



City leaders expect Skirvin to easily cover financing costs

by Brian Brus
The Journal Record
8/31/2005

Even a minor success from the downtown Skirvin Hotel's reopening would pay off the \$18 million public assistance portion of financing within 15 years in the latest funding estimates, Oklahoma City Assistant City Manager Cathy O'Connor said Tuesday.

At the "low success" threshold, the historic Skirvin property is expected to return \$18.5 million over that period, easily recouping the city's investment, O'Connor told the Oklahoma City Council. At the "medium success" level, returns are projected at \$20.7 million, while a strongly successful Skirvin would return \$23.1 million to the city under agreements with developers.

The hotel is expected to be open for business by the end of 2006.

"One of the objectives throughout this project has been to find a way for the public assistance financing to be repaid over time," O'Connor said. The solution has worked out in two parts: "One is in loan payments on the loan that has been secured on a second mortgage, and the second is through rent on a ground lease."

Tuesday, the council transferred the property to the Oklahoma City Redevelopment Authority, which will sell the building to development group Skirvin Partners LLC and roll those funds back into development. But the authority will retain lease on which the hotel will pay rent.

Although project costs have increased slightly to \$50.4 million since the city's previous estimates in May, O'Connor said the need for public assistance to cover developers' shortfall has decreased \$400,000.

City Manager Jim Couch said earlier financial plans with developers and agencies changed through the addition of new market tax credits made possible through the identification of the area as a federal empowerment zone, one of about 30 such areas nationwide in which special tax incentives and bond financing are available for businesses.

The public also is paying for a portion of the development indirectly through tax increment finance districts, which set aside a small portion of growing property or sales taxes from predetermined areas and dedicate those funds to pay for public improvements on the assumption that the local economic boost will support the financing.

John Weeman, president of Partners in Development, a Texas-based member of Skirvin Partners, called the deal, "probably the most complex transaction I personally have ever been involved with."

Weeman described the 1910 building project as "a precious jewel box on the exterior, and a lot of valuable fabric on the lower levels and on top of it."

Photos of work on guest room floors 3-12 show large portions of the building have been nearly gutted, leaving in place elements that capture the period charm of the building while allowing for the addition of modern amenities. For example, the wide corridor walls remain but all the small guest rooms on the other sides of those walls will be expanded.

Construction alone will cost about \$30 million, officials said. Furniture, fixtures and equipment are projected at \$8.6 million, while development costs including architecture and engineering services will total \$7.3 million.

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Last Saved By: Christine Beuchert
Total Editing Time: 8 Minutes
Last Printed On: 9/6/2005 2:57 PM
As of Last Complete Printing
Number of Pages: 2
Number of Words: 493 (approx.)
Number of Characters: 2,813 (approx.)