

**THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA,  
HELD A WORK SESSION AT NEW ALBANY CITY HALL IN ROOM 100 ON  
TUESDAY, MAY 9, 2023 AT 5:00 P.M.**

**MEMBERS PRESENT:** Council Members Mr. Dickey, Mr. Phipps, Mrs. McLaughlin, Mr. Turner, Mr. Blair, Mr. Aebersold, Mr. Applegate, Mrs. Griffith and President Collier.

**ALSO PRESENT:** Ms. Stein, Mr. Gibson, Ms. Johnson and Mrs. Glotzbach

**President Collier** called the meeting to order at 5:00 p.m.

**Mr. Gibson** stated that there was some new information emailed out and Mr. Fisher will be going through it all with them.

**Mr. Dylan Fischer, Vice President of Real Estate, Wheatley Group**, he explained that they were hired by the developers to help aid in the financial procurement and putting together the capital stack. He stated that they are here tonight to talk about the requested TIF bond from the city but this is a fairly complex financial project. He added that he understands that they have some questions and they are here tonight to answer those to the best of their ability. He stated that he was told at the last meeting there were some questions about how the tax credits work and asked that they go through the packet. He said that there is a sources/uses included that he will dive into on the tax credit.

### **Development Team**

**Mr. Fisher** reported that the development team for the project is two local development companies that have come together, Resch Property Group and The Sprigler Company, both located in Floyd County.

### **Historic Significance**

**Mr. Fisher** stated that he is sure they are all aware of the history of the building and its age, along with some of the more unique features that include a bank vault. He added that the building is over 100 years in age and is the tallest structure in New Albany, and while the exterior is in pretty good condition, this project has the opportunity to preserve it and make it viable for the next 100 years.

### **Development Proposal**

**Mr. Fisher** explained that they are proposing an 82-room full-service boutique hotel and they have entered into a franchise agreement with Hilton for what is called the Tapestry Brand, which is a boutique model that is designed to bring the essence of the community out of it. He added that it is less corporate in design standards. He reported that there are three food and beverage facilities in the project that includes a ground-floor restaurant, a basement speakeasy and a rooftop bar/restaurant. He explained that in addition to partnering with Hilton, they have identified an experience operator, First Hospitality Group, which has over 60 properties across the country and they are well experienced working within this type of facility (historic buildings in particular).

He reported that the total estimate investment is \$26.6M, but it is really almost \$29M when they include all soft costs and pre-opening expenses. He explained that there is a business investment to open the hotel and real estate investment to build the product, so the \$29M is what is required for all-in and includes soft costs and business pre-opening expenses. He stated that it is anticipated to complete within 2025 and is ~18-24-month construction period once they get moving. He explained that the exterior shell as they know it will remain and they will rehab a number of components, and added that they are requesting to add a valet parking lane in front of the restaurant space. He reported that behind the Elsbey Building there will be a 13,000 sq. ft. event space that is constructed on what is the PNC drive-thru lot and across the street is a surface parking lot that they will be utilizing to help support this business.

## HMI Feasibility Report

**Mr. Fisher** stated that one of the questions they received was pertaining to the market feasibility study, and explained that they hired Hospitality Marketers International (HMI) which is one of the top brands and minds in the industry to help advise on the project. He explained that when they originally started this project, they had a market study done and were looking at a 52-unit facility, and one of the recommendations that came from HMI was the ability to increase, and they were able to increase it to 82 units. He added that HMI came back and did another analysis after this change, and fortunately Southern Indiana hospitality has fully rebounded on the hotel spins from the pandemic and the inventory are well above 2019 levels now. He stated that this property is coming together at a good time and opportunity to capture on those increases.

**Projected Occupancy** - he discussed the occupancy levels associated with the hotel and explained that Market Occupancy is the full region that includes a mixture of upscale hotels and the lower end qualities that may not necessarily drive a high dollar per night rent rate. He reported that the probable market is ~60%, however, HMI has stated that because of the quality of this project, they are giving a higher occupancy level and anticipate 72%. He added that this product line is expected to trend ~10% more aggressively than the market because of the quality, onsite amenities, the downtown location and what it is capturing.

**Projected Average Daily Room Rate (ADR)** – he stated that the report shows a three-year projection that includes 2025-2027. He added that they looked at the market and the quality of the project and it is again trending slightly higher with year one at \$198.26 per night in the market vs. \$199.33 at this property. He added that in years two and three they begin to see an even larger differentiation and as the project gets more established/recognizable, they anticipate it being able to have a higher rent rate. He added that while the industry has recovered from the pandemic, they are still underwriting fairly conservatively.

**Mr. Turner** asked where HMI got their information for the Hospitality Marketers International Feasibility Report and if it is collected nationwide or by state?

**Mr. Fischer** explained that they use Smith and Travel Research (STR) and this is the local dataset for market which would be Clark and Floyd as the study area. He added that this is the same STR that SoIN Tourism utilizes in their annual budgeting/projections, which is the industry standard.

**Mr. Turner** asked if they could see the STR report from previous years?

**Mr. Fisher** stated that it is not in this information but he believes the city has obtained that from SoIN Tourism and will provide that to them.

**Mr. Tuner** asked if the city has it?

**Ms. Johnson** stated that she can share with them what she able to share.

**Mr. Blair** asked if they can get a full copy of the feasibility report?

**Mr. Fischer** stated that he can't answer that question, but as he understands it, the developer is willing to provide the updated reports.

**Mr. Blair** stated that he is having difficulty hearing over zoom but he would like to see the full report and asked what they are assuming the cannibalization of the two existing hotels in New Albany will be? He asked how many tenants or guests this would take away from them?

**Mr. Fischer** stated that this project line is intended to outperform those units and is a completely different price point. He added that the cannibalization of this product is going to be with Louisville where they are currently not pulling visitors from.

**Mr. Turner** stated that the difference would be limited service in the others.

**Mr. Fisher** stated that it would be limited service, a higher price point per night, and this product will allow them to compete with Louisville in a manner in which they are not currently doing for stays that are already occurring there. He explained that they are not anticipating folks to come visit Louisville to come and visit this specific hotel, but while they are considering where they are going to stay within the Louisville area, this gives New Albany the ability to capture some of those stays and dining/entertainment customers to continue to promote downtown New Albany.

**Mr. Blair** asked if some of the existing Hilton Tapestry Hotels really experience this kind of jump in occupancy over existing hotels?

**Mr. Fischer** stated that he doesn't think it is fair to compare other Tapestry Hotels because the additional rent absorption and higher rates are because of the Louisville MSA market. He stated that it is utilizing a comparable set of equal product types in Louisville vs. what is in New Albany or Clark/Floyd counties today.

### **Tapestry Project Example – Hotel Elkhart**

**Mr. Fisher** discussed a recent project called Hotel Elkhart that was completed at the end of the pandemic, utilizing an historic building similar to The Elsbys. He added that they also utilized the federal historic tax credits, the Indiana Redevelopment Tax Credit and the regional cities program, which is very similar to what the developer will be doing for The Elsbys. He stated that it is much easier to go build an 82-unit hotel out on the interstate which is why these types of projects are so important and this type of partnership is required. He explained that in order to move forward with this project, it required a number of sources and the request to the city really is a last source investment. He stated that they have spent a lot of time procuring federal and state incentives, and without those, they would be here having this discussion to potentially bring this project to fruition. He added that their investment is required with the state of Indiana for the Redevelopment Tax Program and explained that they have leveraged as much federal and state credit possible to be able to size the request coming to them. He stated that it will be supported by the project directly through the TIF bonds at a minimum taxpayer agreement that they will sign ensuring that if there is ever a shortfall of the debt required, the property will pay that amount. He stated that the city will not come out of pocket for anything additional. He added that Hotel Elkhart is a perfect example of this and is a recent project to example. He stated that he did hear a question about how many Tapestry Hotels there are and reported that there are 125 worldwide, the closest being in Lexington.

### **Elsby & Event Center Elevation Rendering**

**Mr. Fisher** referenced the renderings including in the packet showing what the building will look like. He stated that the façade will be very similar to what they see today with the addition of bringing back the historical awning along Spring Street. He explained that it is an historic building and it is going for a National Park Service Historic Tax Credit, so anything they do interior or exterior is vigorously reviewed and has to comply with regulations and maintain the character that is period specific. He stated that they are working with the National Park Services to finalize the interior design but the quality is well defined to what they see in the packet. He added that they have included renderings of what the restaurant, room spaces and lobby could potentially look like.

### **Floor Plans – Hotel & Event Space**

**Mr. Fisher** explained that the first floor is primarily the restaurant/bar combination and service space for the actual hotel. He stated that the basement will house the speakeasy bar with live music as well as auxiliary space for a fitness facility and service. He stated that floors two through six are the hotel units with floor six housing the suites and the rooftop will house the signature restaurant and event space to allow for skyline views. He explained that behind the property connected via second story pedway will be an event space that will allow for a large number of folks to be able to host events such as weddings, small meetings and stay in the hotel with a room book. He added that there is a rendering of what the event space will look like in the packet provided and stated that it is a one-story facility that gives a two-story height.

## Economic Impact Summary

**Mr. Fisher** explained that there are three columns dealing with construction impacts, operations impacts and tourism impacts and he will go over each and answer any questions they may have.

**Construction Impacts** – he stated that during the 24-month period that this building is under renovation, they will be bringing in tradesmen and contractors to the site with an estimated 205 jobs with average hourly wage of over \$26.99 to renovate the property. He explained that with those jobs coming in, they create what is indirect jobs due to the outside ripple effect and they are projecting 47 with average hourly wage of \$25.10.

**Mr. Turner** asked if there are any incentives to hire Floyd County construction workers?

**Mr. Fisher** stated that he believes the intention is to hire local and work local.

**Mr. Resch** stated that they always hire locally.

**Mr. Turner** stated that he has a great reputation.

**Mr. Fisher** explained that from that job creation, the **Local Income Tax Revenue** estimates direct jobs at \$155,000+ for two years and indirect jobs at \$33,000+ annually. He added that there is also **State Income Tax Revenue associated** with these jobs estimated for direct jobs at \$356,765 for two years and indirect jobs at \$76,067 annually along with **Sales Tax Revenue** estimated for direct at \$802,321 and indirect at \$17,176 with the **Induced Property Tax Revenue** estimated at \$200,000.00. He explained that the way that last one is calculated is that with the folks living and working here, they also pay property taxes and as they support those jobs, they get induced property taxes which comes to the local municipality assuming they live in the City of New Albany.

**Operation Impacts** – he explained that this is the period after construction when the business is open and this sustains the jobs created from operating the business in the community. He stated that they are estimating ~ 63 new jobs with an average hourly wage of \$23.00 which includes a combination of the hotel, food & beverage and event space. He reported that the estimated **Direct Annual Tax Benefits** as a result of those jobs include Local Income Tax: \$25,422.00, Indiana Income Tax: \$93,432.00, Indiana Sales Tax Year-1: \$210,589.00 and Indiana Sales Tax Year-2 onward: \$250,647.00. He added that the **Indirect Benefits** from these jobs includes an estimated 28 new jobs with an average hourly wage of \$21.38 (Restaurants, Retail, Employment Services, and Healthcare) and the **Indirect Annual Tax Benefit** estimates include Local Income Tax: \$16,605.00, Indiana Income Tax: \$38,600.00, Indiana Sales Tax: \$8,716.00 and Local Property Tax: \$69,325.00.

**Tourism Impacts** – he explained that they don't always measure this category but because it is a hotel with folks coming into the community to stay/spend dollars, there is a tourism impact. He stated that the **Direct Employment Supported** is estimated at 33 and the total supported incomes per year is estimated at \$516,409.00. He stated that this involves the same type of tax benefits they have talked about in the previous categories which includes **Direct Annual Tax Benefits** estimated for Local Income Tax: \$4,356.00, Indiana Income Tax: \$16,191.00, and Indiana Sales Tax: \$3,656.00, **Indirect Benefits** with an estimated 5 jobs created at an average hourly wage of \$21.77 (Warehousing, Restaurants, Healthcare, Real Estate, and Employment Services) and **Indirect Annual Tax Benefits** estimated at Local Income Tax: \$3,056.00, Indiana Income Tax: \$7,019.00, Indiana Sales Tax: \$1,585.00, and Local Property Tax: \$12,313.00.

**Mr. Blair** asked if he could explain what the Induced Property Tax Revenue under construction is again?

**Mr. Fisher** explained that this is a result of the 205 jobs and the businesses that they support as well as housing they have here during that construction period. He added that the property tax of those 205 jobs/people living and working in Floyd County during that period of time.

**Mr. Blair** stated that if they are using local labor would they still experience this?

**Mr. Fisher** explained that they wouldn't necessarily be adding new homes but the industry standard measures it, because while they are using local labor and supporting additional jobs, there is an opportunity to bring in additional folks. He added that the short answer is they modeled it this way because it is the industry standard. He stated that if they utilize 100% local labor, perhaps not, but they have to account for these individuals that could be going to work outside the community if this job wasn't available to them here.

**Mr. Blair** stated that he assumes there was some sort of database or program that generates these numbers.

**Mr. Fisher** stated that they utilize software called IMPLAN, which is what everyone uses inside the industry and is the most trusted.

**Mr. Applegate** asked if the wages estimated include tips?

**Mr. Fisher** stated that he hasn't had that question before but it is based on what is reported on a W2.

### **Economic Impact – Hospitality/F&B**

**Mr. Fisher** stated that they have talked about ADR and average room rate, but this deals with the estimated guest night stays associated with the number of keys anticipated to be rented within the property, and number of individuals coming into the community. He explained that these numbers are prepared in combination with HMI and First Hospitality Group and they estimate year one: 19,500 guest nights (up to 44,850 guests), years 1-5: 108, 000 guest nights (up to 248,000 guests), and year 1-20: 432,000 guest nights (up to 993,600 guests). He stated that the estimated food and beverage tickets is associated with the number of meals and the number of people served at the property for year one: 108,322 tickets (Restaurant/Lounge: 40,300, Rooftop: 50,080, Speakeasy: 17,942), years 1-5: 541,610 tickets (Restaurant/Lounge: 201,500, Rooftop: 250,400, Speakeasy: 89,710) and years 1-20: 2,166,440 tickets (Restaurant/lounge: 806,000, Rooftop: 1,001,600, Speakeasy: 358,840).

**Mr. Dickey** stated that this says it excludes the event center estimates and asked if they have any idea what the event center estimates are?

**Mr. Fisher** stated that he would need to defer to the Operations and Development Team to see if they have those numbers.

**Mr. Dickey** stated that it is okay if they don't have them, he was just curious.

**Mr. Fisher** stated that they will work to address that questions but he doesn't have any numbers in this presentation.

### **The Elsby Development Costs**

**Mr. Fisher** stated that this talks about the project costs and the budget associated with it and explained that there are really three properties that are being improved which include the hotel building, the event space building and the parking lot. He added that all three improvement/sites are being treated as one project with one financing structure, one partnership project incentives, and one cash capital stack. He stated that the project cost includes soft costs associated with the design, professional fees (geotechnical studies and appraisals), development fees associated with procuring the project, and the pre-opening fee. He explained that Hilton required quite a bit of money up-front to open a hotel with costs associated with bringing on long-term staff and training. He added that the interim construction cost is the capitalized interest associated with the loan.

### **Total Project Cost Budget**

Total Cost (Construction, acquisition, soft costs Etc.                      \$28,390,587.00

Acquisition Elsby Building	\$1,500,000.00
Acquisition Event enter	\$325,000.00
Hard Cost Elsby Construction	\$18,721,750.00
Hard Cost Event Construction	\$1,800,000.00
Hard Cost Parking Lot Construction	\$100,000.00
Soft Cost Architectural/Engineer Studies	\$970,000.00
Soft Cost Other Professional Services	\$375,000.00
Soft Cost Development Fee	\$1,628,837.00
Soft Cost Pre-Opening	\$1,750,000.00
Soft Cost Interim Construction Costs	\$1,220,000.00

**Project Cost Breakdown**

Elsby Hotel Total	\$24,993,203.00
Hard Costs	\$18,721,750.00
Soft Costs	\$4,771,453.00
Event Center Total	\$3,297,384.00
Hard Costs	\$1,800,000.00
Soft Costs	\$1,172,384.00
Parking Lot Total	\$100,000.00
Hard Costs	\$100,000.00
Soft Costs	N/A

**Source of Project Funds**

**Mr. Fisher** explained that this is what he was talking about earlier regarding the Traditional Loan of \$16,000,000.00 through Centra (anticipated lender), Developer Equity (developer contribution directly into project) totaling \$3,485,550.00, and Credit/Incentives totaling \$8,932,037.00 (Federal Historic Tax Credit: 3,332,037.00, Indiana Redevelopment Tax Credits: \$3,600,000.00, and New Albany City Bond Revenue: \$2,000,000.00). He pointed out that the local municipality has the smallest share in the partnership project, less than the developer as well. He explained that the Federal History Tax Credits work in a three-part process with part one being completed, which is to determine if the building is historic. He stated that part two is review and approval of the design/improvements and that will determine what can/cannot be done (currently working through this phase and it will be done at closing). He said part three is at the end of construction where they will receive certification that the work is done and credits are awarded. He added that the Historic Tax Credit is ~\$4,200,000.00 but the developer doesn't get all of this as they have to monetize the credits, and they are being sold at \$0.82 on the dollar. He stated tax credit investors are harder to find because there is still some fear about investing in hotels but they have identified/selected a buyer out of California called Fausting Co that have come in with the best offer and opportunity. He added that this same company will also be buying the Indiana Redevelopment Tax Credit and offered \$0.90 on the dollar for this. He added that these are earned as the expenses are incurred provided on an annual basis and is not up-front cash, so there is a requirement to perform. He explained that the New Albany City Bond Revenue is \$3,350,000.00 at the true full-bond amount, but this includes capitalized interest, debt service reserve and issuance cost. He added that \$2,000,000.00 is going towards the funding at that is less than 7% total investment associated with this project. He stated that the bond is issued and the funds are available, with the intention that developer equity has to be invested first. He reiterated that the first dollars spent will be the developers and they will be responsible to make sure that the debt payments are made and everyone is made whole each and every year.

**Mrs. Griffith** asked if the three tax credits have to work together to be able to get them?

**Mr. Fisher** explained that the project doesn't work without all three so they all have to come together to total that \$8,900,000.00. He added that the same goes for the Redevelopment Tax Credit and if the city council doesn't issue the bond, the Indiana Redevelopment Tax Credit doesn't come through. He added that their decision isn't just the \$2,000,000.00, it is the redevelopment tax credit that requires a one-to-one match. He stated that the state wants to make sure the local supports it.

**Mr. Tuner** asked if these can be developer backed?

**Mr. Fisher** relied no. He explained that it comes down to the availability of recourses that is needed for the project. He stated that developer equity at \$3,500,000.00 is required and has to have a certain amount of return on equity and investment. He added that this project only happens because they have a local development team that is willing to take on some of the additional risk with the city.

**Mr. Blair** stated that he didn't see anything in the line items for furniture, linens, accessories, etc. nor a line item for contingency reserve.

**Mr. Fisher** stated that the contingency number is within the construction cost with ~7% construction contingency associated with the project. He added that there is a mixture between pre-opening costs that includes FF&E as well as The Elsbey Construction hard cost.

**Mr. Blair** asked about the timing of the payment for the developer fee.

**Mr. Fisher** stated that the developer fee will be delayed upon completion so it is being deferred to completion as part of the equity.

**Mr. Blair** asked if the traditional loan lender is already committed?

**Mr. Fisher** stated that Centra Credit Union is the lender.

**Mr. Blair** asked if they could see the commitment sheet to understand the conditions?

**Mr. Fisher** stated that he can't answer that question but he will work with the developer to provide that information.

**Mr. Blair** stated that they could also have an executive session if it is confidential information.

**Mrs. Griffith** asked if the hotel and center has to be built together at the same time?

**Mr. Fisher** stated that the hotel helps support the event space and vice versa with the capital stack established for one project. He added that if they take out the event space, the percentage of tax credits goes down with it. He reiterated that it is one project for finances and capital stack so it has to go together.

**Mrs. Griffith** asked if they are working on the existing parking lot?

**Mr. Fisher** stated that it is across the street behind the annex building.

**Mr. Tuner** asked what makes this competitive vs. Louisville and what is the draw to bringing people here over the Louisville market?

**Mr. Fisher** stated that he believes New Albany has a nice downtown area and it captures that smaller pace and safer environment.

**Mr. Resch** stated that one of the reasons First Hospitality and Hilton chose to partner with them is safety in the community and the feeling of being safe in this community as opposed to Louisville. He added that First Hospitality is invested in Louisville with multiple hotels, but they spoke to the community and charm of this area and how they believe this hotel will be successful because it is a different option to staying directly in downtown Louisville when safety is a concern.

**Mr. Turner** asked if they are concerned about competition with new convention centers like Origin Pak and a regional convention center that is coming soon?

**Mr. Fisher** stated that SoIN did their study and came back with this size of facility because that is where the market needs to be. He stated that they won't be competing with something like

Origin Park as it is a completely different type of event space. He added that this will be geared towards weddings and small business functions that will help support the hotel and have the added convenience of being onsite. He stated that the director of SoIN Tourism did provide a support letter identifying that this is a critical need and a good facility for the region.

### **The Elsby Operations Proforma**

**Mr. Fisher** stated that a cash flow distribution was requested and that is what this form will provide for them. He explained that year one is a partial year (assuming they open in April) which is why the rate is showing what it is. He added that it takes time to establish bookings and to get folks to the area so they will see a ramp up associated with year two, which will be the first year of full operations. He stated that they have lender and tax credit investor requirements with a debt service ratio of 1.3 and they are satisfying that requirement. He explained that by year two everything is increasing and food/beverage gets more established so room rates go up. He added that fortunately they locked in the interest rate on the loan so they have a little more revenue to stabilize cost and expenses. He stated that property taxes associated with the property are equal to what is the minimum amount needed to pay debt service coverage ratio, and that is anticipated in the model. He added that if for some reason this property assessed for less and the property tax payment is lower than what is needed to pay the debt, the developer is committed to paying the difference. He stated that it would come as a property tax lien and that dollar will get paid.

**Mrs. Griffith** asked if it is set up as an automatic lien against the building?

**Mr. Fisher** stated that if there is a shortfall established, the money gets paid by the developer and property owner.

**Mr. Turner** asked if the lien stays on the land regardless if the developer gets out?

**Mr. Fisher** replied yes and stated that it is recorded and an enforceable document that goes on the title.

**Mr. Blair** stated that the issue on the guarantor is their ability to satisfy the payments and they haven't seen any financial information on this ability. He added that this was one of the requests that he had.

**Mr. Fisher** stated that the developer commented back that there have been three different banks that have approved the financial statements and the issuance of the \$16,000,000.00 loan of the project, so it has not only been through the bank underwriting, but also through the tax credit, bridge loan approval process to take on the debt and the \$6,000,000.00 bridge loan associated with the tax credits.

**Mr. Blair** stated that is why he wanted to see the terms of their financing.

**Mrs. Griffith** asked who would be in charge of the event space?

**Mr. Fisher** stated that the whole thing is operated by First Hospitality Operation Group and they will be onsite.

**Mr. Turner** asked how long the developers plan to be involved with this and if they will eventually pass it off?

**Mr. Steve Resch** stated that this is a legacy project and he plans long-term involvement. He added that they have 20+ properties in New Albany and he gets attached to them so he doesn't see selling the Elsby building in the near future at all.

**Mr. Jacob Resch** stated that they really take pride in how they present their buildings, and how they take care of their properties really benefits their tenants, so they are going to be as heavily invested in this hotel as they can possible be.



**Mr. Turner** stated that they do take good care of their tenants because during Covid he heard about how they went above and beyond for a lot of them and that is big. He said that he really appreciates that.

**Mrs. McLaughlin** stated that she has had some Elk's members reach out to her about the parking because they currently use the PNC bank parking. She asked if there would be any parking available to their patrons?

**Mr. Fisher** stated that he can't answer that but he would imagine that the 48 spaces in the lot will be utilized by the hotel/event space. He added that it isn't currently public parking.

**Mrs. McLaughlin** stated that she knows that the Elk's Club did reach out to the new wine establishment there and she thinks they are using some of their parking.

**Mr. Resch** stated that they actually own and control that and they have been letting people use it, but obviously once the hotel construction starts and/or it is up and running, they will have to use that.

**Mrs. McLaughlin** thanked him for opening that up because it does help their patrons.

**Mr. Blair** stated that he hopes they can encourage people to use the existing garage that is only half a block away.

**Mr. Fisher** stated that it is the hotel operators hope as well.

**Mrs. Griffith** stated that Ms. Johnson mentioned that it is now considered an urban design and asked if that changed the parking codes?

**Ms. Johnson** stated that it is located in downtown and the way that the parking requirements are set up with planning and zoning are based on the use of the facility. She said that it would be under hotel, restaurant and event center so she would say that we are in an urban environment. She added looking forward to the future, it is located in a walkable place in our downtown so she would encourage people parking in the garage and walking to the hotel to experience our downtown. She told Mrs. Griffith that she could send her the most updated requirements.

**Mrs. Griffith** stated that parking is the number one concern brought up at every merchant meeting so it is definitely an issue that will continue.

**Mrs. McLaughlin** stated that is a great thing to have to worry about for a downtown.

**Mr. Turner** asked why people are hesitant to invest in hotels?

**Mr. Fisher** stated that we just came out of a two-year pandemic where a lot of hotels weren't receiving anything, with a lot that haven't recovered. He added that there aren't a lot of lenders that have confidence and hotels and restaurants are the hardest businesses to go into. He added that it isn't that there is an unwillingness to invest, just some banks aren't looking to invest in hotels right now.

**Mr. Blair** stated that a lot of it has to do with portfolio diversity and the problem with hotels is that the occupancy goes to zero every night, they are very expensive, and they are a specialty product. He added that he understands the need for incentives because a bank will only lend a percentage of the cost. He stated that he appreciates the information and he loves the project and would like to see it work, but he would still like to see a feasibility study, the contracts with Hilton Tapestry and Frist Hospitality, the commitment letter from the primary lender and he would like to see the financial strength of the guarantor. He added that if they get to the point of having to take out a tax lien, everyone loses. He added that he is open to seeing this information in an executive session if it isn't something that could be shared with the public.

**Mr. Turner** stated that if he could get the STR information that would be great.

**Ms. Johnson** stated that SoIN was able to share last month's data and year-to-date.

**Mr. Turner** stated that he is recording and asked if she wanted him to stop?

**Ms. Johnson** stated that they were aware that this is a public meeting. She stated that Luanne Mattson shared that they receive data both for Floyd and Clark counties combined and also separate, and what she will be sharing with them is for Floyd County. She noted that in Floyd County there are four hotels, one of which is located in Georgetown. She shared a direct quote that stated "it is not fair to judge occupancy rates of limited-service hotels to a boutique hotel such as this, with an event space". She reported that the occupancy for last month in Floyd County was 67.4% and generally in the 60-65% range is when investors start looking to add supply. She added that this is a healthy number. She reported that year-to-date occupancy (Jan-March) was at 59.9% and this also includes the hotel in Georgetown.

**Mr. Dickey** added that they have a full array of professionals associated with this deal so if there are any additional questions or materials that they want, now would be the best time to do so, because they are running bills having them here.

**Mr. Aebersold** stated that he understands that there are a lot of things that they plan to do and they might not have everything down exactly how it will come out, but they plan on how they want it to come out and prepare for it. He added that as they go along with any project, they find out they might have to change a few things here and there but the end result is a tremendous project for this building. He stated that he was fortunate enough to enjoy a full tour of the building with detailed explanation of the plans for the project and he thinks the additional amenities such as the restaurant, the speakeasy, event space, and the walkability in downtown will be a draw. He added that if they stop and think about the possibilities compared to some of the other hotels in New Albany, it doesn't even match up to him. He agreed that there will be people traveling to Louisville that will prefer to stay over here for safety reasons and the amenities. He stated that he talked to one of the council members in Clarksville who has three or four projects and he said it is one of the greatest things they have ever done. He thanked them for the additional information provided tonight.

**Mr. Blair** asked if they could schedule a tour if they wanted to walk through this week?

**Mr. Fisher** stated that he would be happy to line up a time to walk through the property for anyone that wants to.

**Mrs. Griffith** thanked those that have spent a lot of time with her the past week getting her up to speed on the process. She added that it is a wonderful project.

**Mr. Applegate** stated that he doesn't want to underestimate what New Albany is in the entire southern Indiana area. He added that we are one of the only ones awarded the \$50,000,000.00 from the Readi money, we have just been awarded the longest trail money from here and we have a greenway that goes all the way to Jeffersonville. He stated that people want to be here and this project has local investors and developers putting their own money along with federal and state money in the game. He reiterated that he doesn't want to underestimate what New Albany offers as they are an integral part to a metro area and it is important that we not get left behind as other areas grow. He added that surrounding governments are putting in just as much money if not more into projects and this project will say a lot about New Albany and the historic significance of our community. He added that he believes our downtown is the best and we have been first on a lot of things so he doesn't want see use left behind. He stated that he will never say a bad thing about Louisville, but there are a lot of people that would prefer to stay on this side of the river for all the big events throughout the year so we need to realize how special this is.

**Mr. Dickey** stated that River Ridge has recently had some meetings about their next strategic plan and as part of this, one of their concerns about amenities near/around River Ridge. He added that he thought it was interesting because one of the needs that they have is a high-end boutique hotel, like what is being proposed for CEO's who do not want to stay in economy type hotels. He

stated that this underlines that there is a need that is being unanswered in the region and this would be part of a larger option to service those going back over to the River Ridge properties.

**Mr. Phipps** stated that he has been in favor of this project from the get go and this presentation just reinforced it all the more for him. He concurred with everything that Mr. Applegate and Mr. Aebersold mentioned.

**ADJOURN:**

There being no further business before the board, the meeting adjourned at 6:14 p.m.

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Jennie Collier, President

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Vicki Glotzbach, City Clerk