

**MINUTES OF THE WORK SESSION MEETING OF THE
BOARD OF ALDERMEN, CITY OF BRANSON, MISSOURI, ON THE
CONVENTION CENTER MANAGEMENT PROPOSALS
SEPTEMBER 24, 2004**

The City of Branson held a work session on Friday, September 24, 2004 at 9:30 a.m. in the Council Chambers at Branson City Hall to hear a presentation by the HCW Development, LLC, and Senate Hospitality Group on the Convention Center Management Proposals.

Present were: Mayor Louis Schaefer presiding, and Aldermen Dick Gass, Stan Barker, Beverly Martin, Ron Huff, and Dave Edie present, with Jack Purvis absent. Also present were: City Administrator Terry Dody, City Attorney Daniel Wichmer, City Clerk Sandra Williams, and Assistant City Administrator Frank Schoneboom.

Mayor Schaefer opened the work session with the Pledge of Allegiance, and stated the purpose of the meeting was to receive a presentation from Senate Hospitality Group regarding the Request for Proposals for Joint Management of the Branson Landing Convention Center and Hotel. Mayor Schaefer then turned the meeting over to Dave Jones and Larry Welch from Senate Hospitality Group.

Dave Jones, President of Senate Hospitality addressed the Board regarding the potential candidate for running the Convention Center/Hotel, as well as, the boutique hotel, the condo hotel, and the Convention Center. After providing a background update on himself, Mr. Jones indicated an RFP was put out to look at possible candidates for the Convention Center project. Originally it was decided to only do major brand hotels, such as Hilton, Marriott, Starwood Hotels and Resorts which is Sheridan, and the Westin, and of course to the Jacobsen Group. Then it was decided to expand that list quite significantly and bring in larger management companies also. Mr. Jones then outlined the criteria used when looking at other major management companies. (1) Had to be in the top 100 management companies in the United States, and have a portfolio of hotel rooms of at least 3,000 rooms with 60% of the hotels being full service; (2) Have meeting space, and restaurants, rather than a limited service motel; (3) Have a couple of motels that had meeting room space in excess of 50,000 square feet; and (4) Had experience in the private/public sector particularly working with municipalities with other convention centers. The decision was made by the Council to look at just one operator to handle all of the facilities including the Convention Center rather than to have two separate management companies, one doing the hotels and another the Convention Center itself.

The RFP's major scope was to obtain understanding from them about their marketing data; to provide information as to their distribution; how they were going to sell this product; the fees that would be charged; the reservation system which is the key to any hotels success particularly today with the internet; the

marketing assistance they could bring to the table; the terms of their licenses agreement and the management agreement; the whole pre-opening process of what they could offer as a company to help make sure this development got off on a strong footing; any other impact issues they might have with existing franchises in this market or in the regional market; concessions to the owner if the hotel doesn't produce (termination issues); and any other private data about their pre-selling of meetings, conferences and conventions.

Mr. Jones indicated they had heard from five (5) companies, S&G, Intercontinental Hotel Group, Interstate Hotels and Resorts, Hilton Hotels, and Benchmark Hospitality. He said they tried very diligently to put the Marriott Association up against the Hilton organization but were not persuasive enough, so as a result they focused more on Hilton. He reviewed the process they went through with these five companies. He then provided a PowerPoint presentation showing Hilton's strengths as the leading owner and operator of convention hotels, and indicated the reason Hilton is the best for Branson is because it is a premier manager of convention hotels. They are certainly an engineer of marketing, with their sales and reservation efforts, and their honors program, along with their commitment to diversity and initiatives.

One of the strengths that two of the companies have was their purchasing clout. They are willing to use their clout in buying carpeting, chairs, tables, etc., and pass that on to the City for the Convention Center. Mr. Jones did said that one of the most important issues is for the City to understand exactly what the companies are talking about regarding the Convention Center booking policy. Another issue is going to be the selling of the Convention Center. The consideration of how dollars are allocated to solely promote the Convention Center once it is in operation is going to be a key issue. There are two different business sectors, and there are two entirely different types of markets for them. You have to be in front of the meeting planners, and you have to go visit them because there are other competitors, markets, and cities that will be working against you. There is more direct rival approach in regards to bringing business into convention centers, and it will be very different from the way the City goes after leisure traffic.

Mr. Jones closed his presentation by emphasizing that the only major impact to the City on behalf of the Hilton is the 3% management fee that would be charged on the Convention Center. He then recommended that the City require that six months prior to the hotel opening, the hotel provide the City a budget which should be done annually, showing what they believe the true operating costs that would be allocated to the Convention Center, so the Board would really understand the City's exposure. The other recommendation is that the Board begin working on how to have ongoing dedicated dollars to sell the Convention Center and the Convention Center hotels starting in 2007, as it is one of the issues brought up by the five companies.

Discussion was then held regarding: (1) the role the Convention Visitors Bureau would have; (2) what the 3% management fee covers; (3) the sharing of utilities, kitchens, and food preparations; (4) room overflow and how that would be handled; (5) the length of time for booking conventions; (6) the role the Chamber of

Commerce will have; and (7) the reserve set aside each year for future needs regarding furniture, fixtures, and equipment.

Ross Summers, President of the Branson Chamber of Commerce addressed the Board indicating the Chamber has a very strong and active sales force; especially in the group tours and reunion SMERF markets and was looking forward to working with whoever the manager will be as they do not have expertise in the Association Markets which is where the sales force will come in.

Mr. Jones said in closing, he felt this was a very good project for what is going to be developed in the Branson Landing. He indicated he had worked with a lot of markets and certainly feels that with some of the attractions planned this will be a very positive area for meeting planners. There is going to be a lot to do and lots of entertainment which is the “key” today in regards to driving the convention business.

At this time, Mayor Schaefer entertained a motion to accept the presentation. Alderman Gass moved to accept the presentation, seconded by Alderwoman Martin. Voting aye: Gass, Barker, Martin, Huff, and Edie. Nays: none. Absent: Purvis. Motion carried.

ADJOURN:

Mayor Schaefer entertained a motion to adjourn. Alderman Huff moved to adjourn, seconded by Alderman Barker. Voting aye: Gass, Barker, Martin, Huff, and Edie. Nays: none. Absent: Purvis. Motion carried. Meeting was adjourned.