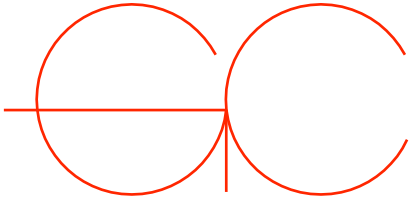


GATEHOUSE CAPITAL



Mason City Downtown Hotel & Conference Center



G A T E H O U S E C A P I T A L

4633 North Central Expressway  
Suite 350  
Dallas, Texas 75205  
Tel 214.922.4300  
gatehousecapital.com

February 27, 2017

Mr. Steven J. Van Steenhuyse AICP  
Director of Development Services  
City of Mason City  
101<sup>st</sup> Street NW  
Mason City, Iowa 50401

Re: Mason City Request for Qualifications – Downtown Hotel and  
Conference Center

Dear Mr. Van Steenhuyse:

Gatehouse Capital is pleased to provide this proposal for the City of Mason City's anticipated development of a Hotel and Conference Center. Gatehouse has carefully reviewed the Request for Qualifications (RFQ) and its exhibits.

Our response focuses on the terms of the RFQ for a Hotel and Conference Center that supports Mason City's involvement in the Iowa Reinvestment Act program, and specifically, the development of a conference center that expands the type and size of conventions and events Mason City can host. According to data obtained from Visit Mason City, the community is missing out on events of 300 or more delegates. Moreover, many of the existing venues either have no adjacent/attached hotel or have inadequate breakout rooms and complementary services. Using this opportunity to develop a 100-room (+/-) hotel with an adjacent convention center that can host up to 1,000 attendees in multiple rooms within one facility will dramatically change the type and volume of events Mason City will attract.

Gatehouse staff visited Mason City on multiple occasions over the past few months, meeting with city officials, civic organizations, and business leaders. The feedback we received in these meetings enabled us to develop a plan that supports the missions and goals of the City of Mason City, Chamber of Commerce, North Iowa Corridor EDC, Visit Mason City, Main Street Mason City, and the Mason City Foundation/The Music Man Square.

In fact, Gatehouse and the Mason City Foundation have entered into a Letter of Intent to redevelop The Music Man Square as a convention center with a grand ballroom that can host a 650-seat dinner, with a 1500 sq. ft. commercial kitchen, and 2300 sq. ft. of breakout space – all while keeping the iconic 1912 River City Streetscape and Reunion Hall untouched. The Music Man Square Convention Center will have the capacity to host

more than 1000 people simultaneously within its multiple venues. In combination with the adjacent 100-room hotel, this partnership will deliver a “placemaking” project to the City of Mason City that Gatehouse believes will launch it to the top tier of mid-sized hotel & convention centers nationally.

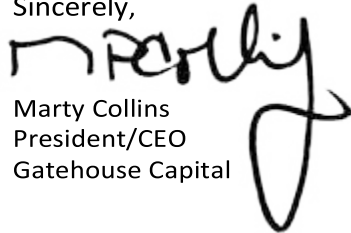
We believe the extension of the Meredith Willson legacy will complement the Frank Lloyd Wright architecture and Buddy Holly story to make Mason City an iconic draw for conventions and events.

Gatehouse is an accomplished and experienced team-based developer of highly-designed, branded hotels and hospitality-centered, mixed-use developments. We believe the key to success in Mason City is, as always, matching products to consumers and other priority stakeholders. The core elements of the Gatehouse approach includes matching a best-of-class local team with a major international brand. Our project will utilize an authentic local theme, local teams, local materials, and original architecture in an environmentally-respectful manner and with high cost-efficiency.

In this regard, we are certain that City officials will recognize the merits of our qualifications as a Master Developer, and the broader accomplishments of our larger external team. Our developments are award-winning and include among others:

- W Hotel and Residences in Hollywood
- W Dallas Victory
- W San Diego
- W Silicon Valley
- Joule Hotel Dallas
- Hyatt Regency Resort & Marina Mission Beach
- Aloft Tapestry Jacksonville
- Midlothian Courtyard by Marriott

Sincerely,

A handwritten signature in black ink, appearing to read "Marty Collins". The signature is fluid and cursive, with a large loop at the end of the last name.

Marty Collins  
President/CEO  
Gatehouse Capital

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# 1. Team



## **GATEHOUSE CAPITAL**

*Master Developer*

Gatehouse is wholly-owned by its founder, Marty Collins. The company was created in 1997 and is currently engaged in the development / redevelopment of hotels and mixed-use developments involving luxury and upscale hotels in high barrier, urban/technology/resort markets. Gatehouse develops these properties with institutional partners and is intentionally positioned as a “lower volume, higher margin” firm in which flexibility, speed and its critical core competencies are emphasized. Gatehouse uses a “best practices” philosophy from GE, meaning that all key participants are the best in their respective categories. Gatehouse is strongly driven to combine superior economic returns with high design properties that are true place-makers. Since founding Gatehouse Capital, Mr. Collins has led the development of more than \$1 billion in new hotel projects in California, Texas and Florida.

- \$382 million W Hollywood Hotel and Residences – development of the largest privately financed, mixed-use development in the State of California
- \$220 million W Dallas Hotel and Residences – initial urban development in a major brownfield revitalization effort
- \$120 million Hyatt Regency Mission Bay Resort and Marina – extensive redevelopment of hotel and marina in San Diego, California
- \$90 million Joule Hotel in Dallas – extensive redevelopment of historic Luxury Collection property in downtown Dallas
- \$68 million W San Diego Hotel – development of San Diego’s first boutique hotel of 268 rooms;
- \$30 million W Silicon Valley Hotel – development of hotel located on Sun Microsystems’ campus Java Adobe in bay area

- \$20 million Aloft Hotel in Jacksonville Florida – development of a 137 key, select service hotel serving Jacksonville’s busiest and largest suburban office park
- \$14.5 million Courtyard by Marriott in Midlothian, Texas – development of a 102-key select service hotel serving the city of Midlothian’s 40,000 SF conference center



## **AIMBRIDGE HOSPITALITY**

*Hotel and Convention Center Operator*

Based in Dallas, Texas, Aimbridge has grown to become one of the nation’s leading independent hotel investment and management firms, currently operating over 70 hotels (more than 15,000 rooms) across 23 states and the Caribbean, totaling more than \$500 million in annual revenue. Aimbridge placed 9th in the 2011 annual listing of Top 100 Management Companies by Hotel Business Management Magazine (ranked by 2010 gross annual revenue). Aimbridge has relationships with several major institutional investment groups, including Argonaut Private Equity, AREA Property Partners, Crow Holdings and GoldenTree, InSite Partners and over 60% of our portfolio includes ownership by our founding principals.

Aimbridge representative projects include:

- Hyatt Regency Bloomington - Minneapolis
- Embassy Suites Bloomington - Minneapolis
- Holiday Inn Stevens Point - Convention Center
- Radisson Hotel & Conference Center Green Bay
- Sheraton Midwest City Hotel and Conference Center
- Embassy Suites New Orleans Convention Center





**DLR GROUP**

*Architect*

DLR Group is a global integrated design firm. Founded over 50 years ago, DLR Group has emerged as an international leader in the planning, programming, and design of hospitality properties. DLR Group has provided services for more than 300 hospitality projects. Our firm is especially noted for its planning approach, achieving operationally efficient and cost effective solutions, which draw on our extensive knowledge of hospitality operations throughout the country.

With over 1,000 professionals in 26 offices located across the world, DLR Group combines national experience with local expertise, bringing to the table both design innovation and responsive service.

DLR Group representative projects include:

- Hilton at Iowa Events Center Des Moines, IA
- The Elizabeth, Marriott Autograph Collection Fort Collins, CO
- The 'Okina, Marriott Autograph Collection Honolulu, HI
- JW Marriott Mall of America Bloomington, MN
- DoubleTree Austin, TX
- Hyatt Midtown Atlanta, GA
- Sheraton at the Convention Center Overland Park, KS
- AC Hotel by Marriott Westport Kansas City, MO
- AC Hotel by Marriott Raleigh, NC
- AC Hotel by Marriott Sunnyvale, CA
- Canopy by Hilton Minneapolis Mill District Minneapolis, MN
- Cambria Hotels & Suites Chandler, AZ
- Courtyard by Marriott St. Louis Park, MN



**DEAN SNYDER CONSTRUCTION**

*General Contractor*

Established in 1958, Dean Snyder Construction (DCS) has grown to about 200 employees and has furnished hundreds of projects across the Midwest. It has second-generation ownership and leadership with third generation involvement. DCS takes pride in providing the highest standard of quality with a personal touch to every project.

Dean Snyder Construction specializes in providing professional construction services in Iowa and throughout the Midwest. We offer design-build, construction management, and general construction services to the commercial, food and beverage processing, healthcare, industrial and hospitality industries.

Our goal is to make sure that the decision to hire DCS is one you feel good about years after the project is complete. Our team takes pride in having the highest level of professionalism provided for each and every project, from preconstruction to closeout.

DCS representative project include:

- Hampton Inn & Suites (Mason City, IA)
- Homewood Suites (Des Moines, IA)
- Hampton Inn & Suites (Des Moines, IA)
- Cedar River Complex (Osage, IA)
- North Iowa Oral Surgery (Mason City, IA)





**HOLLIDAY FENOGLIO FOWLER, LP**

*Capital Advisor*

HFF (Holliday Fenoglio Fowler, L.P.) and HFFS (HFF Securities L.P.) are owned by HFF, Inc. (NYSE: HF). HFF operates out of 22 offices nationwide and is a leading provider of commercial real estate and capital markets services to the U.S. commercial real estate industry. HFF together with its affiliate HFFS offer clients a fully integrated national capital markets platform including debt placement, investment sales, equity placement, advisory services, loan sales and commercial loan servicing.



**CONFLUENCE**

*Landscape Architecture / Planning / Urban Design*

Confluence is the place where everything comes together – connecting people, places, and ideas – a phenomenon that produces energy, momentum, and depth. Our name pays homage to the notion that nothing great is accomplished in isolation. Just as great rivers are the product of a thousand streams, great outcomes are the product of a thousand ideas. Confluence brings everything together – naturally.

Confluence is a professional consulting firm comprised of landscape architects and planners. We have a strong network of offices located throughout the Midwest, including:

- Des Moines, Iowa
- Kansas City, Missouri
- Sioux Falls, South Dakota
- Cedar Rapids, Iowa
- Minneapolis, Minnesota

We combine proven design excellence with extensive practical experience. Each of Confluence’s Principals has over 19 years of experience in the design and planning of complex projects, and all are actively involved in civic and community affairs in their respective communities.

Confluence Iowa clients Include:

- City of Des Moines, IA
- City of Iowa City, IA
- City of Urbandale, IA
- City of West Des Moines, IA
- Iowa State Fair
- University of Iowa
- Iowa State University
- University of Northern Iowa
- State of Iowa



**Brad Oldham Sculpture**

**BRAD OLDHAM**

*Sculptor*

From public community spaces to private homes, sculptor Brad Oldham has earned recognition by elevating many environments worldwide with his site-specific artworks. In 2011, the Texas Society of Architects recognized Oldham with its prestigious Artisan Award and heralded him as the Artist/Craftsman of the Year by the American Institute for Architects. In 2010, the Americans for the Arts included his \$1.4 million installation The Traveling Man in its prestigious Year in Review program.

In his large-scale sculptures, which enhance the communities and in the collections of sculptures created for individual retail sales, the viewer will see that Oldham’s meticulous craftsmanship, passion, and creativity are cast into his every creation. He enjoys exploring his visual aesthetic to communicate stories, yet the quality work of his work remains constant and strong.



## 2. Key Personnel



### **MARTY COLLINS - PRESIDENT/CEO**

*Gatehouse Capital*

Mr. Collins founded the firm in 1997, and is responsible for strategic direction and managing partner and capital relations. Prior to founding Gatehouse, Marty was a partner in a Trammel Crow family affiliate, was COO of Hampstead Group, and COO of Americana Hotels and other Bass family affiliated investments. Mr. Collins has both an investment and development background; more fully detailed on the following pages. He holds graduate degrees in each of Business and Liberal Arts with an undergraduate degree in Liberal Arts.



### **COLIN MCDONALD – DEVELOPMENT**

*Gatehouse Capital*

Colin McDonald is a seasoned executive, bringing over 30 years of demonstrated hospitality development experience. He began his career in consulting, first with Peat Marwick in Sydney and then with PKF in Toronto. Colin joined Four Seasons Hotels as Director of Development. In 2005 he moved to Dallas to take the position as Vice President of Development with Accor North America and was responsible for multi brand activity in US and Canada covering Novotel and Sofitel brands. A strong independent focused professional and a contributing team member of Gatehouse Capital, his knowledge of the hospitality industry covers all aspects of the development process, hotel preopening and ongoing operations.



### **DAVID-ELIAS RACHIE - DEVELOPMENT**

*Gatehouse Capital*

David-Elias Rachie brings over 15 years of hospitality experience to Gatehouse Capital, including extensive hospitality real estate financing, deal structuring and acquisition. Mr. Rachie has been awarded U.S. Patents on financial interments for use in hospitality financing.

He has been responsible for many hospitality developments from the Caribbean to New York City that included a \$290 million redevelopment project of an iconic Times Square hotel. He has extensive experience in negotiating then executing purchase and sale agreements, securing financing, and executing development plans. Using his hospitality experience, Mr. Rachie developed an innovation for the lodging industry that turns a liability, unsold rooms, into an asset by allowing hotels to use those unsold rooms instead of cash to pay commissions; and developed a process for mid-scale hotels to be developed in a more environmentally efficient manner.







**ROBERT BURG - COO**

*Aimbridge Hospitality*

Robert Burg has been with Aimbridge since 2003 and has 26 years of experience in the hospitality industry. Burg is responsible for the overall operations, performance, owner relations and capital planning for all of the properties in the Aimbridge portfolio. In addition, he oversees the relationship and implementation of over 32 different national hotel brands. His extensive experience and industry knowledge provide the foundation for the company’s core strength of producing superior results at top and bottom line. Prior to joining Aimbridge, Burg was most recently the Senior Vice President of Operations for Wyndham Hotels and Resorts. Mr. Burg has a degree in Culinary Arts from the Culinary Institute of America. He currently serves on Hilton’s Operations Advisory Board for Embassy Suites and Starwood’s Owner Advisory Boards for Sheraton Hotels and Aloft and Element Hotels.



**LYNNE ROBERTS - SR. VP DEV./CAPITAL MARKETS**

*Aimbridge Hospitality*

Lynne Roberts joined Aimbridge in 2004 and has 25 years of hospitality experience. Roberts is responsible for overseeing acquisition, management and development activities. Her industry knowledge, experience and expertise have helped drive Aimbridge’s significant growth from eight to over 449 properties. Prior to joining Aimbridge, Roberts worked with Wyndham Hotels and Resorts for over 10 years as Vice President of Development Planning. While at Wyndham, she led acquisition, new construction, management contracts, and conversion analysis. Prior to her tenure at Wyndham/Homegate, Roberts led real estate analysis for Sheraton Suites Development in the Central United States and Canada. She was also a Hospitality consultant with Pannell Kerr Forster (PKF) in Chicago. Ms. Roberts holds a B.S. degree

and is a graduate and valedictorian of Michigan State University School of Hotel and Restaurant Management. She currently serves on the Board of Governors for the University of North Texas College of Merchandising, Hospitality and Tourism.



**ED WILLIAMS AIA - PRINCIPAL**

*DLR Group*

Ed is DLR Group’s North Central Hospitality Sector Leader and the firm's expert for hospitality, gaming and entertainment design. He empowers teams to develop design solutions that maintain over time. Ed understands the importance of engaging stakeholders in a highly collaborative design process to produce captivating spaces enhance the guest experience and build brand loyalty. His strong leadership and guidance creates an open and effective project team to accomplish the clients’ vision.



**DALE SNYDER – CEO/OWNER**

*Dean Snyder Construction*

Dale is the innovative and results-driven CEO of Dean Snyder Construction and part owner in his family-owned business. He officially began his career with DSC in 1977 and has over 40 years of experience building, developing, and managing commercial, food and beverage, industrial, and hospitality projects. He is responsible for the operations and management of DSC and its 200 employees. As chief financial officer as well, Dale also oversees the planning, implementing, managing, and controlling of all financial-related activities of the company.



## **TERRY MINARIK, ASLA, PLA - PRINCIPAL**

*Landscape Architecture / Planning / Urban Design*

Terry has been practicing landscape architecture in the United States and Canada for over 20 years. He has an extensive background in urban planning, programming and public space design. Terry collaborates with his clients to develop innovative and contextually sensitive design solutions. He takes a multi-disciplinary approach to design, working closely with design teams of architects, planners, artists, and other professionals. Terry's award winning body of work includes major civic plazas, urban parks, hospitality, and master planning.



## **Brad Oldham Sculpture**

### **BRAD OLDHAM - SCULPTOR**

*Brad Oldham International*

From public community spaces to private homes, sculptor Brad Oldham has earned recognition by elevating many environments worldwide with his site-specific artworks. In 2011, the Texas Society of Architects recognized Oldham with its prestigious Artisan Award and heralded him as the Artist/Craftsman of the Year by the American Institute for Architects. In 2010, the Americans for the Arts included his \$1.4 million installation The Traveling Man in its prestigious Year in Review program.

In his large-scale sculptures, which enhance the communities and in the collections of sculptures created for individual retail sales, the viewer will see that Oldham's meticulous craftsmanship, passion, and creativity are cast into his every creation. He enjoys exploring his visual aesthetic to communicate stories, yet the quality work of his work remains constant and strong.



## **Brad Oldham Sculpture**

### **CHRISTY COLTRIN - WRITER, CREATIVE DIRECTOR**

*Brad Oldham International*

Brad Oldham and Christy Coltrin bring art, humor and beauty to life through sculptures and stories. The two have collaborated on public art installations and private commissions for more than eight years as business partners, and longer as a husband-wife team. Collaborating with Brad on sculpture concepts and stories taps into Christy's passion and creative skills in a powerful way. Her first step is to understand the audience and environment in which the sculpture will live. Her creativity is elevated by Brad's physical and technical skills throughout the initial exploration. Once the concept is agreed upon, she proceeds to write and to produce the materials that support Brad's sculpture. Many of the duo's sculpture collections are accompanied by a book in which Christy demonstrates her creative direction, design eye, and writing mastery.

### 3. Experience



#### **COURTYARD BY MARRIOTT**

*Midlothian, Texas*

Gatehouse Capital, in partnership with the City of Midlothian, Texas, developed a 103-key Courtyard by Marriott adjacent to the city-owned Midlothian Conference Center. The Courtyard by Marriott includes over 2,000 square-feet of meeting space, a 3,200 square-foot restaurant/bar and an over-sized outdoor activity area, which will include a pool and sport court.

Gatehouse Capital has arranged a 65% senior loan for the development. The City of Midlothian has arranged the following incentives to help bridge the economic gap:

- The City donated the land for the hotel
- The City waived city permit fees
- The City refunded a percentage of the construction sales tax, for materials acquired from local providers
- The City will provide a Sales Tax Credit of 2% of Gross Revenues, generated for the first eight years of operations
- The City provides a Property Tax Refund of 80% for the first eight years of operations
- The City refunded 80% of the Transient Occupancy Tax (TOT) – 7% of Rooms Revenue, for the first eight years of operations
- The City is also providing a mezzanine loan



**ALOFT TAPESTRY**  
*Jacksonville, Florida*

Completed in January 2011, the development of a 137 key, select service hotel serving Jacksonville’s busiest and largest suburban office park was the first Aloft to be LEED Gold certified. During this downturn in the economy, Gatehouse worked diligently to complete the Aloft Tapestry ahead of schedule and under budget, and finished to Gold LEED standards. According to Starwood staff, this project was delivered quicker and for less cost at highest standard of any preceding 40 Aloft’s developed.

The program includes 137 guest rooms, 3,600 SF of meeting space, outdoor pool, 2,000 SF of outdoor meeting space and 1,000 SF of pre-function space.





## **W HOLLYWOOD HOTEL AND RESIDENCES**

*Hollywood, California*

Gatehouse Capital, in partnership with Legacy Partners, developed at the time, the largest sustainable real estate project in California's history – the W Hollywood Hotel and Residences. The \$600 million, mixed-use project, transformed one of Hollywood's most famous intersections, Hollywood and Vine, and was L.A.'s first ever, ground-up, lifestyle hotel, retail and condominium development. The centerpiece of the project is the 305-room W Hollywood Hotel. The development also includes 143 condominiums, 375 luxury apartments, approximately 50,000 square feet of retail space (including a health spa, nightclub, pool bar and high profile restaurant) and 30,000 square feet of advertising signage. HEI Hospitality and the California Public Employees' Retirement System (CalPERS) were the project capital partners.

The project utilized a combination of city assistance, private developer and investor capital, and private and public (both state and federal government) financing.

The Dallas office of HFF (Holliday Fenoglio Fowler, L.P.) arranged the \$258 million construction loan for the W Hotel and Residences. Gatehouse also utilized \$20 million in EB-5 financing to fund the opening of a Las Vegas-style Drai's rooftop nightclub and the Delphine Restaurant. The City provided

- \$52.4 million in lease revenue bonds (LRBs) series 2009 A & B at 'AA+'
- The project also received \$10.2 million in ARRA Funding (American Recovery and Reinvestment Act of 2009)



## **W HOTEL AND RESIDENCES VICTORY**

*Dallas, Texas*

Completed in June, 2006, the \$220 million development is located in 72-acre master-planned urban district The "Victory Park," anchored by the American Airlines Center.

The 252 lavishly appointed guestrooms and 146 condominiums were initial urban mix-use development in a major Brownfield revitalization effort; a \$2 billion development in which W Dallas led this catalytic urban center. This was Starwood's first project with branded residences that led the market for years. The public-private development was the anchor project for the overall Victory development and is an icon on the Dallas cityscape. It was named "Best Mixed-Use Project" by Hospitality Design magazine.



**Letters of Recommendation will be made available upon request as part of the final selection process.**

**REFERENCES:**

**City of Midlothian, TX**  
Contact: Larry Barnett  
Tel 972.723.3800

**City of Decatur, TX**  
Contact: Thom Lambert  
Tel 940.389.7055

**City of Odessa, TX**  
Contact: Richard Morton  
Tel 432.335.3286

**Eric Garcetti, Los Angeles City Council**  
Los Angeles, CA  
Tel 213.473.7013  
Email [councilmember.garcetti@lacity.org](mailto:councilmember.garcetti@lacity.org)

**Tami Tobey, Midlothian Community Development Corporation**  
Midlothian, TX 76065  
Tel 214-208-7575

**Larry Barnett, Midlothian Economic Development**  
Tel 972.723.3800

**John W. (Trey) Morsbach III, HFF**  
T: 214.265.0880  
Email [tmorsbach@hfflp.com](mailto:tmorsbach@hfflp.com)





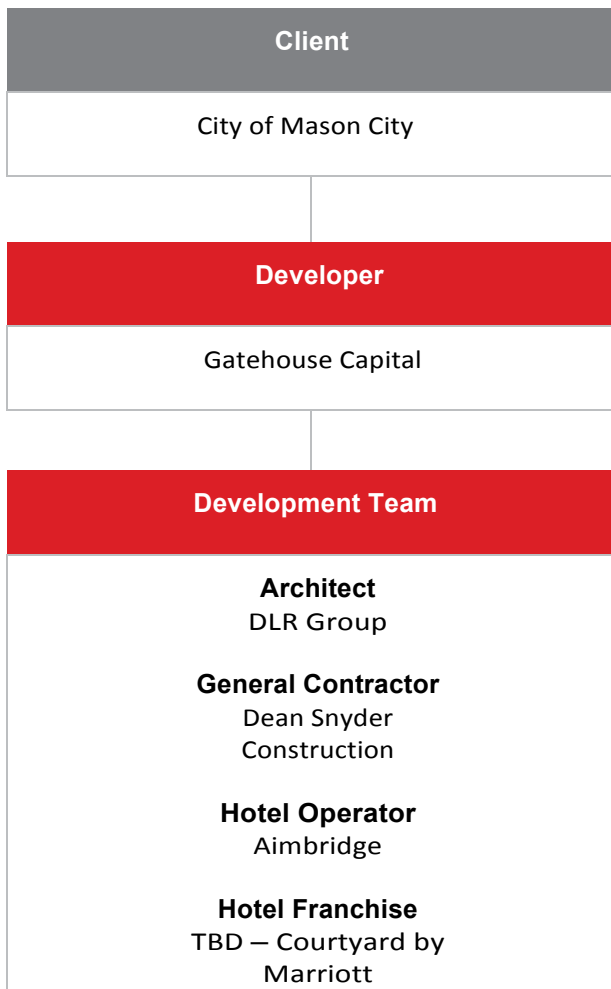
## 4. Proposed Development



## OWNERSHIP AND FINANCING STRUCTURE

The Mason City Conference Hotel will be privately owned by a Gatehouse affiliate with public incentives provided by the City of Mason City. The Conference Center will be owned by the Mason City Foundation. Both facilities will be developed by Gatehouse and operated by Aimbridge. Also to be developed by Gatehouse, a new facility adjacent to both the hotel and conference center to house the Meredith Willson Museum which will need to be relocated in order to create The Music Man Square’s new grand ballroom. Ownership of the new Museum is to be determined between the City and the Mason City Foundation.

## PROJECT ORGANIZATION AND MANAGEMENT



## APPROACH TO SERVICES

Gatehouse, as master developer, will coordinate all of the development and operations services through its

consultants and professionals listed herein.

## DESIGN AND MATERIALS

The Mason City Conference Hotel will adopt a themed approach beginning with the interiors and continue to the exterior of the property. The landscaping surrounding the property will reflect the local and/or regional flora, adding extra interest for the guest. Inspired buildings design and landscaping will be augmented with exterior art and sculpture to tie the hotel and conference center to the fabric of the community.

The overall design of the Hotel anticipates the use of brick and plaster and will follow local architectural vernacular for the project. Lighting will be used to highlight the entryways and exterior gathering spaces. The Museum design will complement The Music Man Square Conference Center with the use of similar materials and lighting concepts.

The Hotel structure is envisioned as hybrid wood frame construction with red steel beams and columns where required. The Conference Center will redevelop The Music Man Square to add a grand ballroom, commercial catering kitchen, and breakout spaces. The new Meredith Willson Museum will be precast concrete panels that match those used in the construction of The Music Man Square with a steel roof structure. Glass and glazing will be aluminum window-wall system with insulated glass units. The Hotel public areas and Conference Center will be conditioned by a variable flow refrigeration system with VAV boxes.

It is anticipated that a skyway will connect all three structures. The skyway will act as the “gate to the city” and be designed to convey the essence of Mason City.

## BRAND

Gatehouse enjoys a stellar reputation with all major Brands; Hilton, Marriott and Starwood, having worked with each. Gatehouse is perhaps the largest developer of Starwood branded hotels over the past decade, and most recently opened is the Aloft Hotel in Jacksonville, Florida. Gatehouse is a major franchisee of Marriott properties and recently opened the Marriott Courtyard in Midlothian, TX and plans



are being finalized to move forward on a Marriott Hotel in Odessa with the City of Odessa, TX and a Fairfield Inn & Suites by Marriott in Decatur, TX. All three projects are being developed under the same “Public-Private Partnership” (P3) structure we are proposing with Mason City.

Gatehouse has elicited support from all of these Hotel Brands for the Mason City Project. In each case we have been in discussion for the branding of the hotel as a +/-100 key select-service hotel property. It would be our approach to evaluate the brand that brings the greatest potential to the project. Gatehouse, in conjunction with the City of Mason City, will work together in determining the best brand for this opportunity. Mason City should stand confident, that no matter the best hotel brand for this project, Gatehouse will be able to deliver that brand for the City.

### **CONCEPTUAL SITE PLAN AND RENDERINGS**

Provided starting on page 19.

### **GUEST ROOMS**

The development of the Mason City Hotel and The Music Man Square Conference Center will bring to Mason City a new standard of event center product for the market. The concept plan anticipates an event center that can accommodate over a 1,000 attendees with an adjacent hotel. Tasteful design, modern décor and 21st century technology will define the Mason City Hotel and Convention Center experience as a top tier hotel & convention center nationally for mid-sized markets.

### **FOOD AND BEVERAGE SERVICES**

Gatehouse pays particular attention to the concept development and execution of the food and beverage offering at its hotels. The restaurant and bar of the hotel will play a critical part in defining the sense of place and will become the “living room” for Mason City. It will be the place to meet and socialize either before or after the events taking place in the adjacent The Music Man Convention Center and Meredith Willson Museum, or just because it is a great place to be.

The hotel’s food & beverage program will include a convenient and accessible outlet for guests to grab a

sweet treat, a beverage or even a light meal to enjoy anywhere, including picnics in the nearby Central Park.

### **ADDITIONAL AMENITIES**

Additional guest spaces associated with the hotel will help to unify the property and will include a fitness center filled with top quality equipment. Gatehouse will explore if an indoor pool will be accretive to the project by contributing to other items that will make the hotel a year-round destination. The Business Center provides all the equipment and supplies that any guest may need while on the road.

The Conference Center will convert what is now the Meredith Willson Museum into a grand ballroom with operable walls to provide flexibility on room sizes for customizing for any event and will also add operable walls to the Exploratorium that will allow for up to 3 breakout spaces for larger groups or meetings that require smaller spaces. A new Museum will be built adjacent to both the Hotel and The Music Man Convention Center.

### **PARKING**

It is our understanding that there is sufficient surface parking on adjacent lots serving the mall and The Music Man Square to meet the zoning requirements of the proposed hotel and conference center.

### **COMMITMENT TO COMMUNITY**

Gatehouse is fully committed to much more than simply building a good Conference Center Hotel; we are committed to creating the catalyst for growth and development of downtown Mason City.

Our vision for the Conference Center Hotel and the Conference Center is built upon the sense of community which is found with the Historic Park Inn, Central Park, downtown shops and restaurants, The Charles H. MacNider Museum, Mason City’s Library, and of course The Music Man Square. There is the opportunity to create at the Conference Center Hotel a pedestrian walkway linking the immediate facilities and amenities and it is Gatehouse vision to include a Brad Oldham sculpture that will provide the community a “touch point” that is uniquely Mason City.

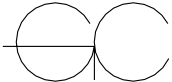


## COMMITMENT TO SUSTAINABILITY

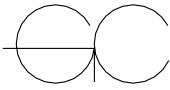
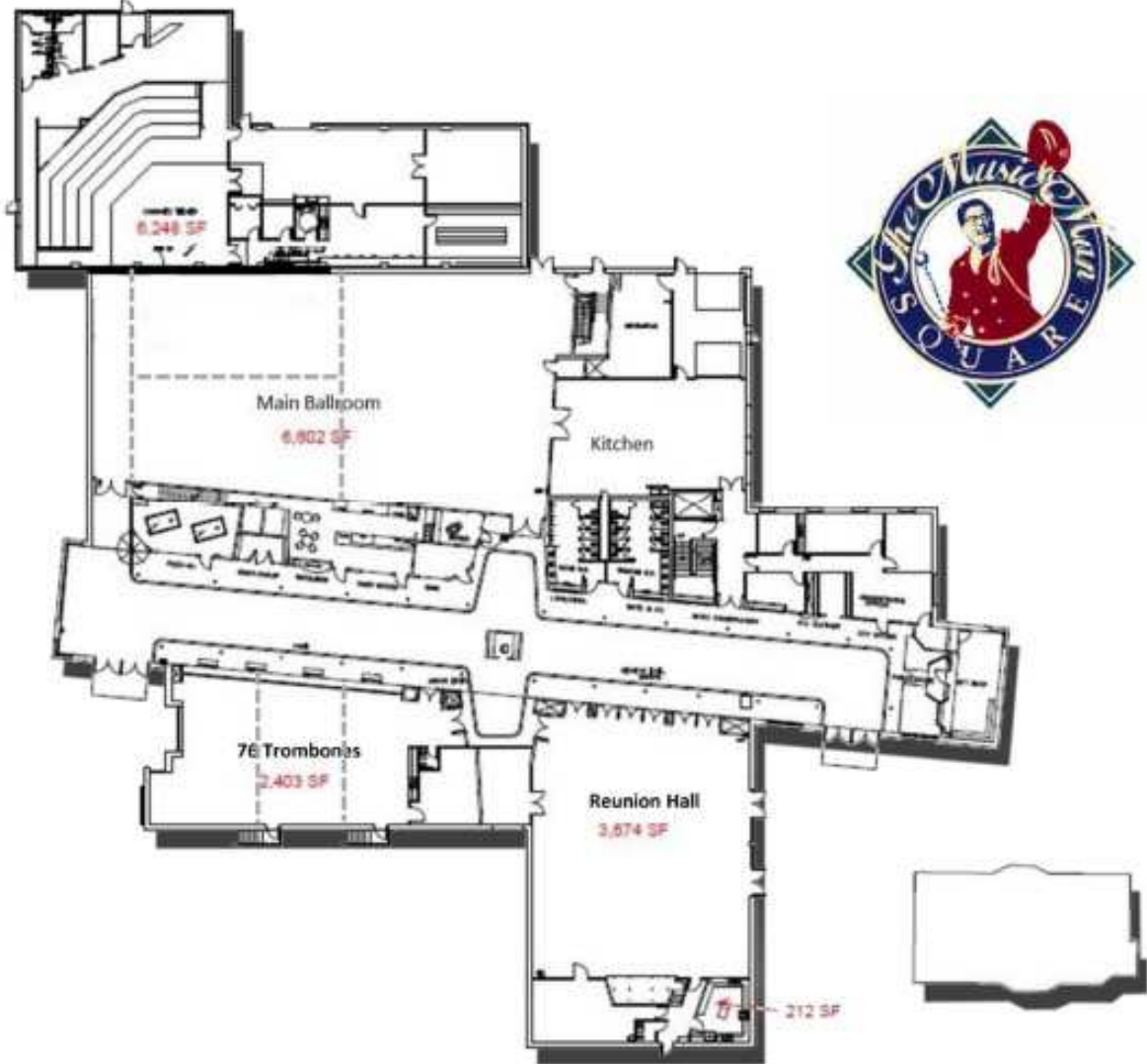
As part of Design Team's ongoing commitment to encourage environmentally friendly development of new properties, the project has been designed towards LEED's basic certification criteria for new construction. Some of the features integrated into the project will help reduce annual energy use by 20 to 30% and annual water consumption by 20 to 30%. The Design Team will work with the brand to provide Green Education materials to guest and employees.



# Site Plan



# The Music Man Square Convention Center Redeveloped Floor Plan



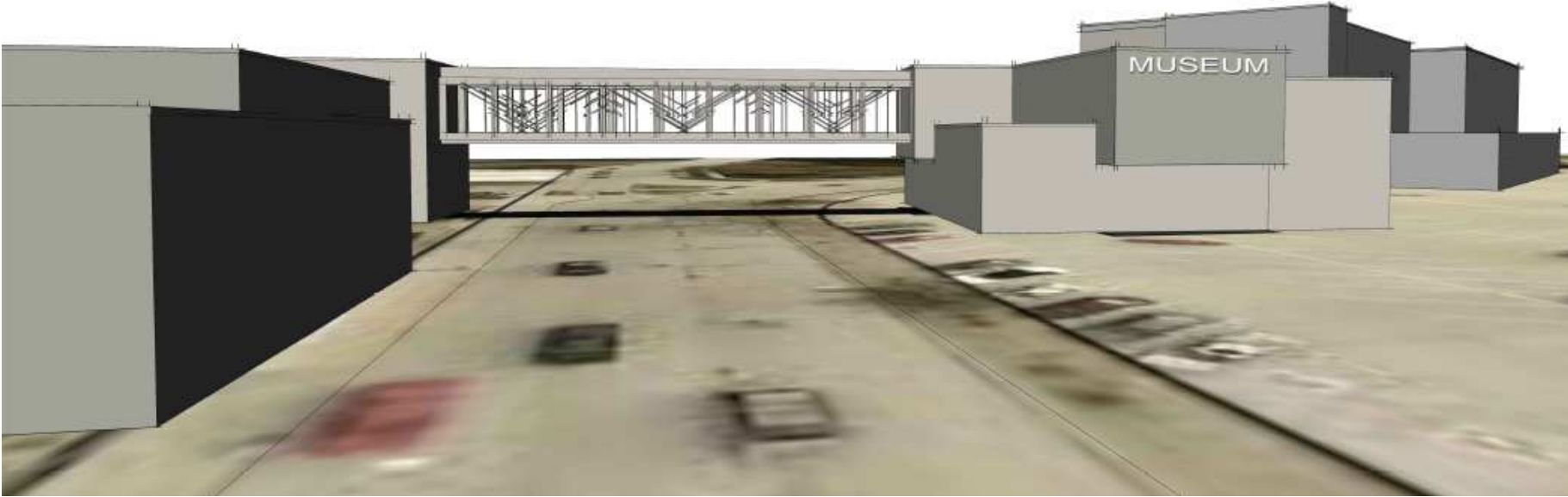
**Southeast Elevation: Hotel and Museum left / Skyway and The Music Man Square Convention Center right**



**Looking North up Delaware Ave: Hotel and Museum left / Skyway and The Music Man Square Convention Center right**



**Looking South down Delaware Ave: The Music Man Square Convention Center on left /  
Museum and Hotel on right**





## 5. Financing Terms

### EXECUTIVE SUMMARY

Gatehouse Capital is pleased to respond to the City of Mason City and provide this initial indication of interest in the Hotel and Conference Center and believes it is important that the level of sponsorship/support that will be required to achieve the vision of the City for the development of a Hotel and Conference Center be included.

Gatehouse believes the most effective approach is to develop the overall project under two interrelated structures. First, and most straightforward will be the funding of the “public components” which would include the redevelopment of The Music Man Square into a Conference Center, with a new Meredith Willson Museum, pedestrian walkway, landscaping, and exterior sculpture. The second would be the development of a privately owned but publicly supported hotel under a true Public Private Partnership (P3). While the financial sponsorship and ownership of each element of the project will be different, the Gatehouse proposal is for Aimbridge to undertake the operational management of the entire project to ensure maximization of hotel and conference center sales, marketing and operating synergies.

Within the scope of the P3 approach there are a variety of support programs and mechanisms available to the City of Mason City. The choice of approach rests totally with the City of Mason City and such options would be thoroughly explored during a Predevelopment Plan as outlined in the draft “Predevelopment Plan Proposal” sent to Mason City’s City Administrator on January 16<sup>th</sup> 2017 prior to Gatehouse receiving the Mason City RFQ (draft Predevelopment Plan Proposal attached to this RFQ response).

### CITY INCENTIVES

The following incentives have been assumed as potential options for the development of the proposed Hotel. The analysis has included the typical “one-time” Development Incentives impacting the capitalized cost of the project and ongoing Operating Incentives that support the ongoing operating viability.

### DEVELOPMENT INCENTIVES (P3)

- Land and Utility Infrastructure: Full site contribution including all utility infrastructure to site
- Infrastructure: City to develop all access and egress as well as the hotel parking and infrastructure such as lighting, landscaping, marking etc. under financing for the Public Component, with Hotel use under easement and right to use agreements
- City Permit and Impact Fees: City will waive all Permit and Impact Fees
- Construction Sales Tax Rebate: City will refund all Sales Taxes on Construction Equipment and Materials purchased in the City of Mason City
- Mezzanine Loan: Repayment provided by Hotel



### OPERATING INCENTIVES (P3)

- Convention Center Management and Marketing Fund Contribution: Direct contribution to assist the Hotel and Conference Center management, sales and marketing functions
- Abatement of City Use and Permit Fees



## FINANCIAL ANALYSIS

As with all forward looking analysis of this nature, Gatehouse Capital relies on the experience and expertise of the team we have assembled for the project detailed herein to put together likely development expenses and hotel operations income and expenses. Future circumstances may lead to differences between the projected results and actual results, such as the effects of the current volatility in the hospitality markets, finance markets interest rates, and private equity markets. The effect of recent prices on debt, equity, or operating metrics has not been considered for this RFQ submission.

Working with our team, Gatehouse has determined that the cost of the redevelopment of The Music Man Square, new Meredith Willson Museum, Skyway, and Hotel Mezzanine Loan will cost about the same as the cost of the City providing the Parking Structure incentive outlined in the RFQ "Incentives" section. The Parking Structure, of course, will no longer be needed as an incentive for the hotel as part of the Gatehouse proposal. For basically the same cost, this proposal delivers a vastly superior economic development engine for Mason City and delivers a convention center that dramatically expands the types of conventions and events that can be hosted by adding a venue that is larger than any other currently in Mason City.

## CAPITAL STRUCTURE / INVESTMENT SCENARIO

Gatehouse would explore various options for Capital Structure and Investment Strategies to realize the City of Mason City vision for the development of the Hotel and Conference Center. The decision as to which is the most appropriate structure rests with the City of Mason City and Gatehouse is prepared to work with the City to find the most beneficial approach. In most any scenario Gatehouse anticipates:

- Gatehouse providing 10% Equity Investment in Hotel
- Gatehouse providing the City of Mason City principal bond repayment equal to the amount of Mason City's financing required to provide funding for the redevelopment of The Music Man Square, new Meredith Willson Museum, Skyway, and Hotel Mezzanine Loan less the Iowa

Reinvestment Act support for these items

Overall with this principal repayment approach, this proposal costs the City of Mason City far less than what is proposed in the City's RFQ since the Parking Structure incentive costs has no repayment by the developer whereas Gatehouse will provide the City with principal repayment for its principal contribution less the state incentives.

## ENTITLEMENTS

The site of the proposed Property Hotel is assumed to be appropriately zoned and no Additional Planning & Zoning Approval is required.

## ENVIRONMENTAL & SOILS

The Development Budget analysis is based on conceptual documents on a site appropriately zoned with no impediments. Site is environmentally clean, with no remediation or clean up required, and no unusual site conditions. Foundation based on typical soils with max 20' bearing strata. No dewatering or casing required. Utilities are available within 10' of the site with sufficient capacity for the project. No utility relocation.

Review of site considerations will be covered in the next phase of evaluation. At this stage there is no costs nor contingency costs being carried in either of the Hotel or Conference Center Budget for any environmental or soils issues.



## 6. Financial Capability



Gatehouse Capital, in conjunction with its various financial advisors, has raised several hundreds of millions of dollars of senior debt, subordinated debt, and equity on a project specific basis.

As noted in the letter of support from Holliday Fenoglio Fowler (HFF) (attached), which is a leading provider of capital market transaction service to the US commercial real estate industry, and in particular to the hospitality sector, the firm enjoys a solid reputation within the real estate financing community. Gatehouse also has direct access to both Institutional and Private equity sources.

## Attachments

- Letter from Holliday Fenoglio Fowler
- Draft Proposed Predevelopment Plan





Mr. Marty Collins  
4633 North Central Expressway  
Suite 350  
Dallas, TX 75205

February 28

Dear Mr. Collins,

Thank you again for the opportunity to work with you and your team. We have enjoyed a long and successful relationship with Gatehouse Capital and look forward to our next endeavor. HFF has worked with Gatehouse Capital previously and would welcome the opportunity to assist in the capitalization for the development of the Courtyard Inn Hotel and Conference Center in Mason City, Iowa.

Subject to further underwriting and diligence, HFF believes quality projects like this that exhibit quality sponsors remain financeable today and we would anticipate being able to identify the requisite investment interest in a project such as that contemplated. Most equity investors today will be seeking levered returns in the 25% range. Debt has become more conservative as of late due to regulations on banks and High Volatility Commercial Real Estate loans (NVCRE), and as such would likely top out at 60% LTC, priced around LIBOR plus 450 to 550 basis points.

Please let us know next steps in the process. We appreciate the opportunity to work with you and will look forward to hearing from you soon.

Best regards,

A handwritten signature in black ink, appearing to read 'John Bourret', with a stylized flourish at the end.

John Bourret  
Managing Director



January 16, 2017

**Brent Trout**  
City Administrator  
**City of Mason City**  
10 First Street NW  
Mason City, IA 50401

Re: **[DRAFT]** Proposal for Predevelopment Plan – Development of a Mason City Hotel & Conference Center

Dear Mr. Trout,

On behalf of Gatehouse, thank you and City officials for your time in discussing the possible conference center and hotel. The Iowa Reinvestment District Program represents an excellent opportunity for Mason City in developing a project that will drive economic development and contribute to creating a vibrant downtown.

We clearly understand the catalytic value this hotel will have and would like the opportunity to help make this vision a reality for your City and the City's leadership. Our proposal takes into consideration our firm's time, effort, and resources necessary to develop a deeper understanding of this project and its economics to attract the right lenders and hotel brands/operators to this market. Gatehouse will need to utilize its full efforts and relationships to formulate the most favorable aspects of this project's economic viability.

Based on our understanding today, we envision the proposed hotel and convention center as the following:

- **+100 key select-service hotel such as Courtyard, Hilton Garden Inn, or Four Points by Sheraton, with typical guest amenities and services including indoor pool, fitness center, and brand standard food and beverage offering as part of the hotel.**
- **While supporting their overall mission: Converting the Music Man Square into a conference center with a 6,500 s.f. grand ballroom, breakout rooms, storage, pre-function and 1,500 s.f. banquet/catering kitchen.**

Next step is to engage Gatehouse in putting together a Predevelopment Plan which develops a concrete program for the proposed hotel and convention center. After which, the City will have a fully vetted Predevelopment Plan containing the following:

- Conceptual Hotel and Conference Center Drawings
- Conceptual Hotel and Conference Center Development and Construction Budgets
- Term Sheet with the Music Man Square that supports its overall mission
- Critical Events Path for planning, development and opening of the Project
- Term Sheets from both proposed Brand and Operator
- Outline of the proposed capital structure
- Identification of likely senior note lender
- Proposed Professional Team
- Preliminary Operating Pro-forma
- Third party hotel and conference center market study, specific to this plan
- Third party econometric study, specific to this plan

- o Review of entitlements and utility capacities of the selected site for the proposed purpose with Owner
- o We assume the provision of a site plan, topo, and available soils reports etc. by the City

The above information will be presented in a comprehensive package for your team to keep and use. Additionally, based on the above-mentioned information, both the City and Gatehouse will have a much clearer understanding of the economics of this project. In the event that more time is required to complete the study, the City and Gatehouse will meet to determine additional requirements. After the Predevelopment Plan, the City will have the right to cancel any further involvement by Gatehouse. Should the project advance after the Predevelopment Plan period; Gatehouse will draft a Development Services Agreement for the proposed hotel development.

Gatehouse is providing the Predevelopment Plan based on the mutual and explicit understanding that if the City should decide to go ahead with the project, or similar project, it will use Gatehouse as the sole developer for both the Conference Center and Hotel and as such Gatehouse is entitled to the standard 4% Developer's Fee for such services which will be distributed as is customary for such projects. The scope of the Predevelopment Plan, while outlined above, shall be solely determined by Gatehouse. A refundable deposit against the Developer's Fee of \$150,000 is due upon engagement. Should the City agree to move forward on the project with Gatehouse as the sole developer, the \$150,000 deposit will be returned to the City within 45 days of project funding.

We propose a two phased approach for the Predevelopment period. Phase One, a 30 day feasibility study managed by Gatehouse who will engage and manage a third-party firm such as HVS or CBRE to do a study of the market as it pertains to the proposed project, review and interpret their study and make a final determination. If Gatehouse determines the project is not economically feasible, a determination that shall be solely decided by Gatehouse, the \$150,000 deposit less the cost of Phase One (\$20,000) will be returned within 45 days. If Gatehouse determines the project is economically feasible, Gatehouse has 90 days from that point to complete Phase Two of the Predevelopment Plan. This Predevelopment agreement may be amended by mutual agreement by both parties from time to time as may be required. We understand this is an important commitment towards a greater goal and if necessary, for clarity of what we propose to produce and provide, we can show you a redacted sample of a Predevelopment Plan for a similar project.

We sincerely appreciate your time and consideration and look forward to speaking further with you and your team about this project. Should you have any questions regarding this proposal, please feel free to reach out to myself at 214-922-4310, Colin McDonald at 214-922-4313, or David-Elias Rachie at 651-982-4546. I believe that this is a truly unique opportunity for both parties to work together and develop something extremely valuable and game-changing for Mason City.

Sincerely yours,

**Gatehouse Partners LLC**  
a Texas company

**City of Mason City**

By: \_\_\_\_\_  
Maurice P. Collins, Jr.

By: \_\_\_\_\_  
Brent Trout

Title: Owner

Title: City Administrator

Date Executed: \_\_\_\_\_