

RESOLUTION 11-44

CONCERNING BLUE WATER AREA CONVENTION CENTER

Commissioner Gratopp, supported by Commissioner Heidemann moved passage of the following resolution.

WHEREAS, St. Clair County administration has been in discussions with the City of Port Huron administration, the proposed Purchaser/Developer (JB Real Estate Development, LLC) of the Thomas Edison Inn property and Baker College concerning a proposed project to redevelop the Thomas Edison Inn property (the "Project"). The Project if built will include a complete restoration of the Thomas Edison Inn to be rebranded as a Hilton Garden Inn or another Hilton product of higher quality (e.g. DoubleTree), a complete renovation of the restaurant at the Thomas Edison Inn to be rebranded a Twisted Rooster, the construction of a Convention Center and the construction of a culinary institute by Baker College; and

WHEREAS, JB Real Estate Development, LLC wishes to close on the purchase of the Thomas Edison Inn property in December so it can begin staging the renovations and improvements at the Thomas Edison Inn; and

WHEREAS, JB Real Estate Development, LLC has requested the passage of a Resolution by St. Clair County stating its commitment to the Project conditioned upon the necessary agreements and financing arrangements being completed; and

WHEREAS, St. Clair County is willing to pass a resolution of support for the Project contingent upon completion of the matters necessary to proceed with the construction of the Convention Center.

NOW THEREFORE, BE IT RESOLVED that the St. Clair County Board of Commissioners agrees to fund, construct and own a Convention Center to be located at the Thomas Edison Inn property with the size and precise location of the Convention Center to be determined based upon all of the following conditions being met:

1. The cost of the Convention Center will not exceed Nine Million (\$9,000,000.00) Dollars which will include the cost of the real estate upon which the Convention Center will be located, all improvements to the real estate, the cost of constructing the building, the furniture, fixtures and equipment to equip the Convention Center and all soft costs associated with the design and construction of the Convention Center. The final design and construction of the Convention Center will be at a quality acceptable to the County and will be of a quality expected for the type of facility contemplated by the parties. The financing of the Convention Center shall be through a tax exempt borrowing by the County with the required unqualified opinion of the County's bond counsel. The County shall allow for full and appropriate public comment at each step of the approval process for the matters set forth in this Resolution.

2. The City of Port Huron will commit that the TIF capture for the Peerless TIF along with any increase to such capture as a result of the new construction in the Peerless TIF will be paid to St. Clair County for a period of thirty (30) years commencing with the acquisition of the property at the Thomas Edison Inn where the Convention Center will be located. The City will commit to making any necessary amendments to the Peerless Tax Increment Finance Plan to permit the capture from the Peerless TIF for the life of the bond issue by St. Clair County to pay for the construction of the Convention Center. The City will commit to applying one-half of the annual MDOT mitigation payment to the County bond payments for the life of the MDOT mitigation payments which is approximately 8 years. The City will commit to making the improvements necessary to make Harker Street the primary entrance to the Project.
3. The St. Clair County Convention and Visitor's Bureau will commit twenty (20%) percent of its annual revenue (i.e. 1% of its 5% room tax) for the life of the bonds issued to pay for the cost of the Convention Center and the County and the St. Clair County Convention and Visitor's Bureau shall enter into a definitive agreement for such funding. In addition, the County will enter into an agreement with the St. Clair County Convention and Visitor's Bureau for allocation of space to be occupied by the St. Clair County Convention and Visitor's Bureau to replace its current offices. The agreement will also provide that the Convention and Visitor's Bureau staff will act as the primary marketing agent for the Convention Center.
4. The County and JB Real Estate Development, LLC will enter into a Development Agreement on terms which are acceptable to the County for the purchase of the County's share of the Thomas Edison Inn site and building. The compensation paid based upon the appraisal performed by Mid-West Appraisal. The Development Agreement will also provide for the method of development of the Thomas Edison Inn site and the method by which the property currently owned by the St. Clair County Convention and Visitor's Bureau will be acquired by the Developer and conveyed to the County. This is necessary because such property is being considered part of the site being acquired by the Developer and was included a part of the County site which was appraised by Mid-West Appraisal. The Development Agreement will include or require approval by the parties concerning the portion of the hotel building which will be owned by the County, the site upon which the Convention Center will be located and the common areas to be shared by the parties under the condominium documents. The final condominium documents shall be subject to the approval and agreement of the parties.
5. The County and the Developer will enter into a Development Agreement for the overall development of the site which will include a commercial condominium and the necessary improvements for the site including the cost sharing and allocation for such improvements including the County share of additional parking to accommodate the Convention Center parking demands.

6. The County will enter into a contract with Orion Construction on terms which are acceptable to the St. Clair County Board of Commissioners for the construction of the Convention Center which will maintain the \$9.0 Million overall budget. The construction contract will include the normal requirements for a public construction contract such as bonding, insurance and the construction manager obtaining all necessary permits and any necessary approvals from federal, state and local agencies. The County contract with Orion shall contain a provision that at least 70% of the labor and materials for construction of the Convention Center shall be provided by local labor and material suppliers, provided the local content can be sourced within the budget as set forth herein.
7. The County will enter into a contract with Design+ for the design of the Convention Center which will include sufficient assurances that an architect with Convention Center design specialty will be retained by Design+ and the cost of that specialist will be included in the fee charged by Design+. The terms of the contract with Design+ will be based on the amount provided by Orion Construction in its original estimates for the overall \$9.0 Million budget.
8. The County will enter into a contract with the hotel owner/operator which will provide for block room agreements and other necessary terms which are acceptable to the County which will permit sufficient advanced room booking for the Convention Center so as to facilitate the booking of conventions for the Convention Center on competitive terms. The terms of the contract will be negotiated with the assistance of CSL.
9. The County will enter into a contract with the Meritage Group on terms acceptable to the County under which the Meritage Group through the Twisted Rooster Restaurant will provide the food and beverage service to the County Convention Center with the County receiving a fee of fifteen (15%) percent of the gross sales to the Convention Center Events. The terms of this contract will be negotiated with the assistance of CSL.
10. Baker College will enter into a contract for the construction and operation of its culinary institute to be located on the Thomas Edison Inn property.
11. The County will enter into an operating agreement with Hospitality Specialists or another vendor chosen by the County for management of the Convention Center on terms which are acceptable to the County.
12. JB Real Estate Development, LLC will provide reasonable assurance to the County that it has financing in place to meet all of its commitments as set forth in the agreement by the parties.
13. JB Real Estate Development, LLC or its operating company will provide proof of approval of the Hilton franchise for the Hilton Garden Inn or a Hilton product of a

higher quality (e.g. DoubleTree) to be located on the Thomas Edison Inn site. JB Real Estate Development, LLC or its successor shall be obligated to continue the Hilton franchise at the Thomas Edison Inn site.

- 14. The matters set forth in this Resolution do not constitute an agreement between the parties referenced in this Resolution since the final agreements required to complete the Project remain to be negotiated by the parties, given the required final approval and signed by the parties to be bound. None of the parties shall be bound until and unless all matters set forth in this Resolution are fulfilled.

STATE OF MICHIGAN)

County of St. Clair)

I, Jay DeBoyer, Clerk of the County of St. Clair and of the County Board of Commissioners, do hereby certify that the foregoing is a true and complete copy of the resolution adopted by the Board at its regular meeting on December 14, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the County of St. Clair this 12/19/2011 at Port Huron, Michigan.

Clerk 