

COUNCIL DECISION REQUEST

SUBJECT: Event Center Hotel Lease Milestones Extension

MEETING DATE: June 5, 2008

PAYSON GOAL: NEW:

EXISTING:

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: Debra A Galbraith

AMOUNT BUDGETED: \$0.00

SUBMITTAL TO AGENDA

EXPENDITURE REQUIRED: \$0.00

APPROVED BY TOWN MANAGER

CONT. FUNDING REQUIRED: \$0.00


EXHIBITS (If Applicable, To Be Attached):

POSSIBLE ACTION

- 1) I move to approve extending the Event Center Hotel Lease Milestones with Hospitality Support Group by one year.
- OR
- 2) I move to cancel the Event Center Hotel Lease with Hospitality Support Group.
- OR
- 3) I move to cancel the Event Center Hotel Lease with Hospitality Support Group and direct staff to seek other groups to construct a hotel at the Event Center.
- OR
- 4) Do nothing.

SUMMARY OF THE BASIS FOR POSSIBLE ACTION:

Hospitality Support Group has been unable to find funding for this project at this time.

PROS:

CONS:

PUBLIC INPUT (if any):

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes):

FUNDING:

Account Number:
Account Number:
Account Number:
Account Number:

Title:
Title:
Title:
Title:

Amount: \$
Amount: \$
Amount: \$
Amount: \$
Total Cost: \$

CFO: _____

Date: _____

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HOSPITALITY SUPPORT GROUP

4624 E. Cortez Street
Phoenix, Arizona 85028

OFFICE OF BRUCE BERRES

D 602-820-6061

bruceb@hospitalitysupportgroup.com

RECEIVED
Town Clerk
MAY 15 2008

Debra

Date/Copy #

Not Only to

April 28, 2008
Ms. Debra Galbraith
Town Manager
Town of Payson
303 S. Beeline Highway
Payson, Arizona 85541

Town of Payson

Dear Debra,

HSG has not lost any faith or energy in working on development of the Event Center project, and hopefully, the Town Council understands that was not the purpose of our letter of April 23, 2008. We believe just as strongly in the project today as we did in July 2004. Our message is simply that economic times preclude financing in the near future. With the knowledge that our desire is to continue with the project we are requesting a one-year extension in achieving the first milestone as listed in the Event Center Lease.

We thank the Council in considering our request.

Sincerely yours,

Bruce Berres

Bruce Berres

Delivered by E MAIL

Hard Copy to follow

HOSPITALITY SUPPORT GROUP, LLC

April 23, 2008

Ms. Debra Galgrath
Town Manager
Town of Payson
303 S. Beeline Highway
Payson, AZ 85541



Dear Debra,

Due to the crisis in the national banking and credit markets we are unable to meet the May 1, 2008 milestone in the lease.

We agreed to this early milestone because when the lease was signed commitments were in place for the equity requirements. Debt commitments were available based on the quality of the equity. Unfortunately a significant portion of the equity commitment has withdrawn and cannot be replaced. In addition, the requirements for debt service are much more conservative and require a higher equity to debt relationship.

We remain committed to this project, which we started working on in July 2004. It is our opinion that the Hotel/Conference Center/Restaurant will be very successful, and will remain involved for as long as the Council wishes.

Thank you,

HOSPITALITY SUPPORT GROUP

Bruce Berres
President

DELIVERED BY E MAIL
HARD COPY TO FOLLOW