Information. The Applicant proposes to construct a hotel on a parcel of land located at the southwest corner of NW 4th Street (Pratt Avenue) and NW 1st Ave (the "Property"). The development site is 0.5233 acre in size. An aerial of the Property is provided below. The Property is adjacent to the Eclipse multifamily development, the FEC railroad tracks and immediately west of the City's former Building/Planning and Zoning Department (known as One Stop Shop), which has been vacant for several years. The Property is located in Downtown Regional Activity Center and zoned RAC-CC. Although not required (by code) to comply with the Downtown Master Plan, the Applicant designed the project to meet the intent of the goals, objectives and design guidelines of the master plan.

The Property is within the boundaries of the Flagler Village Civic Association, a neighborhood which has experienced a significant amount of growth in the last several years due to the development of new residential multifamily developments. It is important to note the Flagler Village Civic Association has voted in favor of supporting the Flagler Village Hotel Project. Unfortunately, a majority of the Flagler Village development is concentrated in areas farther north or closer to Federal Highway. In examining the existing and proposed uses in the area (including The Wave and All Aboard Florida train station), the Applicant recognized that there has been a significant amount of residential development in this area, but there have not been any significant commercial developments due to the inherent risks associated with such development. Unlike residential development, the Flagler Village Hotel Project will bring needed jobs to the area and serve as a catalyst for both redevelopment in the immediate vicinity of the hotel and the area west of the FEC rail. The Applicant is hopeful that there is a good opportunity to build a hotel on the site, but recognizes there are serious risks as All Aboard Florida and the Wave Streetcar project are projected to begin operation well after the hotel is completed. Furthermore, the development of a hotel on the Property presents unique risks, because to date, the only hotel developed in the Flagler Village area is the Hampton Inn, which is outside of the CRA boundaries.



2. Project Details. The Flagler Village Hotel is planned as a limited service hotel consisting of 196 guestrooms with an active pedestrian environment on the ground floor. The building is 18 stories in height and designed with a contemporary architectural style exemplified by the simple clean lines of the structure, and geometric features along the façade. The façade of the building is well articulated, providing visual variety and interest without being overwhelming. The street level façade enhances the pedestrian environment by incorporating architectural features into its design, which add special interest and compatibility with nearby properties and site elements.

In addition, the Flagler Village Hotel has been designed with the following design criteria: (1) a 3 level parking garage which is screened from view from NW 4th Street and NW 1st Avenue with screens and artistic colored glass. (2) active uses and amenities on the first floor; (3) internal vehicle circulation; (4) internal building services; (5) setbacks from neighboring properties; (6) an architectural pedestal-styled tower atop a parking garage structure; (7) an effective design which results in a structure which is not a single continuous volume of height; and (8) undulations and recesses of the building and varying levels of architectural dimensions and features which break up the mass of all facades. The streetscape improvements include installation of new curbing, pavers, landscaping, lighting, wide sidewalks, benches, a bus shelter and bicycle racks. These improvements are focused on creating a pedestrian friendly environment and an overall neighborhood aesthetic.



The streetscape improvements include installation of new curbing, pavers, landscaping, lighting, wide sidewalks, benches, a bus shelter and bicycle racks. These improvements are focused on creating a pedestrian friendly environment and an overall neighborhood aesthetic.

This request is consistent with other streetscape funding requests that have been granted to other projects in the Flagler Heights area. Below is a list of the other streetscape awards granted by the CRA.

Previous Streetscape Grant Awards			
<u>Project</u>	<u>Estimated Capital Investment</u>	<u>Grant</u>	<u>Grant Award Percentage</u>
Avenue Lofts	\$20M	\$499,000	60%
Jefferson Place/Sole Condo	\$27M	\$710,620	80%
Foundry/Mill	\$25M	\$356,949	50%
Bamboo Flats	\$16.5M	\$230,681	50%
Specialty Automotive	\$4M	\$161,500	50%
Alexan and 440 Flagler	\$150M	\$875,032.50	50%
Pearl Flagler Village	\$72.5M	\$451,707.50	50%
Related – Henry Square	\$85.8M	\$293,176.50	50%
Fairfield	\$42,250,000.00	\$ 329,503	50%

3. Project Construction Schedule: 315 Flagler expects to break ground in the first quarter of 2017 and expects construction to last for approximately 12 – 16 months.

4. Request for funding. In order to make this investment economically feasible, the Applicant is requesting CRA approval to financially assist the development through The Flagler Heights Strategic Investment Streetscape Program. The Project, when open for business and stabilized, is projected to generate approximately \$1,713,058 over the course of five years, of which \$1,664,729 is attributed to the construction of this hotel development. The Applicant is requesting reimbursement of 70% of the cost of the streetscape improvements, \$329,933. As justification for this request, the Applicant asks that you consider the following:

- Having the local financial commitment of the CRA will aid the developer in securing the Tier 1 flag critical to future investment and making the Flagler Village Hotel economically feasible.
- The tax rebates will provide economic assistance while the hotel opens and stabilizes, particularly since there will be a gap between the hotel opening and when All Aboard Florida and the Wave Streetcar begin operation, both important demand drivers for this hotel.
- The Flagler Village Hotel Project will not only be an economic catalyst for the area, but will bring nearly 300 new jobs to the area. (According to attached economic analysis)
- The Applicant is pursuing a Tier 1 flag for the hotel, which will encourage additional development further west of the CRA.
- This Project is the first stand-alone hotel project in the CRA (the Hampton Inn is not in the CRA and the approved Courtyard Marriott along Federal Highway is part of an

overall larger residential and retail complex). The financial assistance of the CRA will demonstrate the CRA's financial commitment to new development which further the goals and objectives of the CRA Redevelopment Plan.

	DESCRIPTION				Estimated
Code		Quantity	Unit	\$/Unit	Cost
1-037	Permits / inspections	1.00	LS	5,000.00	5,000
1-037	Superintendent	12.00	WKS	2,400.00	28,800
1-040	Temporary Power	3	MOS	2,500.00	7,500
1-042	Temporary Water	3	MOS	950.00	2,850
1-043	Temporary Toilet	3	MOS	1,530.00	4,590
1-050	Ice, cups, water	3	MOS	150.00	450
1-055	Job Sign	1.00	LS	750.00	750
1-110	Dump Fees & Trash Hauling	5.00	LDS	550.00	2,750
1-200	Punchout	1.00	LS	2,500.00	2,500
1-400	Plans & Specs Reproduction	1.00	LS	1,500.00	1,500
1-520	Safety Protection	1.00	LS	4,000.00	4,000
1-620	Rental Equipment	1.00	LS	3,500.00	3,500
TOTAL GENERAL CONDITIONS					64,190
02-100	Site Work - On Site Water / Sewer / Drainage	22,795.00	SF	6.00	136,770
02-100	Subgrade, Paving & Striping	200.00	SYD	38.00	7,600
02-100	Concrete Curb	275.00	LFT	13.00	3,575
02-100	Survey / As-builts	1.00	LS	15,000.00	15,000
02-100	MOT & Traffic Control	1.00	LS	7,500.00	7,500
02-100	Demolition Including Cut & Caps	1.00	EA	15,000.00	15,000
02-100	Drainage Injection Well	1.00	EA	20,000.00	20,000
02-100	Engineer report and test well	1.00	LS	5,500.00	5,500
02-100	ADA Ramps and Detectable Warnings	1.00	EA	800.00	800
02-100	Brick Paver Sidewalks	6,048.00	SFT	6.50	39,312
02-290	Brick Pavers - Vehicular	3,500.00	SF	8.00	28,000
02-100	Dewatering Allowance	1.00	LS	5,000.00	5,000
02-900	Landscape and Irrigation	1.00	LS	7,500.00	7,500
Division 2 Subtotal					
03-001	Material Testing	1.00	LS	8,500.00	8,500
Division 3 Subtotal					
10-000	Benches	4.00	LS	2,400.00	9,600
10-000	Bus Shelter	1.00	LS	25,000.00	25,000
10-000	Bike Racks	6.00	Ea	2,000.00	12,000
10-000	Signage Allowance	10.00	Ea	250.00	2,500
Division 10 Subtotal					
16-100	Light Fixture Allowance	6.00	Ea	3,000.00	18,000
Division 16 Subtotal					
Subtotals					431,347
	P and P Bond	0.93%	%	431,347.00	3,365
	Contingency	0.00%		431,347.00	0
	Insurance				2,114
	Contractors Overhead	3.00%			12,940
	Contractor's Profit	5.00%	%	431,347.00	21,567
TOTAL COST					471,332.87

5. Conclusion: The proposed Project is consistent with and furthers the objectives of the Northwest-Progresso-Flagler Heights Redevelopment Plan, and the Applicant is hopeful that this funding request will be granted so the Project is economically feasible.

Additional information regarding the development team and project are included with this submittal.

- a. Development plans (Renderings)
- b. Development team information

Development Team:

The Flagler Village Hotel is a joint venture between Driftwood Acquisitions and Development, LP and Merrimac Ventures, LLC. Both companies have extensive background developing hotels in South Florida.

Driftwood Acquisitions and Development, LP:

With more than 20 years of expertise in acquisition, development, and management of hotel properties in a variety markets across the United States, Driftwood Acquisitions & Development, LP ("DAD") employs an entrepreneurial investment strategy providing our investors and associates with opportunities that offer above - average returns.

Driftwood Acquisitions & Development, LP ("DAD"), an affiliate of Driftwood Hospitality Management ("DHM") is a privately held investment fund designed to acquire, develop and manage hotel assets throughout the United States.

Our mission is to achieve exponential growth with our properties by forming strategic partnerships that allow us to build new hotels, acquire existing properties in lucrative markets, and work with under-performing hotels to position them for increased profitability. We are leaders in the field of hospitality management with a proven track record of success, having successfully completed the acquisition or development of over 100 hotels.

We have a long-standing relationship with institutional investors, family offices and high-net worth individuals. Unlike many other companies, we like to think out-of-the-box as entrepreneurs and encourage our investors and partners to take initiative, be proactive, and contribute to our success with well-defined strategies and objectives.

Key Personnel

Carlos J. Rodriguez Chief Executive Officer of DAD and General Partner

Carlos J. Rodriguez is a Principal and Executive Vice President of DHM. He joined DHM in June 2003 to oversee real estate development and acquisitions, financing and capital raises. Mr. Rodriguez was formerly Chairman and Chief Executive Officer of Cardel Hotels, a group of affiliated hotel management, ownership and development companies based in Miami, Florida. Previously, Mr. Rodriguez worked as President of Aurola Hotels in Costa Rica, served on the Board of Directors and was Vice Chairman of the Caja Costarricense del Seguro Social, which managed all of the hospitals of Costa Rica with an operating budget of over \$1 billion per year as well as the Public Pension Funds of the country. He also served on the Board of the Central American Bank of Economic Integration and was founder and a member of the Board of Directors of the Bank of Coral Gables. Mr. Rodriguez holds an MBA from Duke University's Fuqua School of Business, a BS in Economics from Vanderbilt University, and a Certificate in Hotel Management from Cornell University.

Carlos Rodriguez Jr. Chief Operating Officer of DAD and General Partner

Carlos Rodriguez Jr. is the Vice President of New Development for DHM. He joined DHM in May 2013 to oversee new development projects including DHM's efforts with respect to the

raising and utilization of funds under the EB-5 program. Prior to joining DHM, Mr. Rodriguez was project manager for a \$30 million, 238-unit, two-phased condo tower project in San Jose, Costa Rica. Mr. Rodriguez Jr. began his career with LNR Property, the largest Commercial Mortgage Backed Securities (CMBS) special servicer, investor and originator worldwide. After rotating through the Investment Management, Asset Management, and REO divisions, Mr. Rodriguez Jr. was promoted to join a newly formed branch of LNR dedicated to high-volume transactions and direct equity investments. Mr. Rodriguez Jr. received his BA from Duke University.

Johannah Durow

Investment Associate of DAD and General Partner

Johannah Durow joined DHM in June 2013 and is responsible for acquisition & development underwriting and analysis. Prior to joining DHM, Ms. Durow worked at LNR Property, where she was responsible for assessing and identifying potential loan default risk on securitizations spanning multiple asset types and classes throughout the United States. She also collaborated on loan work-out strategies in order to minimize losses to bondholders, and focused on the underwriting and due diligence process of loan pool acquisitions secured by commercial properties. Ms. Durow received her BA in Business Administration of Real Estate and Urban Land Economics and International Business from the University of Wisconsin-Madison.

Merrimac Ventures, LLC

Merrimac Ventures is a Real Estate investment and development firm located in Fort Lauderdale, FL. Its primary focus is on prime resort and mixed-use development, but also has extensive investments in multi-family residential, condominiums, retail and office investments. Partners in Merrimac Ventures are currently involved in over \$3 billion in projects, including Miami WorldCenter, a 27-acre mixed use development in downtown Miami; in Fort Lauderdale, the Four Seasons Hotel and Private Residences Fort Lauderdale, The Gale Boutique Hotel and Residences, and Paramount Fort Lauderdale Beach, among others.

Merrimac Ventures is a local real estate firm founded by the late Bob Motwani, and his wife Ramola Motwani, who is currently the CEO. The couple moved to Fort Lauderdale Beach in the mid-80's with their 2 sons, Nitin and Dev. In 2004, Ramola brought in her eldest son Nitin Motwani, who was working with Goldman Sachs at the time, to help expand the business and oversee the day-to-day operations. In 2006, her younger son Dev Motwani left his job with Credit Suisse to work with Merrimac Ventures, while Nitin focused full time on the firm's Miami WorldCenter project. Today, Ramola serves as Chairwoman and CEO of the firm and is responsible for setting its long-term goals and vision. Dev is President of the company and responsible for the day-to-day operations and oversees investments in which the firm acts as the principal. Nitin acts as a principal of the firm and is the managing partner for Miami WorldCenter.

Key Personnel

Ramola Motwani

Chairwoman and CEO

Ms. Motwani began her 35+ year business career in the US with an import/export business she started with her late husband Bob Motwani in St. Charles, MO. In the mid-1980's, they

expanded the business into hotels by purchasing numerous properties on the Fort Lauderdale Beach. They owned and operated (among others) the Merrimac and Gold Coast Beach Resort Hotels on the Fort Lauderdale Beach together for many years, until Bob passed away in 1994. Ramola took over the entire company, while also raising two sons, Nitin and Dev. She has operated over 12 hotels all over Broward County, predominantly on Fort Lauderdale Beach. She also managed to expand the business while becoming one of the most active local community members on Fort Lauderdale Beach. She put together the group to bring back the Fort Lauderdale Air Show in 2012.

Ramola was born and raised in India and received her law degree from the Government Law College located in Mumbai, India. She recently won the 2006 Chamber Women's Circle of Excellence Award for Hospitality and the 2007 Salute to Business Award.

Dev Motwani

President

Dev Motwani serves as President of Merrimac Ventures, a Fort Lauderdale based real estate firm that focuses on value-add investment and development opportunities. Property types owned and operated include hotels, condos, retail, office and rental apartments primarily in South Florida but also throughout the United States. Dev is also Founder and Managing Partner of Ramesh Properties, a distressed real estate investment fund focused on opportunistic investments in residential and commercial development sites throughout South Florida. He currently oversees nearly \$750 million in development projects. Current projects include the Four Seasons Hotel and Private Residences, The Gale Boutique Hotel and Residences, as well as Las Olas Riverfront, all in the Fort Lauderdale area. Prior to his current role Dev worked at Credit Suisse in New York City, where he first structured OTC Equity Derivative trades.

Dev graduated from Duke University with a Bachelors of Science degree in Economics and Public Policy and from Columbia University's Masters of Science in Real Estate Development Program. He has also studied at the London School of Economics.

Flagler Village Hotel

Streetscape Cost Detail

Height	18.00
Duration	72.00
Parking	-

Units	196
Hotel SF (Net)	81,685
Hotel (Gross)	137,322
5th FL Amenity	18,190
Retail	2,273
Garage	45,239
Total	203,024
Estimate Date	3/14/2016
Revision 2	5/2/2016

Code	DESCRIPTION	Quantity	Unit	\$/Unit	Estimated Cost
1-037	Permits / inspections	1.00	LS	5,000.00	5,000
1-037	Superintendent	12.00	WKS	2,400.00	28,800
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	Contingency	0.00%		431,347.00	0
	Insurance				2,114
	Contractors Overhead	3.00%			12,940
	Contractor's Profit	5.00%	%	431,347.00	21,567
TOTAL COST					471,332.87

315 Flagler, LP

June 14, 2016

Jonathan Brown
Deputy Director
NPF CRA
914 NW 6th ST, Suite 200
Fort Lauderdale, FL 33311

RE: Owner and Developer: 315 Flagler, LP
Project: Flagler Village Hotel
Request: CRA Tax Increment Projection (TIP) Rebate Program

Dear Mr. Brown:

Please accept this letter on behalf of 315 Flagler, LP as a formal request of Northwest Progresso-Flagler Heights (NPF) CRA TIP Rebate Program funds to provide financial assistance to developer over the first five operational years of the Flagler Village Hotel.

Currently, the Flagler Village Hotel site is not an ideal hotel location given its proximity to the rail road tracks and lack of surrounding business or infrastructure. If/when developed, it would be the first hotel developed west of Andrews Avenue and will help encourage commercial development further west in the CRA. The alternative to a hotel project would be residential, which would create significantly less jobs and have less economic impact. In addition to bringing the hotel, we are also making best efforts to bring a Tier 1 hotel flag (Marriott/Starwood, Hilton, ISG) to the project. This will result in a greater economic impact for the CRA, by giving confidence to other businesses and lenders that the area can support new, quality commercial development which will support additional job growth in the area and encourage more economic activity.

Tier 1 brands require both higher operational and construction costs given the quality and level of service required. These additional costs put financial stress and risk on the project, necessitating the TIP program rebates to make the project financially viable over the initial stabilization years of operation. They are critical to obtain a commitment of the Tier 1 flag and financing for the project given the fact the project must stabilize while it is waiting for public and private sector improvements like Brightline and the Wave Streetcar, which will become demand generators for the hotel, but will not go online until well after the hotel is constructed.

Attached please find the required application form and supportive documents. Please call me with any questions.

Sincerely,



Dev Motwani
315 Flagler, LP

300 SW 1st Ave
Suite 106
Fort Lauderdale, FL 33301

TAX INCREMENT PROJECTION (TIP) REBATE PROGRAM APPLICATION

(Please submit four copies of the application
package)

Sometimes in redevelopment areas, there are projects that find it difficult to obtain financing or do not provide enough return on investment for the developer to execute a development plan. One method used commonly across the county in tax increment areas to help meet short-term capital needs is to provide a rebate of tax increment revenue back to a developer based on taxes paid for a number of years after the project is placed into service. This approach can be limited by the number of years or by a target payment but is acceptable to many developers because it provides a stream of payment to them that can be borrowed against to fill a project funding gap.

The Tax Increment Projection Rebate Program limits tax rebates to five years and sets the maximum rebate to 95% of the taxes paid with the rebate decreasing in 5% increments annually. Only CRA tax increments resources from the City of Fort Lauderdale, Broward County, the North Broward Hospital District and Children Services Council property tax Millage Rate would be used for repayment. The adopted FY 2015 Adopted Millage rate for these four taxing entities is 11.65 mills. The applicant cannot receive a reimbursement for more than the actual ad valorem tax paid by the applicant and tax increment generated by the project as a result of the increased property tax assessment upon completion. Award will be based on the projected amounts and cannot exceed the amount awarded.

Proposed Rebate Schedule

Year 1 – 95% of Tax Increment Revenue Rebated
Year 2 – 90% of Tax Increment Revenue Rebated
Year 3 – 85% of Tax Increment Revenue Rebated
Year 4 – 80% of Tax Increment Revenue Rebated
Year 5 – 75% of Tax Increment Revenue Rebated

1. Address of project requesting CRA investment: 315 NW 1st Ave, Fort Lauderdale, FL

2. Name of Applicant: 315 Flagler, LP

Contact Person: Dev Motwani

Address of Applicant: 300 SW 1st Ave, Suite 106

Fort Lauderdale, FL 33301

Phone: 917-319-3090 Fax: _____

Email: dev.motwani@gmail.com

3. Does the applicant own project property? X Yes No

If "no" box is checked, when will property be in control (own or long-term lease) of the applicant?

Indicate the owning entity of the property (i.e. name on property title): 315 Flagler, LP

4. What is the total estimated project investment?

Current assessed value: \$781,350

New capital investment dollars: \$36,187,074

Total estimated new assessment: \$36,968,424

6. What is the percentage (%) amount of ownership equity relative to total estimated investment?

X 20% or more

 10% to 19.9 %

 Less than 10%

 None

7. When is it anticipated that construction will begin, assuming project receives funding assistance from this program?

X Less than 12 months

 12 to 16 months

 16 to 24 months

 Longer

5. What is the projected CRA tax increment generated by the project?

Year 1 \$421,579

Year 2 \$434,500

Year 3 \$447,808

Year 4 \$461,515

Year 5 \$475,634

TOTAL: \$2,241,036

(Include calculations)

See attached spreadsheet with calculations. According to the Broward County Property Appraiser, hotel will be valued upon completion at the current market rate. Thus, we have conservatively used combined hard and soft costs of the hotel to determine value upon completion.

6. When is it anticipated that the project will be placed on the tax rolls? 2018

7. Include with this application:

- Description of proposed development/improvement to the property and detailed cost of improvements
- Preliminary site plan, floor plans and renderings that enable staff to determine quality of design; parking must be included in the site plan and meet current code regulations
- Infrastructure improvements, if any, in either the public ROW or on private property
- Preliminary project schedule
- Tenant makeup
- Resume of developer indicating related development experience
- Business and Financial Information
 - *Business Plan
 - *Pro forma
 - *Mortgage on property
 - *Lease agreements
 - *Letter of Intent from lending institution
 - *Partnership and/or ownership information with equity positions

The Tax Increment Projection Rebate Program benefits are contingent on funding availability and CRA approval, and one are not to be construed as an entitlement or right of a property owner or applicant. Properties In the CRA areas are not eligible for City /CRA funded programs when such funding conflicts with the goals expressed in the CRA Strategic Finance Plan or Community Redevelopment Plan.

Signature of Applicant

Date

Dev Motwani – Manager

Description of Proposed Development and Request for Funding:

1. General Property Information. The Applicant proposes to construct a hotel on a parcel of land located at the southwest corner of NW 4th Street (Pratt Avenue) and NW 1st Ave (the “Property”). The development site is 0.5233 acre in size. An aerial of the Property is provided below. The Property is adjacent to the Eclipse multifamily development, the FEC railroad tracks and immediately west of the City’s former Building/Planning and Zoning Department (known as One Stop Shop), which has been vacant for several years. The Property is located in Downtown Regional Activity Center and zoned RAC-CC. Although not required (by code) to comply with the Downtown Master Plan, the Applicant designed the project to meet the intent of the goals, objectives and design guidelines of the master plan.

The Property is within the boundaries of the Flagler Village Civic Association, a neighborhood which has experienced a significant amount of growth in the last several years due to the development of new residential multifamily developments. It is important to note the Flagler Village Civic Association has voted in favor of supporting the Flagler Village Hotel Project. Unfortunately, a majority of the Flagler Village development is concentrated in areas farther north or closer to Federal Highway. In examining the existing and proposed uses in the area (including The Wave and All Aboard Florida train station), the Applicant recognized that there has been a significant amount of residential development in this area, but there have not been any significant commercial developments due to the inherent risks associated with such development. Unlike residential development, the Flagler Village Hotel Project will bring needed jobs to the area and serve as a catalyst for both redevelopment in the immediate vicinity of the hotel and the area west of the FEC rail. The Applicant is hopeful that there is a good opportunity to build a hotel on the site, but recognizes there are serious risks as All Aboard Florida and the Wave Streetcar project are projected to begin operation well after the hotel is completed. Furthermore, the development of a hotel on the Property presents unique risks, because to date, the only hotel developed in the Flagler Village area is the Hampton Inn, which is outside of the CRA boundaries.



2. Project Details. The Flagler Village Hotel is planned as a limited service hotel consisting of 196 guestrooms with an active pedestrian environment on the ground floor. The building is 18 stories in height and designed with a contemporary architectural style exemplified by the simple clean lines of the structure, and geometric features along the façade. The façade of the building is well articulated, providing visual variety and interest without being overwhelming. The street level façade enhances the pedestrian environment by incorporating architectural features into its design, which add special interest and compatibility with nearby properties and site elements.

In addition, the Flagler Village Hotel has been designed with the following design criteria: (1) a 3 level parking garage which is screened from view from NW 4th Street and NW 1st Avenue with screens and artistic colored glass. (2) active uses and amenities on the first floor; (3) internal vehicle circulation; (4) internal building services; (5) setbacks from neighboring properties; (6) an architectural pedestal-styled tower atop a parking garage structure; (7) an effective design which results in a structure which is not a single continuous volume of height; and (8) undulations and recesses of the building and varying levels of architectural dimensions and features which break up the mass of all facades. The streetscape improvements include installation of new curbing, pavers, landscaping, lighting, wide sidewalks, benches, a bus shelter and bicycle racks. These improvements are focused on creating a pedestrian friendly environment and an overall neighborhood aesthetic.



3. Project Construction Schedule: 315 Flagler expects to break ground in the first quarter of 2017 and expects construction to last for approximately 12 – 16 months.

4. Request for funding. In order to make this investment economically feasible, the Applicant is requesting CRA approval to financially assist the development through the tax increment rebate program. The Project, when open for business and stabilized, is projected to generate approximately \$1,713,058 over the course of five years, of which \$1,664,729 is attributed to the construction of this hotel development. The Applicant is requesting a rebate of the incremental increase in tax revenue generated to the CRA as a result of this Project. As justification for this request, the Applicant asks that you consider the following:

- a. Having the local financial commitment of the CRA will aid the developer in securing the Tier 1 flag critical to future investment and making the Flagler Village Hotel economically feasible.
- b. The tax rebates will provide economic assistance while the hotel opens and stabilizes, particularly since there will be a gap between the hotel opening and when All Aboard Florida and the Wave Streetcar begin operation, both important demand drivers for this hotel.
- c. The Flagler Village Hotel Project will not only be an economic catalyst for the area, but will bring nearly 300 new jobs to the area. (According to attached economic analysis)
- d. The Applicant is pursuing a Tier 1 flag for the hotel, which will encourage additional development further west of the CRA.
- e. This Project is the first stand-alone hotel project in the CRA (the Hampton Inn is not in the CRA and the approved Courtyard Marriott along Federal Highway is part of an overall larger residential and retail complex). The financial assistance of the CRA will demonstrate the CRA's financial commitment to new development which further the goals and objectives of the CRA Redevelopment Plan.

5. Conclusion: The proposed Project is consistent with and furthers the objectives of the Northwest-Progresso-Flagler Heights Redevelopment Plan, and the Applicant is hopeful that this funding request will be granted so the Project is economically feasible.

Additional information regarding the development team and project are included with this submittal.

- a. Development plans (Renderings)
- b. Development team information

Development Team:

The Flagler Village Hotel is a joint venture between Driftwood Acquisitions and Development, LP and Merrimac Ventures, LLC. Both companies have extensive background developing hotels in South Florida.

Driftwood Acquisitions and Development, LP:

With more than 20 years of expertise in acquisition, development, and management of hotel properties in a variety markets across the United States, Driftwood Acquisitions & Development, LP ("DAD"), an affiliate of Driftwood Hospitality Management ("DHM") is a privately held investment fund designed to acquire, develop and manage hotel assets throughout the United States.

Our mission is to achieve exponential growth with our properties by forming strategic partnerships that allow us to build new hotels, acquire existing properties in lucrative markets, and work with under-performing hotels to position them for increased profitability. We are leaders in the field of hospitality management with a proven track record of success, having successfully completed the acquisition or development of over 100 hotels.

We have a long-standing relationship with institutional investors, family offices and high-net worth individuals. Unlike many other companies, we like to think out-of-the-box as entrepreneurs and encourage our investors and partners to take initiative, be proactive, and contribute to our success with well-defined strategies and objectives.

Key Personnel

Carlos J. Rodriguez Chief Executive Officer of DAD and General Partner

Carlos J. Rodriguez is a Principal and Executive Vice President of DHM. He joined DHM in June 2003 to oversee real estate development and acquisitions, financing and capital raises. Mr. Rodriguez was formerly Chairman and Chief Executive Officer of Cardel Hotels, a group of affiliated hotel management, ownership and development companies based in Miami, Florida. Previously, Mr. Rodriguez worked as President of Aurola Hotels in Costa Rica, served on the Board of Directors and was Vice Chairman of the Caja Costarricense del Seguro Social, which managed all of the hospitals of Costa Rica with an operating budget of over \$1 billion per year as well as the Public Pension Funds of the country. He also served on the Board of the Central American Bank of Economic Integration and was founder and a member of the Board of Directors of the Bank of Coral Gables. Mr. Rodriguez holds an MBA from Duke University's Fuqua School of Business, a BS in Economics from Vanderbilt University, and a Certificate in Hotel Management from Cornell University.

Carlos Rodriguez Jr. Chief Operating Officer of DAD and General Partner

Carlos Rodriguez Jr. is the Vice President of New Development for DHM. He joined DHM in

May 2013 to oversee new development projects including DHM's efforts with respect to the raising and utilization of funds under the EB-5 program. Prior to joining DHM, Mr. Rodriguez was project manager for a \$30 million, 238-unit, two-phased condo tower project in San Jose, Costa Rica. Mr. Rodriguez Jr. began his career with LNR Property, the largest Commercial Mortgage Backed Securities (CMBS) special servicer, investor and originator worldwide. After rotating through the Investment Management, Asset Management, and REO divisions, Mr. Rodriguez Jr. was promoted to join a newly formed branch of LNR dedicated to high-volume transactions and direct equity investments. Mr. Rodriguez Jr. received his BA from Duke University.

Johannah Durow

Investment Associate of DAD and General Partner

Johannah Durow joined DHM in June 2013 and is responsible for acquisition & development underwriting and analysis. Prior to joining DHM, Ms. Durow worked at LNR Property, where she was responsible for assessing and identifying potential loan default risk on securitizations spanning multiple asset types and classes throughout the United States. She also collaborated on loan work-out strategies in order to minimize losses to bondholders, and focused on the underwriting and due diligence process of loan pool acquisitions secured by commercial properties. Ms. Durow received her BA in Business Administration of Real Estate and Urban Land Economics and International Business from the University of Wisconsin-Madison.

Merrimac Ventures, LLC

Merrimac Ventures is a Real Estate investment and development firm located in Fort Lauderdale, FL. Its primary focus is on prime resort and mixed-use development, but also has extensive investments in multi-family residential, condominiums, retail and office investments. Partners in Merrimac Ventures are currently involved in over \$3 billion in projects, including Miami WorldCenter, a 27-acre mixed use development in downtown Miami; in Fort Lauderdale, the Four Seasons Hotel and Private Residences Fort Lauderdale, The Gale Boutique Hotel and Residences, and Paramount Fort Lauderdale Beach, among others.

Merrimac Ventures is a local real estate firm founded by the late Bob Motwani, and his wife Ramola Motwani, who is currently the CEO. The couple moved to Fort Lauderdale Beach in the mid-80's with their 2 sons, Nitin and Dev. In 2004, Ramola brought in her eldest son Nitin Motwani, who was working with Goldman Sachs at the time, to help expand the business and oversee the day-to-day operations. In 2006, her younger son Dev Motwani left his job with Credit Suisse to work with Merrimac Ventures, while Nitin focused full time on the firm's Miami WorldCenter project. Today, Ramola serves as Chairwoman and CEO of the firm and is responsible for setting its long-term goals and vision. Dev is President of the company and responsible for the day-to-day operations and oversees investments in which the firm acts as the principal. Nitin acts as a principal of the firm and is the managing partner for Miami WorldCenter.

Key Personnel

Ramola Motwani

Chairwoman and CEO

Ms. Motwani began her 35+ year business career in the US with an import/export business she started with her late husband Bob Motwani in St. Charles, MO. In the mid-1980's, they expanded the business into hotels by purchasing numerous properties on the Fort Lauderdale Beach. They owned and operated (among others) the Merrimac and Gold Coast Beach Resort Hotels on the Fort Lauderdale Beach together for many years, until Bob passed away in 1994. Ramola took over the entire company, while also raising two sons, Nitin and Dev. She has operated over 12 hotels all over Broward County, predominantly on Fort Lauderdale Beach. She also managed to expand the business while becoming one of the most active local community members on Fort Lauderdale Beach. She put together the group to bring back the Fort Lauderdale Air Show in 2012.

Ramola was born and raised in India and received her law degree from the Government Law College located in Mumbai, India. She recently won the 2006 Chamber Women's Circle of Excellence Award for Hospitality and the 2007 Salute to Business Award.

Dev Motwani

President

Dev Motwani serves as President of Merrimac Ventures, a Fort Lauderdale based real estate firm that focuses on value-add investment and development opportunities. Property types owned and operated include hotels, condos, retail, office and rental apartments primarily in South Florida but also throughout the United States. Dev is also Founder and Managing Partner of Ramesh Properties, a distressed real estate investment fund focused on opportunistic investments in residential and commercial development sites throughout South Florida. He currently oversees nearly \$750 million in development projects. Current projects include the Four Seasons Hotel and Private Residences, The Gale Boutique Hotel and Residences, as well as Las Olas Riverfront, all in the Fort Lauderdale area. Prior to his current role Dev worked at Credit Suisse in New York City, where he first structured OTC Equity Derivative trades.

Dev graduated from Duke University with a Bachelors of Science degree in Economics and Public Policy and from Columbia University's Masters of Science in Real Estate Development Program. He has also studied at the London School of Economics.

CRA TIP Rebate Program Calculation

	Year 1	Year 2	Year 3	Year 4	Year 5
Current Land Value	\$781,350	\$781,350	\$781,350	\$781,350	\$781,350
Future Value	\$36,968,424	\$38,077,477	\$39,219,801	\$40,396,395	\$41,608,287
Net Increase in Assessed Value	\$36,187,074	\$37,296,127	\$38,438,451	\$39,615,045	\$40,826,937
Millage Rate	0.01165	0.01165	0.01165	0.01165	0.01165
Assessment on Increased Value	\$421,579	\$434,500	\$447,808	\$461,515	\$475,634
County Collection	\$400,500	\$412,775	\$425,418	\$438,440	\$451,852
County to City	\$380,475	\$392,136	\$404,147	\$416,518	\$429,260
% Rebate per CRA Program	95%	90%	85%	80%	75%
CRA Reimbursement	\$361,452	\$352,923	\$343,525	\$333,214	\$321,945

Folio Number	2016 Assessed Value
504210010680	\$197,130.00
504210010830	\$15,760.00
504210010671	\$10,320.00
504210010670	\$558,140.00
	<u>\$781,350.00</u>

PROPOSED FLAGLER VILLAGE HOTEL

Historical and Projected Income Statements

TOTAL PROJECT COST: \$37,646,218.72

PROPOSED FLAGLER VILLAGE HOTEL
202
73,730

PROPERTY NAME
NUMBER OF ROOMS
ANNUAL NUMBER OF ROOMS

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
ROOMS AVAILABLE	73,730		73,730		73,730		73,730		73,730	
ROOMS SOLD	49,399		51,611		53,823		56,035		58,984	
OCCUPANCY RATE	67.00%		70.00%		73.00%		76.00%		80.00%	
AVERAGE DAILY RATE	\$118.00		\$125.08		\$131.33		\$136.59		\$142.05	
REVPAR	\$79.06		\$87.56		\$95.87		\$103.81		\$113.64	
REVENUES										
Rooms	\$5,829,094	98.3%	\$6,455,504	98.3%	\$7,068,777	98.4%	\$7,653,645	98.4%	\$8,378,728	98.4%
Telephone										
Other	98,798	1.7%	108,383	1.7%	116,419	1.6%	124,839	1.6%	135,352	1.6%
TOTAL REVENUES	5,927,892	100%	6,563,887	100%	7,185,196	100%	7,778,485	100%	8,514,080	100%
OPERATING COSTS										
Rooms	1,481,973	25.4%	1,548,330	24.0%	1,663,128	23.5%	1,783,420	23.3%	1,933,602	23.1%
Telephone	15,000		15,450		15,914		16,391		16,883	
Other	22,724	23%	24,928	23.0%	26,776	23.0%	28,713	23.0%	31,131	23.0%
TOTAL OPERATING COSTS	1,519,697	25.6%	1,588,708	24.2%	1,705,817	23.7%	1,828,524	23.5%	1,981,616	23.3%
GROSS OPERATING INCOME	4,408,195	74.4%	4,975,179	75.8%	5,479,378	76.3%	5,949,961	76.5%	6,532,464	76.7%
GENERAL EXPENSES										
Admin. & General	343,400	5.8%	353,702	5.4%	364,313	5.1%	375,242	4.8%	386,500	4.5%
Credit Card Commissions	142,269	2.4%	157,533	2.4%	172,445	2.4%	186,684	2.4%	204,338	2.4%
Sales & Mktg	116,150	1.8%	119,635	1.8%	123,224	1.7%	126,920	1.6%	130,728	1.5%
Franchise Fees	641,200	9.8%	774,660	11.8%	918,941	12.8%	994,974	12.8%	1,089,235	12.8%
Maintenance & Repair	232,300	3.5%	255,530	3.9%	306,636	4.3%	315,835	4.1%	325,310	3.8%
Utilities	303,000	4.6%	312,090	4.8%	321,453	4.5%	331,096	4.3%	341,029	4.0%
TOTAL GENERAL EXPENSES	1,778,320	30.0%	1,973,150	30.1%	2,207,011	30.7%	2,330,752	30.0%	2,477,139	29.1%
GROSS OPERATING PROFIT	2,629,876	44.4%	3,002,029	45.7%	3,272,367	45.5%	3,619,210	46.5%	4,055,324	47.6%
PROPERTY MANAGEMENT FEES	237,837	4.0%	262,555	4.0%	287,408	4.0%	311,139	4.0%	340,563	4.0%
PROPERTY TAXES	421,579	7.1%	434,500	6.6%	447,808	6.2%	461,515	5.9%	475,634	5.6%
INSURANCE	200,000	3.4%	206,000	3.1%	212,180	3.0%	218,545	2.8%	225,102	2.6%
FF&E RESERVE	237,116	4.0%	262,555	4.0%	287,408	4.0%	311,139	4.0%	340,563	4.0%
NET OPERATING PROFIT	\$1,533,344	25.9%	\$1,836,418	28.0%	\$2,037,564	28.4%	\$2,316,870	29.8%	\$2,673,463	31.4%
CRA TIP REBATE	\$361,451.65		\$352,922.52		\$343,524.68		\$333,214.03		\$321,944.64	
YIELD TO COST	4.07%		4.88%		5.41%		6.15%		7.10%	
YIELD TO COST WITH TIP REBATE	5.03%		5.82%		6.32%		7.04%		7.96%	
DEBT YIELD	5.74%		6.99%		7.89%		9.14%		10.76%	
DEBT YIELD WITH TIP REBATE	7.10%		8.33%		9.22%		10.46%		12.05%	



WALTER DUKE + PARTNERS

C O M M E R C I A L
REAL ESTATE VALUATION

ECONOMIC BENEFIT STUDY PROPOSED TIER 1 FLAGLER VILLAGE HOTEL

LOCATED AT

315 Northwest 1st Avenue
Fort Lauderdale, Broward County, Florida

FOR

Mr. Dev Motwani, Manager
315 Flagler GP, LLC.
300 Southwest 1st Avenue, Suite 106
Fort Lauderdale, Florida 33301

PREPARED BY

Walter B. Duke, III, MAI, CCIM
Andrew S. Rolf, MAI
2860 W State Road 84, Suite 109
Fort Lauderdale, FL 33312-4804

DATED

June 15, 2016

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Executive Summary

315 Flagler GP, LLC, has proposed to construct an 18-story, 202-room hotel at 315 N.W. 1st Avenue, Fort Lauderdale, Florida. The project will be a Tier 1 dual branded flagged hotel (Marriot / Starwood, Hilton or ISG). In support of the development, 315 Flagler GP, LLC has retained Walter Duke + Partners to model the Economic Benefits of the hotel construction and operations on the surrounding areas. For purposes of this analysis the Primary Study Area includes the zip codes of 33301, 33304, 33305, 33306, 33311, 33312, 33315 and 33316, which generally includes the areas east of Interstate 95, south of Oakland Park Boulevard, north of Interstate 595 and west of the Atlantic Ocean and it is reflective of the study area.

The direct project construction costs associated with the hotel development is \$37,646,219 of which \$32,646,218 will be spent on hard and soft construction costs in the local economy and the remaining \$5 million will directly impact the real estate tax base of the City of Fort Lauderdale. The construction period is expected to take one year. Local economic impacts of the hotel construction plus multiplier effects of the hotel construction will exceed \$52.6 million. Construction and related service employment plus induced and indirect employment will support 258 jobs over the construction period, as well as supporting an additional 101 non-construction jobs.

Permanent economic impacts of the project include estimated hotel revenue of \$5,927,892, 93 permanent jobs and over \$12.2 million in ongoing local activity including direct, indirect and induced economic effects. Hotel guest spending was estimated to support 185 permanent jobs as well as over \$19.7 million in ongoing local activity including direct, indirect and induced economic effects. The data within this Economic Benefits Study and the Executive Summary reflect the following economic impacts:

Economic Impacts – Construction

Economic Activity - \$52,628,642 during construction

Labor Income - \$17,729,893

Employment – 258 persons employed during construction

Economic Impacts – Hotel Operations

Direct Hotel Revenue - \$5,927,892

Total Economic Activity - \$12,281,104

Total Employee Earnings - \$4,052,542

Total Employment – 93 jobs

Economic Impacts – Hotel Guest Spending

Total Economic Activity - \$19,719,762

Total Employee Earnings - \$6,855,596

Total Employment – 185 jobs



Proposed Flagler Village Hotel

1.0 **Introduction**

315 Flagler GP, LLC has proposed to construct an 18-story, 202 room hotel at 315 N.W. 1st Avenue, Fort Lauderdale, Florida. The project will be a Tier 1 flagged dual branded hotel (Marriot / Starwood, Hilton or ISG). This analysis examines the economic impact of the construction of the 202-room hotel and the ongoing operations of the hotel. Economic impacts detail the income, employment and multiplier of these activities.

2.0 **Economic Impact Analysis**

Walter Duke + Partners conducted the analysis to determine the economic impacts of construction and operation of the proposed 202-room, Tier 1 hotel. The analysis relies upon data gathered from the following sources:

- Primary data for construction and operation as provided by Mr. Dale Reed at 315 Flagler, LP
- Economic Impact Modeling using IMPLAN

A systematic analysis of local level economic impacts is essential for effective planning in the public- and private-sectors. Walter Duke + Partners has used IMPLAN multipliers for this analysis for the following Zip Codes that make up the study area: 33301, 33304, 33305, 33306, 33311, 33312, 33315 and 33316.

Consistent with standard practice for these types of economic impact studies, our analysis considers the direct (i.e., onsite) impacts associated with the proposed hotel development, as well as “multiplier” impacts within the Fort Lauderdale economy (these “indirect” and “induced” impacts are calculated for the zip codes listed above). These multiplier impacts have been projected using the IMPLAN model. The IMPLAN model was originally developed by researchers at the University of Minnesota and is widely used throughout the United States for economic impact analysis. The model estimates impacts at the city and county levels (based on data that are specific to Fort Lauderdale).

The programmatic data used in the IMPLAN analysis were derived from the developers pro forma projections developed for the Value Enhancement Analysis (VEA) for the project. Economic benefits were estimated through the following process.

- Construction Phase – Based on data from the VEA pro forma, construction value the proposed project were matched to the appropriate IMPLAN construction sector. Construction costs do not include land acquisition costs, as this is simply an asset swap and does not produce any economic activity.

- Operations Phase – Operations-phase impacts are based on the operation of the hotel. The estimated annual gross sales are used as inputs in the IMPLAN model to estimate ongoing impacts associated with the proposed hotel use.
- Guest Spending – Impacts are based on the estimated annual spending by hotel guests in the local economy. The IMPLAN model is again utilized to estimate ongoing impacts associated with spending by hotel guests.

The hotel project will generate the following types of economic benefits in the regional economy:

- Direct Benefits – Direct benefits relate to: a) the short-term business activity of general contractors involved in the project construction, and b) the ongoing business activity of retailers and other firms located within the developed project.
- Indirect Benefits – Indirect benefits will result when local firms directly impacted by the project in turn purchase materials, supplies or services from other firms. An example would include increased sales of building materials as a result of construction activity.
- Induced Benefits – Induced benefits relate to the consumption spending of employees of firms that are directly or indirectly affected by the project. These would include all of the goods and services normally associated with household consumption (e.g., housing, retail purchases, local services, etc.).

The analysis quantifies the above benefits in terms of the following measures:

- Total industry output – the increase in gross industry receipts, representing the total economic activity generated by the project;
- Total value added – The difference between an industry's total output and the cost of its intermediate inputs. It is the portion of total output that most accurately reflects local economic activity (i.e., local payrolls and profits, as distinct from gross output which may include the value of raw materials purchased outside the region);
- Employment – Expressed as new full-time equivalent (FTE) jobs ; and

- Labor Income – Payroll and benefits associated with the created jobs, along with additional proprietor income (payments received by self-employed individuals and unincorporated business owners).

3.0 **Construction Impacts**

The construction cost of the proposed hotel less land acquisition is \$32,646,218 will be spent on hard and soft construction costs in the local economy. Local economic impacts of the hotel construction plus multiplier effects of the hotel construction will exceed \$52.6 million. There are economic impacts benefiting the community from this local construction activity. The economic impacts of construction take place during the construction period only. These impacts will cease after the construction period estimated to be no more than one year. For purposes of this analysis and in order to estimate the impact as of the analysis date, the construction period was estimated to commence in 2017.

Walter Duke + Partners estimates the average number of construction and related service employment plus induced and indirect employment will support 258 jobs over the construction period as well as supporting an additional 101 non-construction jobs. Walter Duke + Partners estimated the annual number of construction workers that will be required to complete the construction of the hotel using the IMPLAN modeling system to determine employment and economic impacts. The table below summarizes the total impact of the construction of the proposed Tier 1 hotel:

Table 1. Total New Construction Benefits Estimates

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	258.4	\$12,799,931	\$18,858,279	\$37,646,219
Indirect Effect	46.8	\$2,720,986	\$4,321,084	\$7,944,658
Induced Effect	54.4	\$2,208,976	\$4,144,951	\$7,037,765
Total Effect	359.6	\$17,729,893	\$27,324,314	\$52,628,642

Source: Copyright 2016 IMPLAN Group; Walter Duke + Partners

The direct economic output of the construction, combined with the indirect and induced impacts, which ripple throughout the local economy, will result in an estimated \$52.6 million in total economic output. This includes \$17.7 million in wage earnings and total direct, indirect and induced employment of ±360 jobs. The total economic output was calculated using the IMPLAN impact model and includes the output, earnings and employment associated with the construction of the proposed Tier 1 hotel.

Construction is a major employment sector in South Florida. The new construction impacts can be described among different key construction related industries and areas

of business. The table below highlights the most prominent industries, which will benefit from the construction of the proposed Tier 1 hotel:

Table 2. New Construction Impact – Selected Key Sectors

Sector	Description	Employment	Labor Income	Value Added	Output
57	Construction of new commercial...	258.4	\$12,799,931	\$18,858,279	\$37,646,219
395	Wholesale trade	10.2	\$857,751	\$1,663,080	\$2,513,013
449	Architectural, engineering, an...	6.7	\$508,177	\$497,152	\$992,075
440	Real estate	4.8	\$79,472	\$537,988	\$809,626
411	Truck transportation	4.2	\$162,442	\$201,779	\$595,735
501	Full-service restaurants	4.1	\$107,214	\$115,825	\$202,937
502	Limited-service restaurants	3.5	\$67,587	\$166,635	\$293,556
400	Retail - Food and beverage sto...	2.1	\$64,393	\$95,697	\$139,838
405	Retail - General merchandise s...	2.0	\$54,459	\$89,864	\$138,237
483	Nursing and community care fac...	1.9	\$62,728	\$67,539	\$116,744
Total Effect		298.0	\$14,764,154	\$22,293,838	\$43,447,978

Source: Copyright 2016 IMPLAN Group; Walter Duke + Partners

The impact of the construction of the hotel is felt throughout the local economy, benefitting a variety of industries and supporting economic diversity. Key industries benefitting from the construction of the hotel include construction firms, engineers, architects, real estate services and food and beverage sales, which comprise a large percentage of the current labor force in Fort Lauderdale.

4.0 **Hotel Operations Impact**

Revenue from the hotel operation was an estimated total of \$5,927,892 by the developer. The revenue is estimated to occur in 2018, or one year after the construction of the proposed hotel. IMPLAN modeling indicates that the hotel operation is estimated to support 45 permanent jobs as well as an additional 18 jobs unrelated to the hotel operation. However, the hotel is planned to be a dual branded hotel, which typically creates additional jobs due to dual operations. Driftwood Hospitality manages many similar dual branded hotel and projects between 65 and 90 direct jobs. The spread is due to seasonality. For purposes of this analysis, 75 direct jobs are projected. The ongoing total employment income is estimated to be \$4,052,542 by IMPLAN with total ongoing economic output of \$12,281,104. The table below summarizes the total impact of the hotel operation of the proposed hotel:

Table 3. Annual Economic Impacts – Hotel Operations

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	75.0	\$3,258,478	\$6,505,923	\$9,857,188
Indirect Effect	9.3	\$454,328	\$739,030	\$1,339,658
Induced Effect	8.2	\$339,736	\$637,722	\$1,084,258
Total Effect	92.6	\$4,052,542	\$7,882,676	\$12,281,104

Source: Copyright 2016 IMPLAN Group; Walter Duke + Partners

The direct economic output of the hotel operation, combined with the indirect and induced impacts, which ripple throughout the local economy, will result in an estimated \$12.28 million in total economic output. This includes \$4.1million in wage earnings and total direct, indirect and induced employment of ±93 jobs. The total economic output was calculated using the IMPLAN impact model and includes the output, earnings and employment associated with the ongoing operation of the proposed Tier 1 hotel.

The ongoing impacts of the hotel operation can be described among different industries and areas of business. The table below highlights the most prominent industries, which will benefit from the ongoing operation of the proposed hotel:

Table 4. Community Economic Impacts – Selected Key Sectors

Sector	Description	Employment	Labor Income	Value Added	Output
499	Hotels and motels, including c...	75.0	\$3,258,478	\$6,505,923	\$9,857,188
503	All other food and drinking pl...	1.2	\$33,986	\$35,179	\$55,426
440	Real estate	1.0	\$16,316	\$110,453	\$167,448
501	Full-service restaurants	0.6	\$16,360	\$17,674	\$31,051
502	Limited-service restaurants	0.6	\$11,950	\$29,462	\$52,043
405	Retail - General merchandise s...	0.6	\$16,516	\$27,252	\$41,488
395	Wholesale trade	0.5	\$39,558	\$76,698	\$114,510
461	Management of companies and en...	0.4	\$54,411	\$67,860	\$110,160
400	Retail - Food and beverage sto...	0.4	\$13,200	\$19,617	\$28,368
468	Services to buildings	0.4	\$7,952	\$8,498	\$14,313
Total Effect		80.7	\$3,468,727	\$6,898,615	\$10,471,997

Source: Copyright 2016 IMPLAN Group; Walter Duke + Partners

The impact of the hotel operation will primarily impact the hospitality field where the majority of the employment and labor income will be created. However, hotel employees will spend their earnings at a number of places including food and beverage sales, restaurants, shopping and local services. Thus, the ongoing operation of the hotel will create new employment in Fort Lauderdale and support new and existing employment in other fields within Fort Lauderdale. Therefore, the ongoing operation of the hotel is considered to be a positive for the City of Fort Lauderdale in terms of employment and total economic impact.

5.0 **Hotel Guest Spending**

Revenue from hotel guest spending was estimated by IMPLAN to total \$19,719,762. The revenue is estimated to occur in 2018 or one year after the construction of the proposed hotel. Hotel guest spending is estimated to support 185 permanent jobs. The ongoing total employment income is estimated to be \$6,855,596 by IMPLAN. The table below summarizes the total impact of the hotel operation of the proposed hotel:

Table 5. Annual Economic Impacts – Hotel Guests Spending

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	144.7	\$4,939,783	\$7,129,269	\$13,886,250
Indirect Effect	20.1	\$1,063,538	\$1,774,864	\$3,114,382
Induced Effect	20.6	\$852,275	\$1,599,352	\$2,719,131
Total Effect	185.5	\$6,855,596	\$10,503,486	\$19,719,762

Source: Copyright 2016 IMPLAN Group; Walter Duke + Partners

The direct economic output of hotel guest spending combined with the indirect and induced impacts, which ripple throughout the local economy, will result in an estimated \$19.7million in total economic output. This includes \$6.86 million in wage earnings and total direct, indirect and induced employment of ±186 jobs. The total economic output was calculated using the IMPLAN impact model and includes the output, earnings and employment associated with hotel guest spending.

The ongoing impacts of hotel guest spending can be described among different industries and areas of business. The table below highlights the most prominent industries, which will benefit from the ongoing operation of the proposed hotel:

Table 6. Community Economic Impacts – Key Industries

Sector	Description	Employment	Labor Income	Value Added	Output
501	Full-service restaurants	51.0	\$1,356,855	\$1,465,830	\$2,575,289
503	All other food and drinking pl...	44.2	\$1,274,040	\$1,318,748	\$2,077,744
502	Limited-service restaurants	15.7	\$314,033	\$774,246	\$1,367,682
408	Air transportation	13.5	\$1,066,315	\$2,080,074	\$5,027,663
400	Retail - Food and beverage sto...	6.0	\$186,075	\$276,537	\$399,909
406	Retail - Miscellaneous store r...	5.6	\$168,057	\$180,102	\$253,791
404	Retail - Sporting goods, hobby...	3.9	\$105,293	\$149,398	\$220,114
440	Real estate	3.4	\$56,835	\$384,743	\$583,277
403	Retail - Clothing and clothing...	3.3	\$82,366	\$170,613	\$266,488
405	Retail - General merchandise s...	2.6	\$73,790	\$121,760	\$185,365
Total Effect		149.2	\$4,683,658	\$6,922,050	\$12,957,321

Source: Copyright 2016 IMPLAN Group; Walter Duke + Partners

Tourism is a huge industry in Fort Lauderdale. A new hotel can accommodate overnight guests or longer stay guests traveling through the Fort Lauderdale International Airport and Port Everglades. The impact of the hotel guest spending will primarily impact food and beverage sales including restaurants but will also impact air transportation and retail sales. Fort Lauderdale has a number of destination style shopping locations including the Galleria Mall, Las Olas Boulevard and 17th Street that will undoubtedly benefit from guest spending from the proposed hotel. Further, restaurants and bars at the same location as well as locations along Fort Lauderdale Beach, the Fort Lauderdale CBD, and the Fort Lauderdale CRA, particularly Flagler Village, will also benefit from guest spending from the proposed Tier 1 hotel. Guest spending at the most prominent

industries will support ±149 jobs and labor income of \$4.68 million. Therefore, the estimated guest spending is considered to be a positive for the City of Fort Lauderdale in terms of employment and total economic impact.

6.0 Summary of Economic Impacts

The construction and ongoing operation of the proposed Tier 1 hotel provides a significant contribution to the local economy. From the time construction of the hotel is started to the end of the first year of operation economic impact on the local economy is estimated to be over \$84.6 million by IMPLAN.

Construction impacts will exceed \$52 million but will cease after one year. The ongoing operation of the hotel along with hotel guest spending was estimated to create over \$32 million in total economic benefits by IMPLAN along with supporting 278 jobs and supporting over \$10.9 million in employee wages. Based on the analysis conducted within this economic benefit study it is Walter Duke + Partners conclusion that the construction and ongoing operation of the proposed hotel is a positive for the City of Fort Lauderdale, particularly within the study area. Further, in our opinion, the development of a Tier 1 dual branded hotel will create a precedent in the CRA and Flagler Village, which will serve to encourage expanded development in the CRA. A Tier 1 operator will increase the confidence of other operators in the area and spur additional development.

7.0 Economic Impact Methodology - IMPLAN

On General Input-Output

Economic Impact Analysis (EIA) refers to any number of processes that trace how changes in spending, such as business closures, new industrial or infrastructural developments, natural disasters, and conventions, move through an economy. An impact study measures the cumulative effects of that spending on a defined geographic region.

EIA can also provide information about the effects of policy and employment changes such as reports on job creation estimates related to the American Recovery and Reinvestment Act of 2009, to the effects of a local business' opening or closing, the impacts of job exportation to other countries, or the tax revenue associated to certain policy decisions made by local, state or federal governments.

Typically, whenever the phrase the "estimated impact on the economy/community is that X jobs are created" is used, these are the results of an economic impact analysis report.

Impact Analysis Tells Us About Changes in Jobs, Income and Production

Economic impact studies generate large amounts of information about local industries, employment, wages, profits, labor spending, and taxes that may be useful for a variety of purposes and circumstances.

Economic impact analysis looks backwards rather than forwards through the economy. In other words, to determine the effect of increased production in a local industry, economic analysis looks at the industries, which supply the producing industry with the items and services for its production. Thus, an increase in window production will result in the manufacturer purchasing a variety of supplies including wood, glass, and furnishings for the windows, all of which will be incorporated into the final product.

Increases in labor dollars also have economic effects, because increased labor dollars typically translate into increased income spending. EIA provides a measurement of the impacts of employee spending of all employees of the firm seeing the sales change, and all the employees of subsequent impacted Industries in the supply chain, as long as these employees live within the defined geography of the study.

The accumulation of business-to-business and labor purchases can be tracked until the resultant spending of the original sale is completely removed from the economy by imports, savings, taxes and profits.

Information from economic impact studies may be used to apply for grants to expand businesses, as a marketing tool, or to estimate how an increase in his sales, due to a county-wide 'buy local' program could the community as a whole. EIA are also often requirements of various legislative acts or permitting requirements.

What is IMPLAN

IMPLAN is an acronym for IMpact analysis for PLANning, and our products represent the culmination of 35 years of experience and expertise in economic modeling.

IMPLAN produces several data and analysis products, but the IMPLAN System is our core. The IMPLAN System is a general input-output model that is comprised of software and regional data sets. IMPLAN is designed so that users of varying skill levels and backgrounds in economics can create cost effective, accurate economic reports. We provide two tools to address customer specific needs: IMPLAN Pro for those customers who want to customize and modify the data to do in-depth advanced analyses and the IMPLAN-Online System for those customers looking to do general economic impact analysis and those who want to access IMPLAN online.

One of the most powerful aspects of IMPLAN is that input-output Models for specific regional economies can be created, and the data sources behind them are continually improved and updated. Rather than extrapolating regional data from national averages, IMPLAN® measures economic impacts from data on actual local economies. IMPLAN® data sets are available from the ZIP Code level to the national level, and regional files can be combined to create precise geographic definitions when calculating impacts. The IMPLAN Pro System also allows you to examine impact in Canada and other OECD regions.

IMPLAN Data tracks all the available industry groups in every level of the regional data. This permits detailed impact breakdowns and helps ensure accuracy of inter-industry relationships. If a study involves the introduction of an industry group that does not already exist in the local area, IMPLAN provides tools and methods for examining the potential impacts of that new industry. If the industry exists in IMPLAN, but does not exactly match the sales and employment information for the firm you are working with, the IMPLAN Industry relationships may be updated to match the known values, while still maintaining the local regional sales and employment averages for examining the Indirect and Induced impacts. In addition to analysis, you can also view all the data that lies behind your IMPLAN Model.

IMPLAN® results are recorded in easy to read tables that demonstrate the impact for a variety of economic variables. Reports can provide both detailed and summary information related to job creation, income, production, and taxes. Several options exist so you can specify the level of detail and the type of information that will be most interesting to, or productive for, the intended audience to be easily pulled into a report. While we do not have visualization tools at this time, all reports export to Excel where they can be easily manipulated into charts and graphs to meet your needs.

Where Does the Data Come From?

IMPLAN data sets are constructed annually by Implan Group LLC. Regional data is derived from many different sources, primarily federal agencies responsible for data collection.

The primary sources for data derivation include:

- the U.S. Bureau of Labor Statistics (BLS) Covered Employment and Wages (CEW) program;
- the U.S. Bureau of Economic Analysis (BEA) Regional Economic Information System (REA) program;
- the U.S. Bureau of Economic Analysis Benchmark I/O Accounts of the U.S.
- the BEA Output estimates;

- the BLS Consumer Expenditure Survey;
- the U.S. Census Bureau County Business Patterns (CBP) program;
- the U.S. Census Bureau Decennial Census and Population Surveys;
- the U.S. Census Bureau Economic Censuses and Surveys; and
- the U.S. Department of Agriculture Census.

When combined, these sources provide all the elements needed to assemble a complete U.S. data set. Assembly of these elements into a cohesive and complete U.S. IMPLAN data set requires about five months. Since the BLS CEW data is not released until July of the following year (i.e. 2013 data was released in July of 2014), IMPLAN data sets are also released one year after the current calendar year, typically in the month of December.