

TOWN OF PARADISE VALLEY

Five Star Development Agreement
January 14, 2016



Key Question & Issue

Purpose: Review the overall agreement in preparation for voting.



D.A. Deal Points

1. Hotel Brand & Minimum Improvements
2. Subdivision Plats
3. Phasing
4. Accessibility & Maintenance of Wash
5. Street Improvements
6. Resort Payments
7. Building Permit Fees

D.A. Deal Points

1. Hotel Brand & Minimum Improvements
 - Commit to open as a Ritz Carlton
 - Identified a timeline for construction & opening
 - Commit to a top brand in perpetuity
 - Agree to minimum improvements including
 - Spa, Ballroom, Minimum # of suites and room size, 2 restaurants, fitness center, etc.

D.A. Deal Points

2. Subdivision Plats

– Preliminary Plat

- Pre-Application process with staff
- PC act with 40 days of staff deeming app complete
- PC 2 meetings—Study session & action
- No Council meeting necessary

D.A. Deal Points

2. Subdivision Plats

– Final Plat

- Staff reviews and determines if complete, complies with preliminary plat, and no substantial changes.
- If NOT – PC reviews at their first meeting then to TC
- If YES – no PC review & TC act within 40 days.
- TC to have study session & action item
 - Town Manager may schedule on same meeting or not

D.A. Deal Points

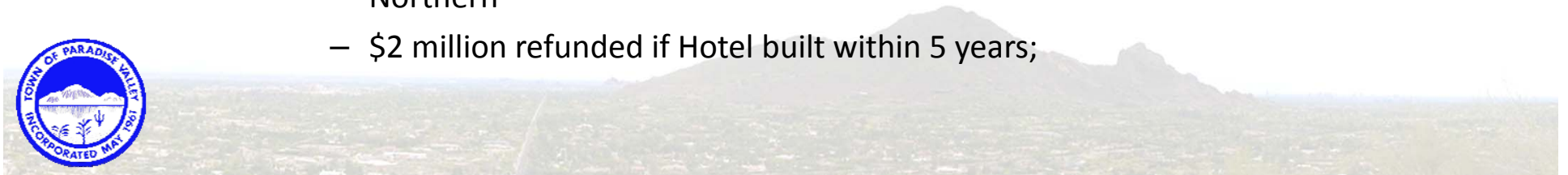
3. Phasing (2.3.2.6)

- A & E1 – In accordance with the SUP
- A1 & C – C of O on these units withheld until primary building in the Principal Resort Hotel & 150 room (75%) issued C of O, and spa is substantially complete.
- D – Building permits withheld until primary building in Principal Resort Hotel is rough framed (including underground garage) and building permits issued for 150 room (75%) rooms & the spa



D.A. Deal Points

- B building permits released when primary building of Principal Resort Hotel rough framed (including underground garage), or:
 - Show an executed operational contract with
 - Brand Agreement; and
 - Construction start date; and
 - Construction completion date; and
 - Performance guarantee of the above; and
 - Town \$3 million for Street Improvements
 - \$1.2 for south side of Lincoln & \$1.8M for Mockingbird from Indian Bend to Northern
 - \$2 million refunded if Hotel built within 5 years;



D.A. Deal Points

4. Accessibility & Maintenance of Wash

- Wash will be Open Space to the public & have a trail as described in the SUP.
- Owner will maintain the wash at their expense.

D. A. Deal Points

5. Street Improvements (2.3.5)

- List of Improvements per TIA in Exhibit E.
- Town to design the improvements, 5 Star pays share
- Town constructs improvement, 5 Star pays Share
 - 5 Star pays 10% Administrative Costs
 - 5 Star makes progressive payments.
- Scottsdale Improvements
 - Town & 5 Star ID preferred alternatives & will advocate for them
 - 5 Star will apply to Scottsdale within 60 days; form working group
 - Alternates in PV possible if approved by Town Engineer.



D.A. Deal Points

6. Resort Payments (2.3.6)

- Lump sum of \$850,000 per year; 30 yr. term
- Begins 5th year after 1st C of O in A1, B, C, or D;
- Reduced to \$575,000 upon C of O on a building in E1 and 50% of gross leasable area of E1 open for business;
- Default Remedy –
 - \$500,000 cash security Town holds; E2 Owner responsible; sue
- Funds to be placed in special fund for Capital and CVB



D.A. Deal Points

7. Building Permit Fees

- Town shall waive up to \$200,000 in building permit fees
- Subsequent to payment of first \$200,000 in building permit fees.

Questions?

