



**REQUEST FOR PROPOSALS FOR
HOTEL OPERATOR OF
DALLAS CONVENTION CENTER HOTEL**

CITY OF DALLAS, TEXAS

JULY 23, 2008

REQUEST FOR PROPOSALS FOR HOTEL OPERATOR OF DALLAS CONVENTION CENTER HOTEL

The City of Dallas makes this Request for Proposals (“RFP”) from experienced hotel operators to manage a new 1,200 room Convention Center Hotel adjacent to the Convention Center in the heart of Dallas’ Central Business District.

The Convention Center Hotel may become the anchor for a larger project which may include residential, retail, restaurant and entertainment venues within an exciting, high-density, urban mixed-use complex.



Dallas is the No. 1 visitor destination in Texas.

The City of Dallas encompasses 384 square miles of rolling prairie with native pecan, cottonwood and oak trees located along the Trinity River and the numerous creeks that feed it. The elevation ranges from 450 to 750 feet.

As the Southwest's leading business and financial center, the City boasts the largest wholesale market in the world and lays claim to being one of the top convention cities in the United States.

From historical ambiance and boutique charm, to modern glamour and state-of-the-art amenities, and to the more modest and economical — Dallas offers a myriad of hotel choices. Dallas provides the finest in Southern hospitality and a wealth of over 65,000 hotel rooms ranging from first-class luxury to family pricing.

A wide range of hotels can be found in the Downtown/Convention Center area, in addition to concentrations near DFW International and Love Field Airports, Market Center, Galleria area, LBJ Freeway, North Central Expressway and Las Colinas.



Figure 2. The Dallas Convention Center

Terms and Procedures for Presenting Proposals

Proposals are requested in accordance with the terms and conditions set forth in this solicitation for recommendation to the Dallas City Council Economic Development Committee.

Proposals must be received by the Business Development & Procurement Services office at **1500 Marilla, Room 3FS; Dallas, Texas 75201** by 2 p.m. Central Time on July __, 2008. Late Proposals will not be accepted.

Each respondent to this RFP (“Respondent”) must submit one original copy (labeled “ORIGINAL”) and four (4) photocopies of its Proposal. In addition, fifteen (15) electronic copies of the proposal must be submitted on compact disc (CD). Faxed responses are not acceptable.

Each Respondent must submit its Proposal (original, CD and copies) in a sealed package. Any additional or alternative Proposals must be submitted in separate sealed packages and labeled accordingly. The City is not responsible for submissions not properly identified.

Each Proposal should include the following Sections:

1. Background information and qualifications of Respondent (as more specifically described in Section 6.3 and 9.1 (F) of this RFP).
2. Description of Hotel facilities program and resources that Respondent would dedicate to the Hotel (as more specifically described in Section 7.1 of this RFP)
3. Description of proposed terms of Hotel Management Agreement (as further described in Section 8 of this RFP). PLEASE NOTE THAT BECAUSE

THIS HOTEL WILL BE DEVELOPED WITH TAX EXEMPT BONDS, THERE ARE SOME REQUIREMENTS THAT WILL APPLY WITH RESPECT TO THE TERMS OF THE HOTEL MANAGEMENT AGREEMENT. THESE REQUIREMENTS ARE NOTED IN SECTION 8 OF THIS RFP. PLEASE REVIEW THESE REQUIREMENTS CAREFULLY.

4. Proforma 10-year projections of gross revenues, operating expenses and profits from operation of the Hotel, together with all material assumptions used by Respondent to prepare the projections (“Respondent’s Projections”).

Each Section of the Proposal should be thorough, relevant and organized. A focused approach is more desirable than a “shotgun” approach.

The City of Dallas reserves the right to reject any and all Proposals or to accept any Proposal deemed to be in its best interest.

Please note that due to the confidentiality requirements that apply to this RFP process, Respondents are prohibited from discussing their Proposals with anyone other than their agents and the representatives of the City staff.

1. BACKGROUND INFORMATION REGARDING THE HOTEL PROJECT

- 1.1. The City of Dallas (the “City”) seeks to develop and build a new 1,200 room Convention Center Hotel (the “Hotel”) in the Convention Center District located in the heart of downtown Dallas. The Hotel may potentially be part of a larger development project (the “Project”) which may include residential, retail and entertainment components within a high-density, urban mixed-use area. This RFP is limited to Proposals for management of the Hotel, and not for other portions of the Project.
- 1.2. The Hotel has a target opening date of spring 2012. The hotel would be located within 1,000 feet of, and be linked to, the Dallas Convention Center (DCC) in order to attract a higher volume of conventions and tradeshow that require large quantities of hotel room bookings and stays.
- 1.3. The City of Dallas has previously solicited proposals from developers for development and construction of the Hotel. Through the selection process, the City has identified Matthews Southwest as the primary developer for the Hotel development project.
- 1.4. The City's interest in the Project is based in part on the findings of the March 18, 2008 updated market study prepared for the City of Dallas by HVS Consulting and Valuation Services, Division of DFW Hospitality Consulting, LLC (HVS). The 2008 HVS Study is available on the City web site at http://www.dallascityhall.com/convention_center/conventioncenter_hot

[e1.html](#). The 2008 HVS Study will be used by the City in the evaluation of Proposals submitted in response to this RFP.

- 1.5 The 2008 HVS Study recommends construction of a 1200 room full-service convention center headquarters hotel with a major national lodging brand, with related amenities and facilities. The City desires that such amenities and facilities feature 2 ballrooms of not less than 50,000 and 30,000 square feet, respectively, and an additional 20,000 square feet of meeting rooms. Additional amenities and facilities include a main restaurant, a specialty restaurant, various lounges, a gift shop, coffee kiosk, a business center and ease of access to communications and internet technologies throughout the facility, linked office/retail and residential development, an outdoor swimming pool and whirlpool, and a fitness center/spa. Parking facilities must conform to City zoning requirements.

2. RFP OBJECTIVES

- 2.1. The objective of this RFP process is to identify an experienced, highly qualified, and financially capable convention center hotel operator of national prominence, with a commitment to the Dallas area and experience in the revitalization/renewal of underdeveloped areas, to act as the manager of the Hotel on terms and conditions most favorable to the City. The City will give consideration to Respondents with experience in the management of large convention center hotels similar to the Hotel who demonstrate an understanding and willingness to comply with the requirements necessary for the City to obtain tax exempt bond financing, and who propose, in the City's determination, the most favorable Hotel Management Agreement terms.
- 2.2. Through the process described in this RFP, the City intends to select its primary candidate for manager of the Hotel. After the candidate has been selected in accordance with the process described in this RFP, the City will proceed with the selected candidate to negotiate the definitive hotel management, technical services and pre-opening services agreements.
- 2.3. The City of Dallas reserves the right to negotiate with one or more parties and shall not be obligated to enter into any contract with any Respondent on any terms or conditions.

3. GOALS OF THE PROJECT

- 3.1. The City seeks to build a large convention center hotel in order to strengthen the vibrancy of the Convention Center District, and to enhance the Dallas Convention Center attendee experience. In addition, the City seeks to revitalize the Convention Center District of Downtown Dallas by further developing residential, retail, entertainment and recreational elements within the District.

The City's larger goals for the Project are to continue the momentum of the current downtown re-development, provide a positive economic impact resulting in income to the City, increase the number of quality jobs available to the Dallas workforce, provide opportunities for minority- and women-owned business enterprises (M/WBE) to participate in the Project development and operation, and contribute to the City's long-term economic growth objectives.



Figure 3. Map of Downtown Dallas Districts

4. SITE

- 4.1. Texas State law, in making available financial incentives to support the financing of this Hotel, requires that the location of a convention center hotel to be within 1,000 feet of the City's convention facility to be eligible for those incentives. Therefore, site location is critical to the success of this Hotel. The City has identified and purchased an approximately 8.4-acre parcel located adjacent to the Dallas Convention Center known as the "Chavez" property, which is shown below.



Figure 4. Aerial View of the Dallas Convention Center and Surrounding Area

- 4.2. The Chavez site has been designated as the site for the proposed Hotel project. All Responses and further negotiations will be for this site exclusively.

5. FINANCING

- 5.1. The Hotel project will be publicly financed through the issuance of bonds (“Bonds”), mostly tax-exempt obligations. The City intends to create a special purpose entity that will own the Hotel and will issue the Bonds. The Bonds will be secured by the Hotel revenues and other designated revenues.
- 5.2. As a publicly financed facility, the Hotel will be required to provide budgets that include reserves for working capital and capital improvements, as well as funds for debt service and other expenses. We therefore request that Respondent’s Projections include line items for these and other important categories of expenses and payments, in order that they may be reviewed by the City’s financial analysts.
- 5.3. One important criterion for the selection of the Hotel operator candidate is the ability and willingness of the Respondent to take a financial stake in the Hotel, which may consist of a “key money” investment, or other form of debt, the repayment of which is subordinated to the repayment of the Bonds. The amount and terms of the capital investment in the Hotel that the Respondent is willing and able to make should be specified in the Proposal.

6. QUALIFICATIONS OF RESPONDENTS

- 6.1. The qualifications of the Respondent to operate a large convention center Hotel will be an important criterion in the selection of the Hotel operator candidate. The hotel operator selected to manage the property should be able to demonstrate (a) a prominent national sales office network and sales force positioned to primarily pursue convention and group-meeting demand, (b) a series of convention center hotels in its portfolio in major convention destinations, and (c) a financial commitment to the Hotel.
- 6.2. The City will target, to the greatest extent practical, the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ standard for a silver level certification for the Hotel. Respondents should therefore demonstrate familiarity with creating sustainable operations with the goal of maximizing long-term benefits, such as operating and maintenance savings while minimizing up-front Project cost.
- 6.3. In Section 1 of the Proposal, Respondents should provide the following Background Information:
 - a. Convention Center Hotel Operating Experience. Respondent's convention center hotel operating experience, including specifically:
 - i. a description of hotels adjacent to convention centers in the United States which are operated by Respondent (listing, in each case, the name of the convention center, the name of the hotel, the square footage of exhibition space in the convention center, the number of rooms in the hotel, the length of time Respondent has operated the hotel and whether the Respondent was involved in the design and construction of the hotel).
 - ii. a description of other, large hotels (500 rooms or more) operated by Respondent, identifying each by name and location, number of rooms, length of time Respondent has operated the hotel, and whether Respondent was involved in the design and construction of the hotel.
 - iii. occupancy and ADR levels for the past three years for each convention center and convention center type hotel.
 - iv. References for current and past convention center hotel management contracts.
 - b. Dallas Hotel Operating Experience. Respondent's Dallas hotel operating experience, including specifically:

- i. a description of each Dallas area hotel operated by Respondent (listing in each case the name of the hotel, location of the hotel, number of rooms in the hotel, and length of time Respondent has operated the Hotel).
 - ii. occupancy and ADR levels for the past three years for each Dallas area hotel.
- c. Key Personnel Involved in the Hotel Project. Background information on the key personnel who would be assigned by Respondent to work on the Hotel development project, including names, positions and prior experience relevant to this project.
- d. Sales Support Resources. Respondent's national and regional sales office locations, staffing and other resources that Respondent devotes to group sales for its convention center hotels.
- e. Employee Resources. Respondent's employee recruitment, training and retention programs.
- f. Minority and Women Owned Business Efforts. Respondent's history and references regarding past use of M/WBE's in both public and private projects. This should include detailed descriptions of the relevant projects and goals established for the projects. If any M/WBE's are proposed as part of Respondent's operator team, this information should also be included, including ownership and certification of these firms.
- g. Litigation Experience. History of major litigation of Respondent, its parent or any affiliate for the past five years, including the nature of the case. Specifically describe any litigation involving the City of Dallas.
- h. Financial Information. Respondent's consolidated audited financial statements for the past 5 years and most recent unaudited financial statements.
- i. Loan Default Experience. Any loan defaults by Respondent, its parent or any affiliate over the past 5 years (together with factual information and explanation of the resolution.)
- j. Additional Information. Respondent's answers to the following questions:
 - i. Why is this Hotel important to your organizational growth?
 - ii. What is your perception of the Dallas hotel market in both short term and long term?
 - iii. What is your perception of the proposed Hotel project in both short term and long term?

7. PROGRAM

- 7.1. Section 2 of the Proposal should contain a description of the hotel facilities program the Respondent conceptually proposes for the Hotel, including number and type of rooms, size and type of meeting facilities, recreational amenities, food and beverage outlets, parking requirements, basic module dimensions and other program information which the Respondent believes is important for the Hotel. In addition Respondents are strongly encouraged to submit creative ideas that will enhance the Hotel project and surrounding areas.
- 7.2. Respondents should review the HVS Study available on the city web site at http://www.dallascityhall.com/convention_center/conventioncenter_hotel.html for information concerning the facilities recommended by HVS. Respondents should independently review this information and identify any differences between Respondent's recommended hotel facilities program and that recommended by HVS, describing the reasons for differences suggested by Respondent.

8. KEY TERMS OF HOTEL MANAGEMENT AGREEMENT

- 8.1. Section 3 of the Proposal should address the key terms that Respondent proposes to include in the Hotel Management Agreement. The City has provided in Attachment B to this RFP a matrix (the "Matrix") of the key hotel management agreement provisions that should be identified by Respondent in this Section of the Proposal, together with an indication of the type of provisions that the City is seeking to obtain. Respondent's Proposal should be prepared using the Matrix as the format of the presentation, and should, at a minimum, address each of the terms identified in the Matrix. Respondent may also include any additional terms that Respondent wishes to include in the Matrix. The goal is to identify in the Matrix all major commercial deal points.
- 8.2. Certain of the terms requested by the City are identified below as mandatory. These provisions are required either by the laws of the State of Texas, or by the federal tax laws applicable to tax-exempt obligations, such as the Bonds, in order to retain their status as tax-exempt financing.
- 8.3. Subject to review and agreement by bond counsel to the City for the Bonds, the Hotel Management Agreement must comply with the federal income tax requirements applicable to tax-exempt obligations, including those rulings and guidelines that interpret the provisions of Section 141 of the Internal Revenue Code, such as without limitation, the guidelines set forth in Internal Revenue Service Revenue Procedure 97-13, 1997-1 C.B. 632 ("Rev. Proc. 97-13"). In the event that Respondent proposes terms that are not consistent with those indicated as mandatory for federal tax purposes in the attached Matrix, Respondent must submit legal support that the terms proposed by Respondent are consistent with the requirements of the Internal Revenue

Code pertaining to the issuance of tax-exempt obligations, including Rev. Proc. 97-13.

- 8.4. Respondent should assume that the Hotel will be subject to a room block agreement (Room Block Agreement) in favor of the City, which Room Block Agreement shall contain, among other provisions, the terms generally described in Attachment C attached hereto.
- 8.5. Respondent should assume that Bondholders will require an Asset Manager, who will have right to oversee performance by operator of Hotel. Respondent should assume in its projections that the Asset Manager will receive a fee from the gross revenues of the Hotel.
- 8.6. In connection with Respondent's proposal for technical services and pre-opening services, Respondent should assume a design process of eight to twelve months and should be specific as to the basis for the Respondent's fees and the payment schedule (the Respondent should assume that design of the Project will begin in September 2008). The City anticipates that Respondent will participate in the review and approval of each phase of the design, development and construction of the Hotel in order to confirm compliance with Respondent's brand standard requirements. However, the City does not anticipate that Respondent will provide any additional services until the pre-opening phase of the Hotel. Therefore, the City does not expect that fees for technical services should exceed the level required for that level of involvement in the design, development and construction phases of the Hotel. Respondents will be required to provide their brand standard requirements to the developer of the Hotel.
- 8.7. One of the mandatory provisions of the hotel management agreement, as required by Rev. Proc. 97-13 with respect to tax-exempt bonds, is that the term of the hotel management agreement generally may not exceed either 15, 10 or 5 years depending on the percentage of annual compensation for hotel management services that is based on periodic fixed fee (i.e., a stated dollar amount for services rendered for a specified period of time). We understand that hotel operators generally seek significantly longer initial terms, but request that the compensation and initial term conditions included in your Proposal be consistent with the requirements described in Rev. Proc. 97-13, and that you analyze those requirement before submitting your Proposal. Optional and automatic extension terms are also permitted; however, respondents are requested to confirm that the initial term and renewal options offered in their Response meet the requirements of Rev. Proc. 97-13.
- 8.8. Another mandatory provision of the hotel management agreement, as required by Rev. Proc. 97-13, is that the management fees may not be based, in whole or in part, on a share of net profits from the operation of the Hotel. Respondents are requested to offer a proposal for management fees that is consistent with these requirements. The amount of the management fee should be consistent with Respondent's Projections included in Section 4 of the Proposal.

- 8.9. The City anticipates that the terms of the Bond documents will require that a portion of the management fees payable to the Hotel operator be subordinated/deferred to the payment of debt service to the Bond-holders, and/or that Respondent provide some form of net operating loss guaranty relating to the operating expenses of the Hotel excluding debt service on the Bonds. Respondents are requested to offer a proposal for subordination/deferred of a portion of their management fees, including the amount of management fees to be subordinated and the terms of subordination/deferral, and/or the terms of any net operating loss guaranty that would be offered by Respondent.
- 8.10. The City and the Bond holders expect that Respondent will be willing to make a financial investment into the Hotel, in the form of “key money” and/or repayable subordinated loans to the owner of the Hotel. Therefore, Respondent should indicate in its Proposal the amount and terms of the investment that Respondent is willing and able to make into the Hotel project. Respondent’s Proposal should also indicate when the investment would be made, the proposed principal and interest, amortization, priority of payment and form of security, if any, along with any other material terms of the investment. Respondent should identify the source of funds for funding of its investment in the Hotel. Respondents should understand that their agreement to provide investment funds will be required to be unconditionally guaranteed by Respondent. Any restrictions upon sale of the Hotel or other similar, material terms or covenants which Respondent would seek to impose in connection with its investment in the Hotel should also be detailed in this portion of its Proposal.
- 8.11. Respondent’s Projections should reflect the estimated cash flows available for management fees, debt service and repayment of any investment made by Respondent in the Hotel. It should be noted that cash flows in the early years of operation may not be available for repayment of subordinated debt due to the anticipated, required funding of debt service and various reserves for the Bond financing. Respondent should include in its Projections the amount of “Cash Available for Subordinate Debt Payment.”
- 8.12. Respondent should indicate in its Proposal any proposed procurement fees that Respondent would charge for providing procurement of FF&E, both upon initial installation and subsequent replacement of FF&E over the term of the hotel management agreement.
- 8.13. The City assumes that Respondent will provide all pre-opening services necessary to commence operations of the Hotel following completion of construction. Respondent should indicate in its Proposal a description of when its pre-opening services would commence and what compensation would be charged by Respondent for its pre-opening services. Respondent should also include a description of its plan for pre-opening sales and marketing services on behalf of the Hotel, including the resources and personnel that will be dedicated to that effort.

- 8.14. Respondent should include in its Proposal a detailed description of all marketing fees, reservation fees, centralized services fees and all other fees that will be charged for all services that Respondent will provide in connection with operation of the Hotel, together with a description of the services that will be provided for each of those fees.
- 8.15. Respondent should address all rights of the Hotel owner to terminate the hotel management agreement, including rights to terminate for failure of Respondent to meet specified performance tests, rights to terminate upon sale of the Hotel, rights to terminate upon sale of Respondent, rights to terminate upon casualty loss or government taking, and rights to terminate upon material adverse changes in circumstances of Respondent, including in each case the amount of any fee or penalty Respondent proposes to charge upon any such termination.
- 8.16. Respondent should describe the non-competition protection it would propose for the Hotel, including the geographic area, the brands covered, the length of the term during which the restriction would apply and any other material terms.

9. **SELECTION CRITERIA**

- 9.1. The criteria used to screen the RFP responses will include, but not be limited to the following (the criteria are not listed in any order of importance):
 - A. Related project experience of the firm(s) and the individuals who would be assigned to this Project.
 - B. Client references.
 - C. Sales force, including composition, experience, past performance, and costs.
 - D. Financial capability and ability to meet the City's schedule for development.
 - E. Respondent's proposed fees, willingness to comply with qualified management contract guidelines and limitations imposed by the tax exempt finance structure, the level of Respondent's investment in the Hotel and other financial considerations.
 - F. Composition of Team and joint ventures with local Small Business Enterprises ("SBE") and participation of Minority and/or Women-owned Business Enterprises (M/WBE). The City of Dallas will expect that the operator, to the extent that it contracts out for services or materials, seek joint venture or similar partnership arrangements with local SBEs to the extent competitive and of comparable quality. These joint ventures are intended to promote increased capacity for local SBEs and should include meaningful participation on the part of the joint venture partner. Meaningful participation would be to specify distinct areas of responsibility for each venturer. A SBE shall be a corporation,

partnership, sole proprietorship or other legal entity, for the purpose of making a profit, which is independently owned and operated, as defined by the Federal Small Business Administration, headquartered in Dallas County, Texas for at least two years. **Respondent will be required to establish that it has made good faith efforts to achieve a reasonable level of M/WBE participation in accordance with the City's policy attached hereto as Attachment D.** It is the policy of the City of Dallas to involve M/WBE to the greatest extent feasible. In Section 1 of the Response, Respondent is requested to provide its proposed method of compliance with the City of Dallas Good Faith Effort (GFE) Plan for the use of M/WBE and agreement with Letter of Assurance (available online at: http://dallascityhall.org/business_development/good_faith_effort_forms.html).

- 9.2. In reviewing Responses to this RFP, the City will consider and give weight to the job creation, economic development, and other financial impacts of each response, including in particular (but in no order of importance): the degree to which the Respondent presents a plan for the Hotel that will likely lead to the creation of quality, stable and full-time permanent jobs for residents of the City generally and of nearby neighborhoods, and the track record of Respondent in meeting commitments to local agencies, community-based organizations and employees in other locations; and complying with local, state and federal discrimination, wage and hour, disability, and occupational and environmental health and safety laws, and local, state and federal employment laws, at other locations; and employee relations generally.
- 9.3. The City reserves the right, at its sole discretion, to accept or reject any and all proposals received as a result of this RFP, to waive minor irregularities, and to conduct discussions with all responsible respondents, in any manner necessary, to serve the best interest of the City of Dallas. The City shall review and take into account information submitted to the City by Respondent and by other parties, and shall have the right to request additional information from Respondent relevant to the criteria above.

10. OTHER TERMS

- 10.1. None of the Developer, the City, nor any other party will be responsible for costs incurred by anyone in the submittal.
- 10.2. This RFP is not to be construed as a contract or as a commitment of any kind. If this RFP results in a contract offer by the City, other contractual matters will be determined during contract negotiation. To ensure that the appropriate staff is assigned to the Project, the City intends to make the inclusion of a "key persons" clause a part of the contract negotiations.
- 10.3. All responses shall be held confidential from other Respondents by the City to the extent allowable by law until after the selection process is completed. Respondents should be aware that at the completion of the selection process the contents of their

responses may be subject to the provisions of the Texas Public Information Act and may be made public. Respondents' Proprietary and Confidential information should be clearly marked as such. Regardless of whether the response is subject to such Act, the City shall have the right, following completion of the selection process, to use and disclose such information in any manner deemed appropriate by the City.

- 10.4. Respondents should be aware of and therefore, familiar with all pertinent City Ordinances and policies which will relate to contracting with the City of Dallas. More detailed guidance is available on request.
- 10.5. The City reserves the sole right to (1) evaluate the Proposals submitted; (2) waive any irregularities therein; (3) select candidates for the submittal of more detailed or alternate proposals; (4) accept any submittal or portion of a submittal; (5) reject any or all Respondents submitting proposals, or (6) discontinue the process, should it be deemed in the City's best interest.
- 10.6. Due to (1) the competitive nature of the RFP evaluation, negotiation, and selection process, (2) the fact that subsequent submissions may be required in order to obtain a best and final offer, and (3) the fact that proposals involve economic development negotiations, trade secrets, commercial and financial information, the disclosure of which would cause substantial competitive harm to the Respondents and the interests of the City, until the City completes its negotiations, and contract execution, any public release of Project information, as well as information from specific proposals, is prohibited. However, Respondents are free to openly discuss any public information regarding their qualifications or experience.

Compliance by all Respondents with the City's foregoing confidentiality requirements is mandatory, and non-compliance by a Respondent may result in the immediate disqualification of that Respondent.

11. AWARD PROCEDURES

- 11.1. The City has designated a Review Panel for evaluation of all Proposals received. The Review Panel shall make its recommendation based on adherence to the goals, objectives and evaluation criteria outlined in the RFP.
- 11.2. Respondents who submit proposals may be required to make oral presentations to the Review Panel for purposes of clarifying their submittal. The City will choose the number to be interviewed and schedule them accordingly. However, the final scheduling and location will be confirmed at a later date. All interviews shall be conducted in Dallas, Texas.
- 11.3. From those presentations, the Review Panel will select the one or more Respondents based on their proposal and the City will pursue negotiations with the selected Respondent(s). The selected Respondent will be then asked to participate in the

further development of the Project by working with the selected developer in order to submit a final proposal for the construction and development of the Hotel and associated Project development. If a satisfactory agreement cannot be negotiated with the Respondent selected, the City will formally end negotiations with that Respondent and pursue negotiations with one or more other parties.

- 11.4. Upon recommendation of a Respondent by the Review Panel, the Dallas City Council will make the final decision for approval of the Respondent and its Proposal. In its consideration of the Proposal, the City Council may request additional information and presentation(s) from the Respondent.

12. ADMINISTRATIVE INFORMATION

- 12.1. The issue date for this Solicitation is July __, 2008.
- 12.2. This solicitation is issued by the Business Development & Procurement Services Department of the City.
- 12.3. **All inquiries received must be submitted in writing to Mr. John Kohut, Buyer, Business Development & Procurement Services at John.kohut@dallascityhall.com.** The closing date for submitting all written questions is 5:00 p.m. (CST) on August 7, 2008. A summary of all substantive questions and responses will be provided to all parties receiving the RFP document through an addendum to the RFP.

13. SCHEDULE OF EVENTS (subject to change)

- | | |
|---|------------------|
| 13.1. Operator RFP issued | July 23, 2008 |
| 13.2. Operator Proposals Due: | August 13, 2008 |
| 13.3. Presentations/Interviews | August 20, 2008 |
| 13.4. Anticipated City Council Consideration: | October 10, 2008 |

14. DALLAS MARKET

- 14.1. **Dallas Convention Center**
 - **1,000,000+ sq. ft. exhibit space**
 - **88 meeting rooms**
 - **2 ballrooms**
 - **9,816-seat Arena**
 - **Theatre with 1,750-person capacity**
 - **1,000,000+ visitors in 2007**

- 20 city-wide conventions in 2007

14.2. **City of Dallas**

- 1.2 million residents
- 9th largest city in the nation
- One of the nation's most ethnically diverse cities
- #1 most visited city in Texas

14.3. **Professional Sports:** Dallas Mavericks, Dallas Cowboys, Dallas Stars, Texas Rangers, FC Dallas, Rodeo, Texas Motor Speedway

14.4. **Attractions and Culture:** Dallas Zoo, Dallas Aquarium, Fair Park, and 15+ museums and performance halls.

14.5. **Developments in Progress:** Arts District Expansion to include new Opera House, outdoor plaza, theatre, and performance hall; Ritz Carlton The Tower Residences, Main Street Gardens Park, and the Trinity River Corridor Project www.trinityrivercorridor.com.

**DALLAS CONVENTION CENTER
MATRIX OF TERMS PROPOSED FOR
HOTEL OPERATOR AGREEMENT**

(to be completed by Respondent in space provided in right hand column below)

Issue

Term Requested by City

Term Offered by Operator

1. Term:

Subject to review and agreement by bond counsel and the terms of Rev. Proc. 97-13, initial term generally must be not longer than either 15, 10 or 5 years depending on the percentage of annual compensation that is based on a periodic fixed fee; thereafter, Management Agreement may be renewable for successive terms upon mutual consent of Owner and Operator.

2. Management Fee:

Subject to review and agreement by bond counsel and the terms of Rev. Proc. 97-13, describe respective amounts of Management Fee -- based on a periodic fixed fee and a non-periodic fixed fee (e.g., a percentage of Gross Revenues).

3. Subordination/Deferral of Management Fee and Net Operating Loss Guaranty:

Subject to review and agreement by bond counsel and the terms of Rev. Proc. 97-13, indicate amount of subordinated/deferred management fees and net operating loss guaranty

and terms thereof. (See Section 8.9 of RFP for further details.)

4. Operator's Investment in Hotel

Describe Operator's proposed investment in Hotel, including amount and all relevant terms of investment. (See Section 8.10 of RFP for further details.)

5. Pre-Opening and Technical Services Fees:

Indicate amount and terms of payment of fees for technical services and pre-opening services. (See Section 8.6 of RFP for further details.)

6. Other Fees Payable to Operator:

List in detail all fees and reimbursable expenses charged to Owner on an annual basis, including name of fee, amount of fee and goods or services fee is intended to cover.

7. Working Capital Requirement

Indicate amount of working capital reserves that should be retained for operations. Confirm that working capital will be limited to amounts provided for such purpose in Bond documents.

8. FF&E Reserve:

Indicate percentages of Gross Revenues that will be reserved for future capital expenditures. Confirm that FF&E Reserves will be limited to amounts provided for such purpose

in Bond documents.

9. Owner's Right of Termination Prior to Hotel Opening

Confirm and describe Owner's rights to terminate Management Agreement without penalty prior to Hotel Opening if: (1) Owner is unable to complete Bond financing by _____; or (2) Bond holders do not agree to terms of Management Agreement; or (3) prior to commencement of construction, City determines Hotel is no longer economically viable based on changes in local Dallas market or changes in financing, construction or operating cost of Hotel. Owner requests free termination for the specified events.

10. Performance Test Termination Rights:

Confirm and describe Performance Test terms, including triggering events, competitive set to be used, and cure rights that will be available to Operator.

11. Owner's Right of Early Termination on Sale:

Confirm and describe Owner's right to terminate Management Agreement upon sale of Hotel, including any lock-out period and any termination fees that apply.

12. Termination Upon Casualty Loss or

Confirm and describe Owner's right to terminate Management

Government Taking: Agreement without penalty upon a casualty loss for which insurance proceeds are not sufficient to cover 100% of cost of rebuilding the Hotel or upon a government taking.

13. Owner's Right of Early Termination for Other Causes After Hotel Opening Confirm and describe Owner's right to terminate Management Agreement upon any of the following events:
1. Failure of Operator to maintain a minimum number of conference hotels under management;
2. Sale or change of control of Operator;
3. Material adverse change in Operator's financial condition;
4. Material adverse change in Operator's corporate support for large convention and conference center hotels or marketing for large convention and meeting business; and
4. Any other event provided for in Bond documents.

14. Restricted Area Describe restricted area around Hotel, term of restricted area provision, and any restrictions that will apply to Operator within the restricted area.

15. Definition of Hotel Confirm that Operator will operate

Operating Standard:

Hotel as agent and fiduciary of Owner in a prudent and efficient manner reasonably calculated to repay Bond holders in accordance with the terms of Bonds, to maximize value of the Hotel, and to further the goals of the City in development of the Project as a whole.

16. Limit on Changes in Brand Standards:

Confirm that after execution of Management Agreement, Operator will not require Owner to comply with any modified brand standards adopted by Operator if it would require material alterations of Hotel building or would require Owner to purchaser new FF&E prior to end of useful life of existing structural elements or FF&E.

17. Owner Approval of Annual Plans

Confirm that Owner shall have reasonable approval rights over each Annual Plan and budget prepared by Operator. Confirm that Owner will not be required to approve capital expenditures except as reasonably necessary to meet Operator's brand standards and to extent that funds are available in capital reserves established by Bond documents.

Confirm Operator has no right to make capital expenditures to meet

brand standard until Owner approves.

Confirm that Operator understands the Management Agreement will not contain an arbitration provision.

18. Owner Approval over Department Heads and Members of Executive Staff

Confirm that Owner shall have a right to approve General Manager of the Hotel and each other department head, including director of food and beverage, director of marketing, and director of engineering.

Describe procedures for Owner to interview each proposed candidate for a position that requires Owner's approval.

19. Operator to Employ Hotel Employees

Confirm that Operator will be employer of all Hotel employees. Further confirm that Operator will comply with all employee hiring standards of City of Dallas and will support City's M/WBE good faith initiatives.

20. Owner Right to Lease Restaurant or Spa Operations

Confirm that Owner will have right to lease restaurant, retail and/or spa operations to a third party operator, subject to Operator's consent, which will not be unreasonably withheld.

21. Marketing Budget for Hotel Promotion.

Describe amount or portion of marketing fees that will be used to directly promote Hotel, including specifically group and meeting business for the Hotel.

22. Commitment to Marketing Support for Convention and Group Business

Describe the commitment that Operator will make for marketing support of convention and group business at the Hotel during the term of the Management Agreement.

23. Indemnification by Operator

Confirm that Operator will indemnify Owner for any breach by Operator under Management Agreement, violation by Operator of legal requirements or covenants under Bond documents, or gross negligence or willful misconduct of Operator or Executive Staff.

ATTACHMENT C

ROOM BLOCK COMMITMENT

3.01 Room Block. During the Term, the City, acting through the Director or his designee (which may include the _____) may require the Owner (in which case the Owner shall require the Operator) to offer an Event Room Block to Potential Convention Center Customers in accordance with this Agreement provided that (a) the number of Event Nights requested in the Event Room Block does not cause the Maximum Event Night Ceiling to be exceeded and (b) the total number of rooms requested to be blocked does not exceed the number of rooms available for the Event Room Block on such night, as provided in Section 3.01(b)(i) below. The right to require that the Owner so offer the Event Room Block will be exercised in accordance with the following procedures:

(a) A management, sales or booking representative of the City, the Director or any of their respective designees, including the _____ (the "Sales Representative") will notify the Operator that a Potential Convention Center Customer is seeking offers from local hotels to accommodate, among other needs, the guest room needs of the Potential Convention Center Customer for a City-Wide Event (the "Room Block Request Notice"). The Room Block Request Notice will (i) identify the Potential Convention Center Hotel Customer, (ii) if the same is generally available to the City, set forth a documented history of the group's room block events for the most recent three year period including a comparison of the number of rooms blocked and the actual number of rooms actually used. (iii) specify each specific date for which the Potential Convention Center Customer will require blocks of guest rooms (including those dates commonly known as "move in" and "move out" dates; the rate for groups whose stay consists of both Midweek and Weekend days shall be determined in accordance with Operator's booking policies described in Section 3.01(e) below). and (iv) specify the number of guest rooms the Potential Convention Center Customer is seeking to block on each of the specific dates. Notwithstanding the provisions of Section 9.04 or the definition of "Notice" set forth above, the Room Block Request Notice will be communicated to the Operator in the same manner as such notifications are customarily communicated to other hotels in the City.

(b) Within five (5) Business Days after Operator's receipt of the Room Block Request Notice for a City-Wide Event that is no sooner than twenty-four (24) months from the date of such notice, the Owner will cause the Operator to deliver to the Potential Convention Center Hotel Customer (with a copy to the Sales Representative and the Director) an initial written offer in response to the Room Block Request Notice (the "Initial Offer"). In the Initial Offer the Operator will (i) offer to the Potential Convention Center Customer to block, on each specific date that the Potential Convention Center Customer requires a block of guest rooms as specified in the Room Block Request Notice, the lesser of (y) the actual number of the guest rooms in the Room Block Request Notice for each specific date. or (z) the Event Room Block, less any previously offered room blocks under this Agreement for other City-Wide Events covering such dates, which offers have either been accepted or are still outstanding, and (ii) quote a specific room rate for both a standard single and double room (the "Rate Quote"). In making the Rate Quote, the Operator will take into account seasonality (i.e., using group event guest room rates received in a calendar month as the basis for quotes for the same month in subsequent calendar years) as well as Midweek versus Weekend rates; provided, that, "seasonality" shall not take into account special events that occur in a particular month which inflate group event room rates such as the Super Bowl or similar special events (if such event actually occurs again the same month in a subsequent year, then it shall be taken into account for purposes of the seasonality adjustment for such month in such subsequent year). The amount of the Rate Quote in the Initial Offer will

be at the sole but good faith discretion of the Operator. The Initial Offer shall remain open for acceptance for a period of sixty (60) days, subject to the provisions of Sections 3.01(d) below.

(c) After reviewing the Initial Offer, the Sales Representative may consult with the Operator regarding the Rate Quote contained in the Initial Offer. If prior to acceptance of the Initial Offer (or any amendment thereto voluntarily offered by the Operator to the Potential Convention Center Customer), the City, the Director or his designee (which may include the _____) believes that it might be in the City's best interest to compel the Owner to offer the Potential Convention Center Customer an alternative rate structure, the City may, after consultation with the Operator and within sixty (60) days following the Director's receipt of the Initial Offer, elect to require (which election shall be communicated by Notice from the Director to the Operator) the Owner to require the Operator to offer to the Potential Convention Center Customer a rate lower than the rate in the Initial Offer, but in no event lower than the Event Block Rate (such written election being the "Block Notice").

(d) Upon receipt of the Block Notice, Owner shall, within two (2) Business Days thereafter, cause the Operator to amend the Initial Offer by substituting the rate specified by the City, which shall be no lower than the Event Block Rate, as the Rate Quote (the "Amended Offer").

(e) If either the Initial Offer or the Amended Offer is accepted by the Potential Convention Center Customer within sixty days thereafter, Owner shall cause the Operator to promptly negotiate a binding contract with the Potential Convention Center Customer applying Operator's customary booking policies to the block (to the extent such booking policies have been approved by Owner and the Director, such approval not to be unreasonably withheld so long as the same are commensurate with those used by the Operator at its Managed Hotels) including policies relating to contracts, advance deposits and cancellation provided that these policies shall adhere in all material respects to the general customs employed by the Operator at its Managed Hotels.

(f) If, after receiving an Initial Offer or an Amended Offer for an Event Room Block, a Potential Convention Center Customer has not (for any reason other than Owner's breach of its obligations under Section 3.01 (e) above) signed a contract with the Operator by the earlier of (i) sixty (60) days following the date of the Initial Offer or Amended Offer, as the case may be, or (ii) the date twenty-four (24) months in advance of the first Event Night of the Potential Convention Center Customer's City-Wide Event, then such offer will expire, whereupon the Owner shall have no further obligation to the City or the Potential Convention Center Customer in regard to such City-Wide Event under the Initial Offer or the Amended Offer, as the case may be; provided, that, if such offer expires at a time when there is more than twenty-four (24) months prior to the first Event Night of the Potential Convention Center Customer's City-Wide Event, nothing in this Agreement shall prohibit the City from issuing a new Room Block Request Notice for such City-Wide Event. If at the time the Initial Offer or Amended Offer is submitted to the Potential Convention Center Customer there is less than twenty-six (26) months prior to the first Event Night of the Potential Convention Center Customer's City-Wide Event (i.e., such that the 60-day period for acceptance and execution of the contract would extend to a date which is less than 24-months prior to such first Event Night), then the offer shall nonetheless remain open for acceptance for the full 60-day period after its submittal; provided, that, at any time after the day which is twenty-four (24) months prior to the first Event Night described in the offer to the Potential Convention Center Customer Operator may provide the Potential Convention Center Customer written notice (which shall also be provided to the Director) that the offer will be withdrawn unless such Potential Convention Center Customer executes and returns the contract to the Operator within three (3) Business Days following such notice (and if such customer fails to execute and return the contract, the Operator may withdraw the offer).

(g) If a Potential Convention Center Customer signs a contract with the Operator but later provides written notice to the Operator that it is terminating the contract, the Owner, after Notice to the City and the Director from the Owner or Operator, will have no further obligation to the City in regard to the Event Nights covered by the Room Block Request Notice for such City-Wide Event, but then only if such written termination notice is given by the Potential Convention Center Customer on a date less than twenty-four (24) months before the first Event Night. If such notice of termination is given on a date more than twenty four (24) months before the first Event Night, the Event Nights covered by the Room Block Request Notice for such City- Wide Event will not be included in calculating the Maximum Event Night Ceiling, and the City may require that Owner extend the rooms to another Potential Convention Center Customer in accordance with the provisions hereof; provided, however, if the Maximum Event Night Ceiling had been reached prior to such cancellation, Operator will have no obligation to cancel any bookings to accommodate such subsequent request (for example, once the Maximum Event Night Ceiling has been reached the Operator is free to book rooms hereunder for such month and Operator shall not be obligated to cancel any rooms reservations for such month to accommodate a replacement block). The City recognizes that the Owner may be entitled to collect cancellation fees from such Potential Convention Center Customer and the City hereby consents thereto and agrees that such fees shall be the sole property of Owner (and shall constitute gross revenues for purposes of the Initial Management Agreement). Similarly, the Owner recognizes that the City may be entitled to collect cancellation fees from such Potential Convention Center Customer pursuant to the contract between the City and the Potential Convention Center Customer and the Owner hereby consents thereto and agrees that such fees shall be the sole property of the City.

(h) If the Owner or Operator desires to commit a block of more than twenty percent (20%) of the rooms in the Hotel to non-Potential Convention Center Customer business for a date more than twenty-four (24) months in the future, the Operator can request by Notice to the City and the Director that the City release that block from this Agreement and the City may (but shall have no obligation to) approve such a release of such requested block, such election being effective only upon written notice to Operator or Owner by the City or the Director; provided, however, a failure by the City or the Director to respond to such a notice within ten (10) Business Days shall be deemed to be approval.

(i) Owner will cause Operator to reserve rooms included in a Room Block for purchase by the persons attending the applicable event until the thirtieth (30th) day preceding the first scheduled day of the applicable event, after which time any un-booked rooms may be sold at any rate to any person Operator selects. If within ninety (90) days of the Event, the number of rooms actually booked is less than the number of rooms blocked, then Owner (itself or acting through the Operator) may request the City to release some or all un-booked rooms and the City agrees not to unreasonably withhold such consent. Furthermore, if the group history of the Potential Convention Center Customer reflects a pattern whereby the block of rooms reserved by such customer is greater than the actual number of rooms used, then the Owner, with the consent of the Director (which consent shall not unreasonably be withheld), shall have the right to cause the Operator to only block such number or rooms which Operator, in the exercise of its professional judgment and based on such history of the customer, believes will be adequate to accommodate the number of rooms which will be actually used by such customer; provided, that such decision of the Owner and Operator shall not release or relieve Owner and Operator from providing other lodging (in accordance with industry standard for handling overbookings) if the number of rooms so blocked by Operator actually is not adequate to satisfy the actual use of rooms by the Potential Convention Center Customer.

(j) Owner, acting through Operator, shall have the unrestricted right to commit up to twenty (20%) of the total number of rooms within the Hotel on any given date (and any other rooms that are not subject to being blocked by the City pursuant to this

Agreement) to the Hotel's commercial or group guests. Owner, acting through Operator, shall have the unrestricted right to commit any and all rooms not subject to a room block commitment pursuant to this Agreement for any period less than twenty-four (24) months in advance. In addition, Owner, acting through Operator, shall have the right to commit to a block of any number of rooms within the Hotel, so long as following such commitment, Owner will be able to fulfill its obligations under this Agreement.

(k) If Operator has a potential booking that would not be permitted under the terms of this Agreement, Operator may by notice to the Director (with a copy to Owner) request that it be entitled to make such booking. The Director shall have ten (10) Business Days in which to respond to such request by notice to the Operator; provided, that a failure to respond shall be deemed approval of such request.

(l) The Operator shall have the right to freely book all rooms within the Hotel on any day which the Convention Center cannot accommodate a City- Wide Event because less than one hundred thousand square feet of meeting or exhibit space is available on such day for use by a Potential Convention Center Customer.

(m) Once the Maximum Event Night Ceiling is reached for a month, the Operator shall have the right to freely book the available rooms at the Hotel for that month, regardless of when the booking is made (i.e., it may be more than two (2) years in advance).

(n) Notwithstanding the foregoing, if a Potential Convention Center Customer has a documented history of causing material property damage in connection with group events or poor credit, then Operator shall have the right to decline to accommodate such customer hereunder upon notice to the Director given within five (5) days following the date of the Room Block Request Notice; provided that such notice to the Director under this paragraph shall set forth with particularity and specificity the basis for the Operator's conclusions, which conclusions are subject to the Director's reasonable challenge. In the event of any such challenge by the Director, the parties agree to meet and confer and attempt in good faith to reach agreement as to whether to accept or decline the Potential Convention Center Customer; provided, however, if the parties shall fail to so agree, the Director shall have the right to compel the Operator to accept such Potential Convention Center Customer.

(o) "Maximum Event Night Ceiling" shall mean the maximum number of Event Nights in any calendar month during which the Owner (or Operator) shall be obligated to provide blocks of rooms pursuant to this Agreement. Under this Agreement, the Maximum Event Night Ceiling shall be fourteen (14) per calendar month.



City of Dallas

Good Faith Effort Plan

Policy Statement

It is the policy of the City of Dallas to involve qualified Minority and Women-Owned Business Enterprises (M/WBEs) to the greatest extent feasible on the City's construction, procurement and professional services contracts. The City and its contractors shall not discriminate on the basis of race, color, religion, national origin, or sex in the award and performance of contracts. In consideration of this policy, the City of Dallas has adopted the Good Faith Effort Plan (GFE Plan) for all City of Dallas contracts.

Scope of GFE Plan

The GFE Plan shall apply to all contracts with special emphasis on subcontracting opportunities on contracts over \$25,000 and applies to utilization of first tier subcontractors. The provision of the GFE Plan takes precedence over any departmental plans or procedures in conflict herewith, except for specific requirements mandated by the terms or conditions of agreements in force between the City and the Federal Government or the State of Texas that require different procedures than those described in the GFE Plan.

Objectives

The objectives of the GFE Plan are:

- To provide minorities and women equal opportunity for participating in City construction, procurement and professional services contracts
- To provide procedures for monitoring compliance with M/WBE requirements for City construction, procurement, and professional services contracts

Administration of the GFE Plan

The City Manager will take all usual and legal administrative actions necessary to implement the GFE Plan and is ultimately responsible for the administration of the GFE Plan.

The City Manager has designated an Assistant City Manager to serve as the City's M/WBE Liaison Officer for the GFE Plan. The Liaison Officer is responsible for implementing, coordinating and managing the GFE Plan. The M/WBE Liaison Officer has appointed Business Development and Procurement Services (BDPS) to be responsible for the following:

- Developing, managing, implementing, and evaluating the GFE Plan
- Disseminating information on available business opportunities
- Maintaining and providing a directory of certified and registered City of Dallas M/WBE vendors
- Tracking and monitoring M/WBE performance
- Advising prospective contractors/proposers on GFE compliance requirements
- Communicating M/WBE goals and GFE compliance requirements
- Maintaining and submitting accurate and current reports on M/WBE performance
- Providing opportunities for networking among contractors and firms

Procedures to Ensure Equal Opportunity

BDPS will facilitate participation of M/WBEs in construction, procurement and professional services contracts. To ensure compliance with the GFE Plan, at a minimum, BDPS will:

- Conduct informational outreach functions to communicate contracting and procurement opportunities and procedures
- Provide bonding, financing, and technical assistance services
- Explain GFE compliance procedures
- Encourage prime and subcontracting relationships
- Communicate the City's M/WBE goals and GFE requirements

- Maintain and distribute a directory of certified and registered M/WBEs
- Review GFE documentation to ensure compliance with the GFE Plan

Certification of M/WBEs

The City of Dallas is a member of the North Central Texas Regional Certification Agency (NCTRCA). The agency certifies M/WBE ownership and control and provides a centralized M/WBE certification service for the City of Dallas.

In addition to accepting NCTRCA certification affidavits, the City reserves the right to accept M/WBE certifications issued by other certifying organizations or agencies that use the same essential criteria for certification.

Other Provisions

In addition to this goal-based policy, it is the preference of the City of Dallas for the workforce of its contractors to be reflective of the diversity of the citizens of the City of Dallas. In accordance with Chapter 15 B of the Dallas City Code, awardees of construction contracts involving the expenditure of more than \$15,000 and awardees for the procurement of goods and services involving an expenditure of more than \$50,000 are required to incorporate an equal employment opportunity clause which provides that the contractor shall not discriminate against any employer or applicant for employees because of race, age, color, sex, sexual orientation or national origin. The City reserves the right to request a contractor's affirmative action plan or equal opportunity plan. In addition, if the contractor plans to hire additional staff to complete the contract, the City reserves the right to request a local hiring plan.

The GFE Plan or the diverse workforce preference is not to be construed to require the City of Dallas to award a contract to anyone other than the lowest responsible bidder or most advantageous proposer. The GFE Plan is also not to be construed to require contractors/proposers to award subcontracts/sub-proposals to or make significant material purchases from M/WBEs who do not submit the lowest responsible sub-bid.

Before award of a contract, the City of Dallas will require bidders/proposers to document good faith efforts to meet established goals.

Failure to adequately document a good faith effort to obtain M/WBE participation may result in award to the next-lowest bidder or advantageous proposer.

Failure to utilize M/WBEs listed in GFE documentation without proper documentation to explain the change will be considered in future awards.

The City Manager's Office is responsible for procedures and processes related to the administration of this Plan.

GFE Plan Goals

Construction:	25.00%
Architectural & Engineering:	25.66%
Other Professional Services:	36.30%
Other Services:	23.80%
Goods:	18.00%