

Westin DIA Hotel



**Presented to
Economic Development Committee
by Kim Day
Manager of Aviation
19 May 2010**

Items Before You Today

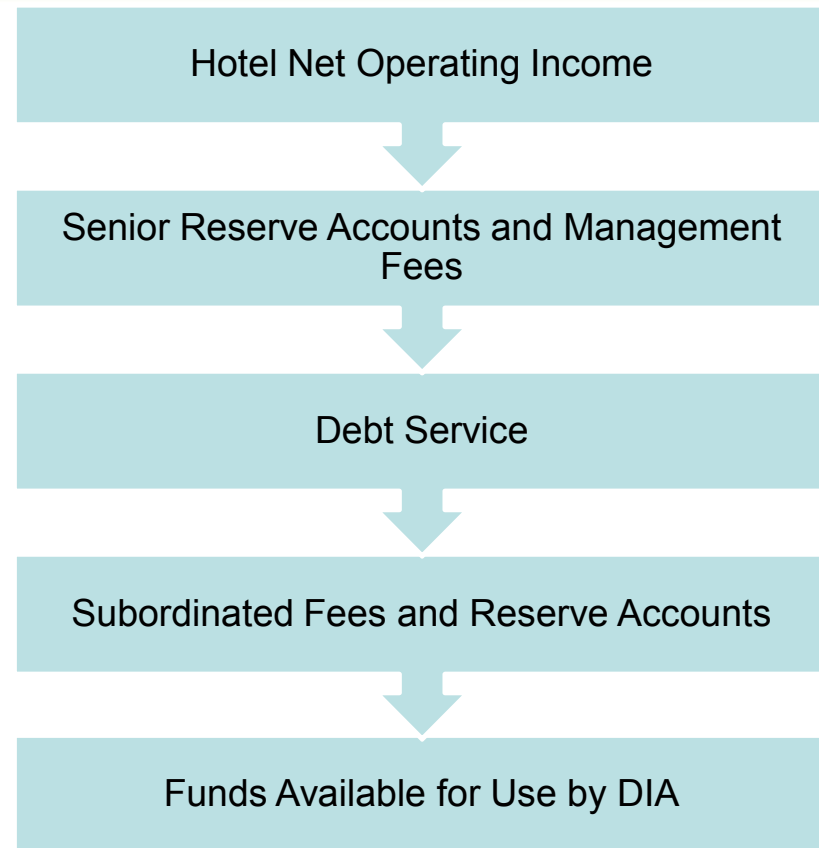
- Presentation of the Hotel Economics
- One Item for Council Approval
 - Hotel Construction Management/General Contractor (CMGC) Agreement with Mortenson

Hotel Overview

- 500 Room Hotel
- Owned by DIA
- Starwood to Operate
- Westin Brand
- Total Hotel Project Cost \$179 Million (Construction Plus Soft Costs)
- Estimated Opening 4th Quarter 2013

Hotel Capital Structure

- Net Operating Income is Primary Source of Revenue
- Hotel will be Financed with General Aviation Revenue Bonds and Build America Bonds



10-Year Cash Flow Summary

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bond Net Debt Service (in millions)	\$4.6	\$9.2	\$9.2	\$12.3	\$12.4	\$12.5	\$12.6	\$12.8	\$12.9	\$13.0
Coverage-Sr. Bonds (revenue/debt ratio)	2.39	1.45	1.67	1.23	1.20	1.23	1.25	1.28	1.30	1.32
Distribution to Airport (in millions)	-	-	-	\$2.3	\$1.5	\$1.5	\$1.6	\$1.3	\$1.5	\$1.8

–Outside Hotel Experts Utilized

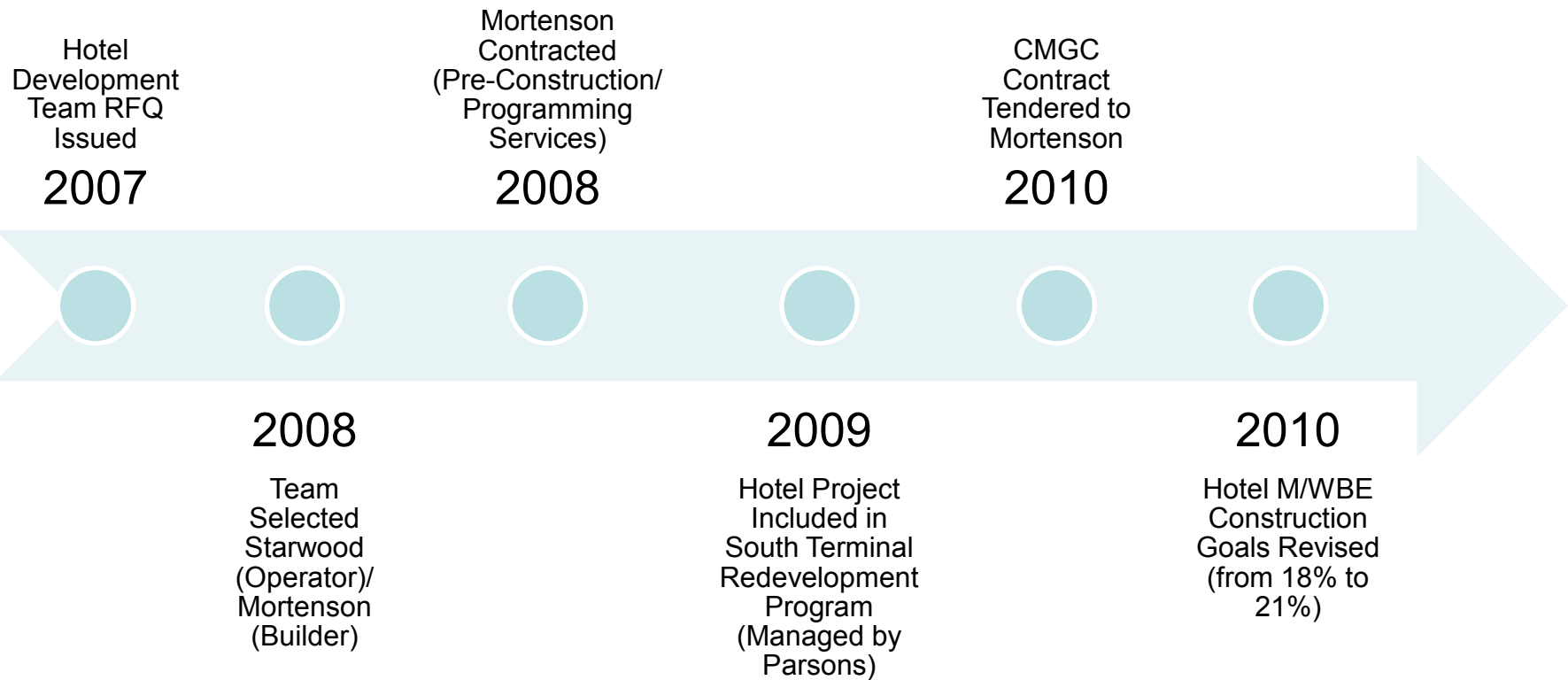
- Piper Jaffray & Co.
- PKF
- Hospitality Real Estate Counselors (HREC)

Note:

For the first 3 years of operation, cash flow assumes contribution to several funds to create reserves for hotel operations. All expenses of the hotel are covered first before these funds are created.

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Mortenson History on the Hotel Project



Overview of Mortenson Services

- Pre-Program Manager Services
 - Conceptual Estimating and Scheduling
 - Programming and Feasibility Services
- Current Services
 - Design Phase Review (Constructability, Cost, Scheduling)
 - Phasing Planning (Early Work Packages, Long Lead Items)
 - Establishment of a Guaranteed Maximum Price (GMP)
- Construction Services
 - Self-Perform Work as General Contractor
 - Bid Remaining Work
 - Maximum Contract Amount: \$150 Million

Mortenson Diversity Procurement Approach

- Goal increased from 18% to 21% by Goals Committee
- Need to Identify Partnership Firms
 - Contractors
 - Community Organizations
 - OED
- Aide in Certification and Prequalification Process
 - Administrative Support
 - Technical Assistance with Bonding, Insurance and Safety
- Structured Bid Packages for Smaller Firms
 - Reduces Barriers and Maximizes Opportunity
- Access to Plans and Specifications
 - Electronic Plan Room as well as Hardcopies

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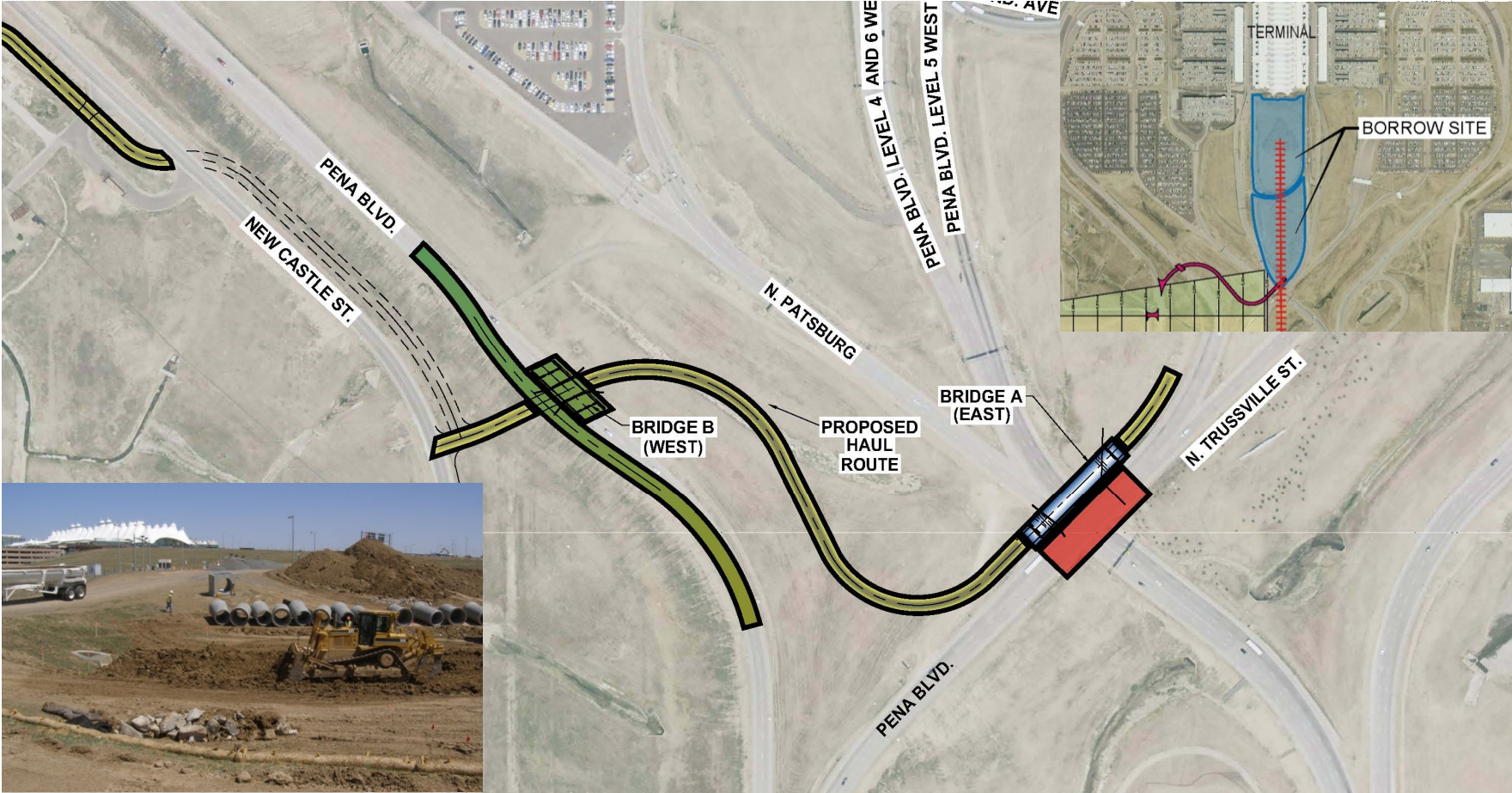
Mortenson Diversity Outreach Approach

- “Open House Events”
 - Bid Package Review
 - Procurement Schedule and Process
 - Trade Specific “mini” Open Houses
- Bid Alert Announcements
- Comprehensive Post-Bid De-briefs
- Encouragement of Partnerships
 - Alignment of local firms with M/WBE firms (mentorships, Joint Ventures and 2nd Tier Subs)
- Communication
 - Contractors
 - Community Organizations

Hotel Jobs Creation/Economic Benefit

- 1000 Construction Jobs Created
- 225 Permanent Hotel Jobs Created
- Estimated Annual Hotel Tax Revenue to the City and County of Denver of \$1.5 to \$2 Million
- Mortenson has Committed to an Apprenticeship Program

Construction on Haul Route has Begun!



Status of Overall Project Milestones

- IGA with RTD completed
- Solicitation in Progress for Construction Manager/General Contractor (CMGC) for:
 - Utilities and Enabling Projects
 - Bridges Construction
- Negotiation with Starwood in Progress
- Mortenson CMGC Contract Negotiation Complete
- Concepts for Development to be Unveiled this Summer
- RTD Concessionaire to be Selected in June
- Overall Project Plan of Finance in Progress and to be Completed Late Summer
- Bonds for Hotel to be Sold in Early Fall 2010

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