

DRAFT

APPLICATION FOR A LOAN THROUGH THE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM





Preliminary exterior sketch of 21c Museum Hotel Lexington

APPLICANT

Lexington-Fayette Urban County Government

PROJECT

21c Museum Hotel Lexington

PROJECT DESCRIPTION

21c Museum Hotel Lexington is a \$36,500,000 combination boutique hotel, contemporary art museum and restaurant to be located in historic buildings in downtown Lexington, Kentucky. It will be woven into the fabric of the downtown, welcoming both visitors and members of the community to experience its free rotating exhibitions, participate in its cultural events, and enjoy its culinary offerings. This adaptive reuse project will restore the First National Bank Building, Lexington's first skyscraper, which is listed on the National Register of Historic Places, and will offer 90 hotel rooms. 21c Museum Hotel Lexington will also create approximately 125 full-time equivalent, permanent jobs.



First National Bank Building as it stands today

21c Museum Hotels has art at its core – rotating, curated contemporary art shows are displayed in all of the property’s public spaces and the museum is open free to the public 24 hours a day, 7 days a week. The readers of Conde Naste Traveler magazine have twice named 21c the #1 hotel in the United States and, in 2011, for the third consecutive year, 21c was named one of the Top Ten hotels in the world. 21c has recently begun to expand to Cincinnati, Ohio and Bentonville, Arkansas. 21c, an engine of job growth and a catalyst of economic development in several cities, would like to bring its innovative art, food and hospitality to downtown Lexington.

The project will help significantly push forward the economic development of downtown Lexington, which currently has a poverty rate of 48%.¹ It will be developed as part of the transformation of the Rupp Arena, Arts and Entertainment District and Lexington Center. The project directly and strongly supports the goal of creating a District that “elevates the entertainment and convention experience and promotes cultural expression.”²

With HUD’s assistance through the Section 108 Loan Guarantee Program, 21c Museum Hotel Lexington will immediately create approximately 125 full-time equivalent, permanent jobs for low- and moderate-income individuals in the Lexington-Fayette Urban County entitlement area. Notwithstanding the unique local and regional demand for this project, the strong state and local support, and the significant private investment by the development group, 21c Museum Hotel Lexington is unable to complete its financing and cannot become a reality without a loan through the Section 108 Loan Guarantee Program. The Section 108 Loan is crucial to filling the financing gap of this project because of the (1) challenges in securing construction financing in the current economic environment,

¹ U.S. Census Bureau, Census Tract 1.01, Fayette County, Kentucky

² Rupp Arena, Arts and Entertainment District Mission Statement

(2) traditional lenders' perceived risk of development in downtown Lexington, an untested market for boutique hotels, (3) high cost of historic preservation and rehabilitation, (4) non-traditional mix of uses of art, hospitality and food and beverage, which conventional lenders are challenged to support, and (5) uniqueness of the revenue model and lack of large nationally-branded hotel flag.

Significant Job Creation. The 21c Museum Hotel Lexington will directly fulfill a national objective of the Section 108 Loan Program: job creation. The hotel, restaurant and museum components of the project are expected to create approximately 125 full-time equivalent, permanent jobs. 21c Museum Hotel Lexington has committed that at least 51% of these jobs will be made available to low- and moderate-income persons in Lexington-Fayette County, and it is expected that more than 60-80% of the jobs will be held by low- and moderate-income individuals. 21c's similarly sized property in Louisville, Kentucky has created over 125 full-time equivalent, permanent jobs, too, a substantial majority of which are held by low- and moderate-income persons.



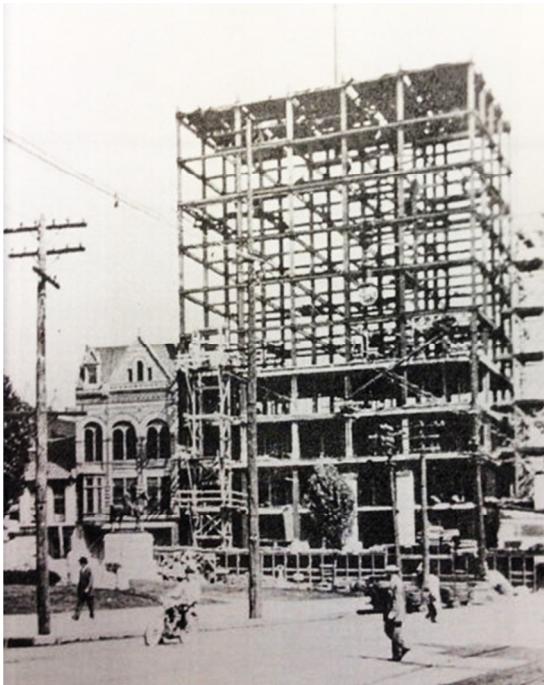
21c Museum Hotel Louisville

Widespread Support. 21c Museum Hotel Lexington is appreciative of its widespread support across Lexington-Fayette Urban County. Upon announcement of the project, the Lexington Herald-Leader lauded it as a “validation of downtown” and “a win’ for [the] city.” See Appendix E for newspaper coverage of the project announcement.

Leading the group of public supporters is Congressman Ben Chandler and Lexington Mayor Jim Gray, who both strongly support the project and are champions of the Section 108 application. The project and this application are further supported by numerous local officials, community leaders and the business community. Attached as Appendix A are letters of support from:

- U.S. Congressman Ben Chandler (D-KY)
- Mayor Jim Gray
- Jim Browder, President of Lexington Convention and Visitors Bureau
- Robert Quick, President and CEO of Commerce Lexington

Development Program. The 100,000 square foot project will house 90 hotel rooms within preserved and rehabilitated historic buildings. The project will include approximately 12,000 square feet of public and gallery spaces, a 5,000 square foot restaurant, and 5,000 square feet of meeting spaces.



First National Bank Building under construction, 1912



Street view of First National Bank Building, 1912

Investment to Date and Current Status. Over \$500,000 has been invested thus far in property acquisition, project design, and other pre-construction activities. Design work has commenced and is currently in the design development (DD) phase.

Location. 21c Museum Hotel Lexington is located in the heart of Lexington's central business district on Main Street, 2 blocks away from Lexington Center and the Rupp Arena, and within a prominent historic building. The project will not only be a key development, but the *first* development in the newly created Rupp

Arena, Arts & Entertainment District, part of a \$300 million, 46-acre downtown transformation. As the first project in this new District, 21c Museum Hotel Lexington will be a critical catalyst in launching downtown revitalization.

Environmental Assessment. While 21c Museum Hotel will conduct an Environmental Assessment for the project, an Environmental Impact Statement is not required because the project does not meet the criteria set forth in 24 CFR 58.37, which would require such a review. At this time, 21c Museum Hotel and its owner's representative, the McCall Group, anticipate that the project will have no significant negative impacts on the human environment and, therefore, 58.37(a) has not been triggered. Further, none of the criteria in 58.37(b) are met by the project.

Ownership of Property. Three of the four parcels of the project's property are currently owned by 21c Lexington LLC. The other parcel is owned by a private entity, but 21c Lexington LLC has control of it via a lease and purchase agreement.

A Development Agreement with Lexington-Fayette County Government, which assigns 21c Lexington, LLC as the Master Developer, is pending formal approval by the Urban County Council.

Once the project is completed, 21c Museum Hotel Lexington will be wholly owned by 21c Lexington LLC. 21c Lexington LLC will enter into a management contract and brand and arts services agreement with 21c Museum Hotels LLC to operate the museum, hotel and restaurant.



Employee at Proof on Main restaurant, 21c Museum Hotel Louisville

MARKET DEMAND

The 21c Museum Hotel Lexington team has developed three hotels in the region, including the original 21c Museum Hotel Louisville, which was voted one of the Top Ten hotels in the world by Conde Nast readers in 2009, 2010 and 2011. Scheduled to open in November 2012, 21c Museum Hotel Cincinnati will foster the ongoing revival of the Queen City's downtown and strengthen its role as a cultural destination. The rehabilitation of the historic Metropole building for 21c Museum Hotel Cincinnati will feature more than 8,000 square feet of contemporary art exhibition space, 156 guest rooms, a restaurant and bar, and meeting spaces. 21c Museum Hotel Bentonville, opening in February 2012, will be in the company of the new world-class Crystal Bridges Museum of American Art and will be located in the city's town square. It will feature 12,000 square feet of publicly accessible galleries as well an outdoor sculpture garden.

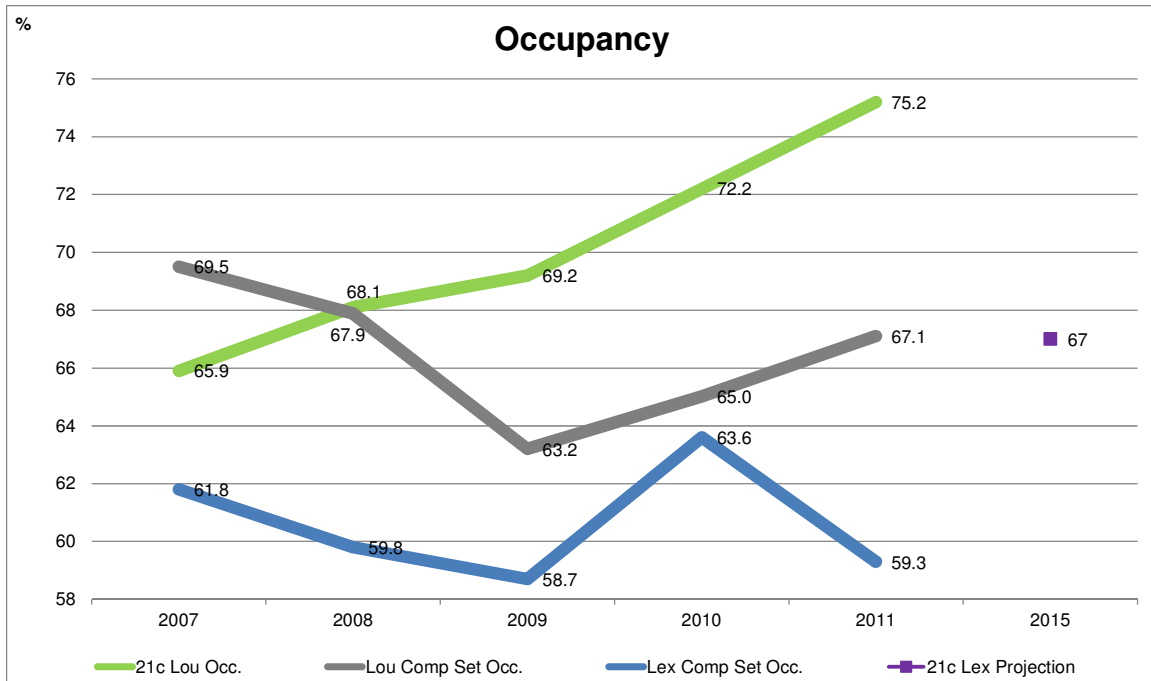
Given 21c's knowledge of, and success in, the regional Lexington market, they are keenly aware of the need for more quality hotel rooms in downtown Lexington.



21c Museum Hotel Cincinnati

A November 2011 study commissioned by the Lexington Convention & Visitors Bureau concludes that one of the primary competitive disadvantages of Lexington as a convention destination is the lack of hotel rooms. The report strongly recommends that the downtown hotel inventory be increased, especially within walking distance to the Convention Center. Just a few blocks away from the Convention Center, 21c Museum Hotel Lexington will meet this clear market demand and add to the city's supply of quality hotel rooms suitable for convention attendees.

As a reference for the Lexington hotel market and associated projections, below is a graph based on research by Smith Travel Research, the leading lodging industry research company. The graph shows the actual performance of 21c Museum Hotel Louisville compared to its competitor set, which includes the Hyatt Regency, Hilton Seelbach, Marriott, Courtyard by Marriott and the Brown Hotel. It also shows the projected performance of 21c Museum Hotel Lexington relative to its Lexington competitor set, composed of the Hilton, Hyatt Regency, Embassy Suites and Marriott Griffin Gate.



PROJECT TEAM

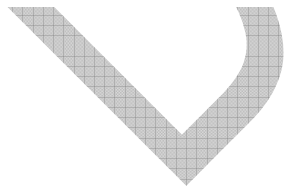
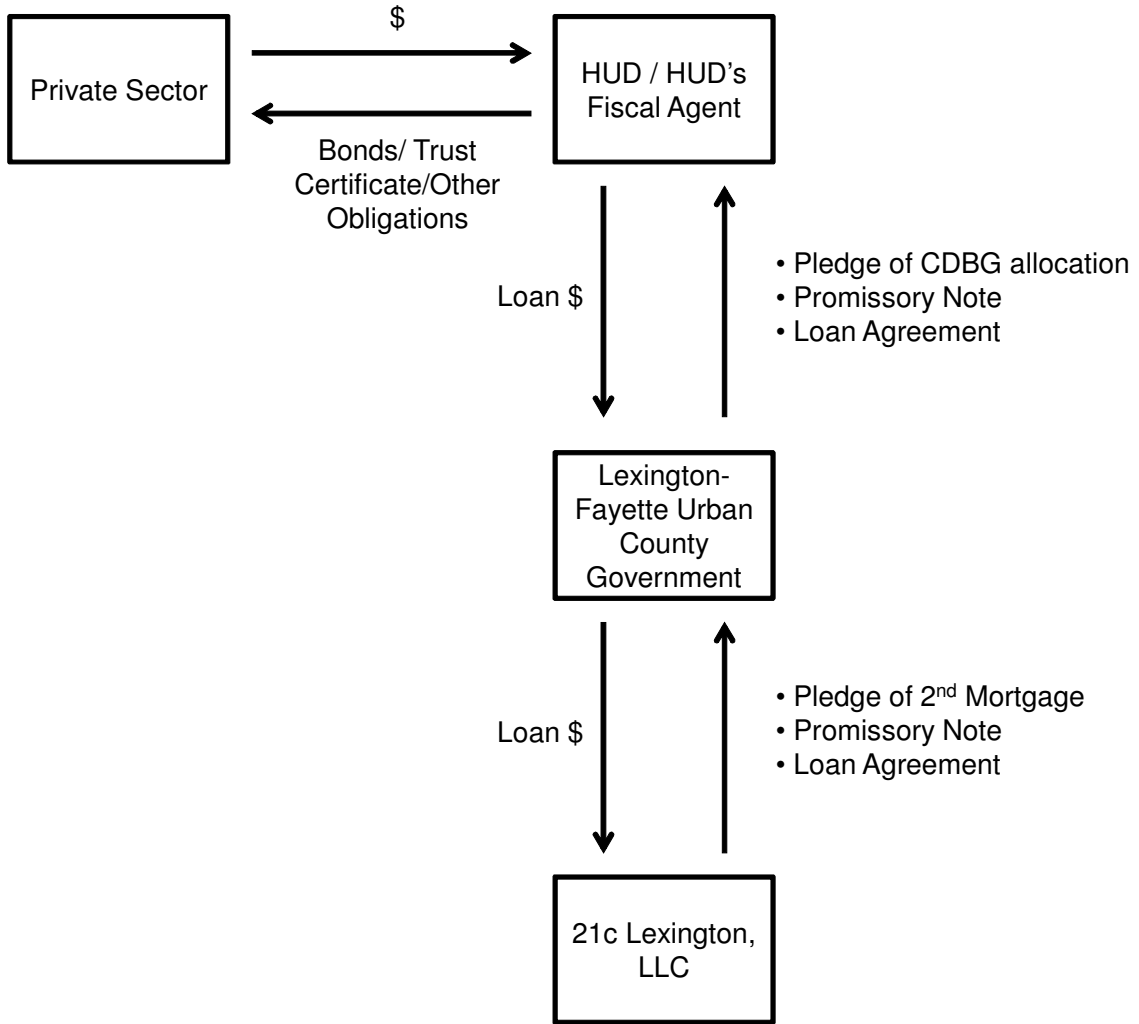
The following are the primary companies involved in the development of 21c Museum Hotel Lexington. Profiles of the companies and their principals are attached in Appendix B.

- Development Team – 21c Museum Hotels
- Design Architect – Deborah Berke & Partners
- Architect of Record – Perfido, Weiskopf, Wagstaff + Goettel
- Historic Preservation Consultant – Judith B. Williams
- Owner’s Representative – McCall Group

PROJECT STRUCTURE

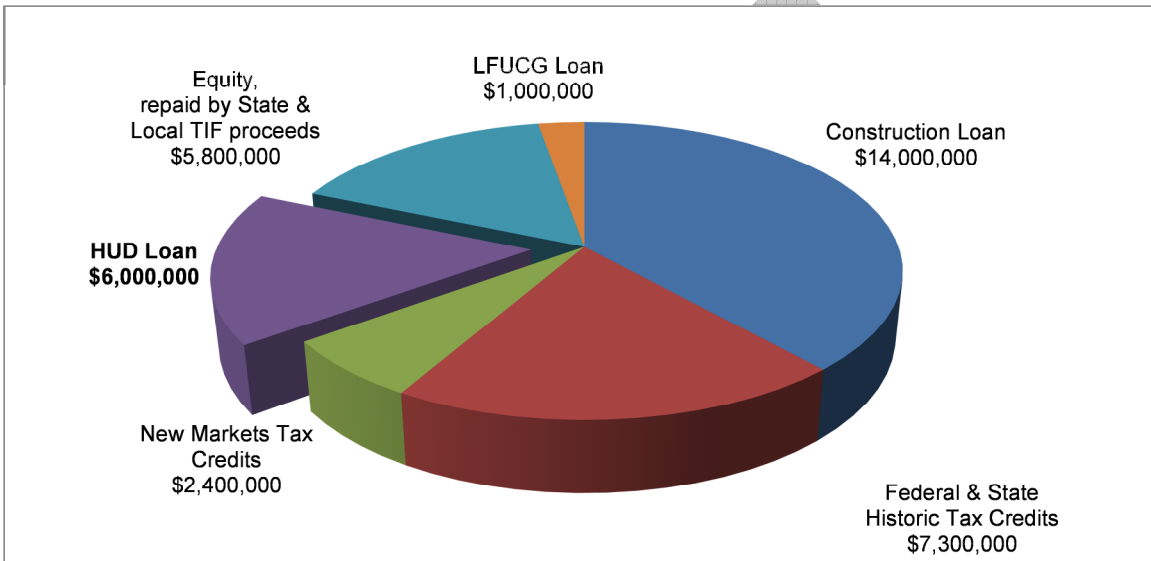
The Lexington-Fayette Urban County Government (“LFUCG”) is applying to HUD for the Section 108 Loan. LFUCG would re-loan the proceeds of its loan from HUD to 21c Lexington LLC. LFUCG will oversee 21c Lexington LLC’s compliance with the Section 108 and CDBG program requirements. LFUCG would pledge its CDBG allocation as collateral guaranteeing the Section 108 Loan.

Financing Structure



PROJECT FINANCING

Sources. The 21c Museum Hotel Lexington financing plan, which includes a \$6.0 million loan through the Section 108 Loan Guarantee Program, is diagrammed below. The capital stack is expected to be composed of a \$14.0 million construction loan by the development team, \$7.3 million in historic tax credits from Federal and State governments, \$2.4 million in New Markets Tax Credits, \$5.8 million of development team equity repaid by State & Local TIF proceeds, and a \$1.0 million loan from LFUCG. The requested loan through the Section 108 Loan Guarantee Program will close the financing gap on this project and enable it to be completed. LFUCG would pledge its CDBG allocation as collateral guaranteeing the Section 108 loan.



Sources	
Construction Loan	\$14,000,000
Federal & State Historic Tax Credits	\$7,300,000
New Markets Tax Credits	\$2,400,000
HUD Loan	\$6,000,000
Equity, repaid by State & Local TIF	\$5,800,000
LFUCG Loan	\$1,000,000
<i>Total</i>	\$36,500,000

Uses. The following is the development budget for the project.

Budget Category	Budget Code Description	Lexington - PROJECTED
Land Cost and Development		
	Building Purchases	3,850,000
	Preliminary Demoliton	50,000
	Category Subtotal	3,900,000
Financing and Closing Costs		
	Construction Period Interest	650,000
	Transaction Costs (lawyers, accountants, etc.)	1,220,000
	Category Subtotal	1,870,000
Design Services and Consultants		
	Base Design Contract - Perfido Weiskopf Wagstaff + Goettel	1,905,250
	Interior Design Contract - Deborah Berke & Partners Architects	206,000
	Design Reimbursables	100,000
	Category Subtotal	2,211,250
Construction Costs		
	Hard Construction Costs	18,000,000
	Environmental Demo & Abatement Allowance	1,700,000
	Light Fixtures - By Owner	900,000
	Category Subtotal	20,600,000
Insurance and Property Tax		
	Sterling G Thompson Ins Co	175,000
	Property Taxes	200,000
	Category Subtotal	375,000
Furniture Fixtures and Equipment		
	FF&E Purchases	2,230,000
	OSE Purchases	950,000
	IT Purchases	580,000
	Permanent Art	450,000
	Graphics and Signage Purchase/Installation	85,000
	Category Subtotal	4,295,000
Pre-Opening Costs		
	Pre-Opening and Working Capital	1,050,000
	Pre-Opening Management/Consulting Fees	150,000
	Pre-Opening Office Space/Renovations	30,000
	Category Subtotal	1,230,000
Contingency		
	Contingency	1,200,000
	Category Subtotal	1,200,000
Development Costs		
	Owner's Representative Fee	875,000
	Category Subtotal	875,000
	Total Project Costs:	36,556,250

Section 108 Loan Repayment. 21c Lexington LLC proposes to repay the \$6.0 million Section 108 loan over 20 years. It is requesting to pay interest only for the first seven years following closing and then amortize the principal over 13 years. The project's projected cash flows support this repayment schedule.

Interest Only Payment Period (Years 1 – 7)

Interest rate based on 3 month LIBOR + 20 basis points.

Current as of June 26, 2012: 0.47% + 0.20% = 0.67%

Projected Interest Rate	
Year 1	0.67%
Year 2	1.00%
Years 3-5	2.00%
Years 6-7	2.50%
Interest Payment Schedule	
Loan Amount	\$6,000,000
Interest Year 1	40,200
Interest Year 2	60,000
Interest Year 3	120,000
Interest Year 4	120,000
Interest Year 5	120,000
Interest Year 6	150,000
Interest Year 7	150,000

Principal Repayment Period (Years 8 – 20)

Interest rate based on average of 10 year and 20 year Treasury Note

Current as of June 26, 2012: (1.67% + 2.32%) ÷ 2 = 2.00%, fixed for 13 years.

Projected Interest Rate				
Years 8-20	2.00%			
Principal Repayment Schedule				
Loan Amount	\$6,000,000			
Loan Period	13			
Year	Annual Loan Payment	Interest Paid	Principal Repaid	Year End Balance
8	524,354	115,979	408,375	5,591,625
9	524,354	107,757	416,597	5,175,029
10	524,354	99,370	424,984	4,750,045
11	524,354	90,813	433,541	4,316,504
12	524,354	82,085	442,269	3,874,235
13	524,354	73,180	451,174	3,423,061
14	524,354	64,097	460,257	2,962,804
15	524,354	54,830	469,524	2,493,280
16	524,354	45,377	478,977	2,014,303
17	524,354	35,734	488,620	1,525,683
18	524,354	25,896	498,458	1,027,225
19	524,354	15,860	508,494	518,731
20	524,354	5,623	518,731	0

Collateral for Section 108 Loan. The entire project will be owned by 21c Lexington LLC, a limited liability company controlled by the development team. The development team will provide the following as collateral for the Section 108 Loan: (1) a pledge of the project’s cash flows (such pledge being junior to a similar pledge to secure the primary construction/permanent loan); and, (2) a

second mortgage on the project. LFUCG would pledge its CDBG allocation as collateral guaranteeing the Section 108 Loan. The primary construction loan is projected to be paid down to \$10.0 million by the end of the seven-year interest-only period for the Section 108 Loan. When principal payments begin in the eighth year, the projected ratio for the combined Section 108 Loan and primary loan are as follows:

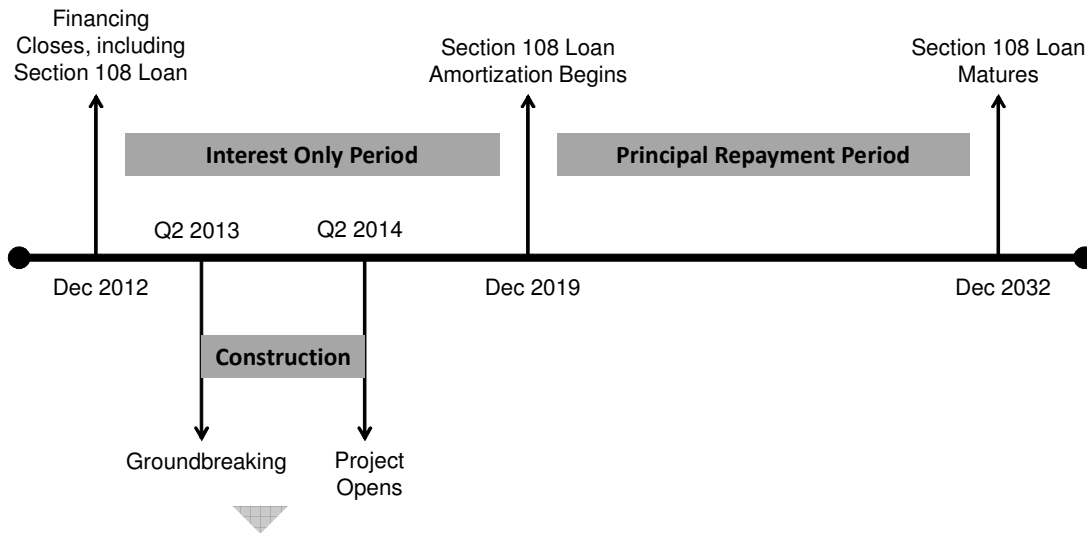
Loan-to-Value: 83%
 Debt Service Coverage: 1.11

By Year 13 of the Section 108 Loan, this combined ratio is expected to improve to:

Loan-to-Value: 47%
 Debt Service Coverage: 1.38

PROJECT SCHEDULE

To maximize cost savings in today’s construction market, 21c Museum Hotel Lexington would be best served to close on its financing immediately, preferably no later than end of year 2012. Construction will begin at that time and is expected to last 17 months, with the project opening slated for approximately July 2014. The construction schedule and Section 108 timeline are as follows:



ELIGIBLE ACTIVITY ANALYSIS

21c Museum Hotel Lexington is eligible to participate in the Section 108 Loan Program because the use of proceeds to develop this project complies with, among others, the following provisions of 24 CFR §570.703:

- (a) Acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development purposes

(c) Payment of interest on obligations guaranteed under this subpart

(e) Clearance, demolition, removal, including movement of structures to other sites and remediation of properties with known or suspected environmental contamination, of buildings and improvements on real property acquired or rehabilitated pursuant to paragraphs (a) and (b) of this section. Remediation may include project-specific environmental assessment costs not otherwise eligible under §570.205

(f) Site preparation, including construction, reconstruction, installation of public and other site improvements, utilities or facilities (other than buildings), or remediation of properties (remediation can include project-specific environmental assessment costs not otherwise eligible under §570.205) with known or suspected environmental contamination, which is:

- (1) Related to the redevelopment or use of the real property acquired or rehabilitated pursuant to paragraphs (a) and (b) of this section, or
- (2) For an economic development purpose

(g) Payment of issuance, underwriting, servicing, trust administration and other costs associated with private sector financing of debt obligations under this subpart

(i) (1) Activities eligible under §570.203

(l) Acquisition, construction, reconstruction, rehabilitation or historic preservation, or installation of public facilities (except for buildings for the general conduct of government) to the extent eligible under §570.201(c), including public streets, sidewalks, other site improvements and public utilities, and remediation of known or suspected environmental contamination in conjunction with these activities. Remediation may include project-specific environmental assessment costs not otherwise eligible under §570.205



21c Museum Hotel Bentonville

NATIONAL OBJECTIVE ANALYSIS

Developing 21c Museum Hotel Lexington is an activity that will benefit low- and moderate-income individuals. This project will meet and further the national objective set forth in 24 CFR §570.208(a). More specifically, 21c Museum Hotel Lexington will “create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons.” 24 CFR §570.208(a)(4).

Projected total # of FTEs:	125
Projected LMI jobs:	75 - 100
% LMI jobs:	60% - 80%

In short, 125 permanent, full-time equivalent jobs are expected to be created by this project and no less than 51% of these jobs will be made available to low- and moderate-income individuals from the City Entitlement Area. Moreover, based on the employee composition at the existing 21c Museum Hotel Louisville, approximately 60-80% of the jobs at 21c Museum Hotel Lexington are expected to be held by low- and moderate-income persons. These jobs are expected to primarily include security personnel, kitchen staff, housekeepers, valets, servers, hotel engineers, administrative assistants, back-office workers, and other similar jobs.



Employee at 21c Museum Hotel Louisville

Pursuant to 24 CFR §570.208(a)(4)(i), 21c Museum Hotel Lexington will document these recruitment efforts and document that “at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.” The development team will also ensure compliance with 24 CFR §570.208(a)(4)(iii), (iv), and (v). For purposes of meeting and documenting compliance with this national objective, the job creation activities of 21c Museum Hotel Lexington will be aggregated and tracked pursuant to 24 CFR §570.208(a)(4)(vi).

21c Museum Hotel Lexington will actively work with local organizations to recruit low- and moderate-income persons, just as it has done for its existing and new properties to date. For the soon-to-open 21c Museum Hotel Cincinnati, 21c management worked with the Urban League of Greater Cincinnati, Cincinnati Works, YWCA of Greater Cincinnati, Cincinnati Cooks, Workforce Investment Agency, Community Action Agency, African American Chamber, Jobs Plus and other community organizations to host job fairs and to recruit low- and moderate-income individuals for positions at the new property. In September 2012, 21c Museum Hotel Cincinnati and its community partners held five jobs fairs and received over 1,600 job applications, which yielded over 268 pre-screened applications to pursue.

Once hired, 21c employees are fully trained and begin a mentoring program in which their growth is encouraged. For example, at 21c Museum Hotel Louisville, a female employee started as a housekeeping supervisor. 21c management

worked closely with her on a growth plan and she was promoted to Assistant Housekeeping Manager; she is on track for promotion to Housekeeping Manager at 21c Louisville. Another employee at 21c Louisville began as a part-time gift shop clerk and has risen to become Director of Operations for the property. 21c offers an excellent working environment and opportunity for promotion. The same level of training and mentoring will be implemented at 21c Museum Hotel Lexington.

21c Museum Hotel Louisville boasts low turnover rates due to the positive work environment it creates and the investment it makes in its employees' professional growth. 21c is committed to recruiting low- and moderate-income persons for 21c Museum Hotel Lexington in partnership with local organizations, and training, retaining and promoting them with the same rigor that has been applied to, and proven successful at other 21c properties.



Community event and fundraiser at 21c Museum Hotel Louisville

PUBLIC BENEFIT ANALYSIS

The provision of a \$6.0 million Section 108 Loan for 21c Museum Hotel Lexington will meet and exceed the public benefit requirements of the CDBG program. 24 C.F.R. 570.209(b)(3)(i)(A) requires that this project, when supported by Section 108 Loan funds, must not exceed “for individual activities ... (A) \$50,000 per full-time equivalent, permanent job created or retained...” According to this category of sufficient public benefit, 21c Museum Hotel Lexington is eligible for a Section 108 Loan in an amount up to \$6,250,000 (i.e. 125 projected FTE jobs created x \$50,000, per 24 C.F.R. 570.209(b)(3)(i)(A)).



Public concert at 21c Museum Hotel Louisville

COUNTY COMPREHENSIVE PLAN ANALYSIS

The 21c Museum Hotel Lexington project conforms to the Lexington-Fayette Urban County Government's 2012 Comprehensive Plan. Specifically, it "support[s] infill and redevelopment throughout the Urban Service Area as a strategic component of growth," and fulfills an, "opportunity for infill, redevelopment, and adaptive reuse that respect the area's context and design features whenever possible." (A(2)(a)) In addition, the project also conforms with Plan's goal of job creation (C(1)(d)) to, "enable infill and redevelopment that creates jobs where people live," and support of public art, as described in (D(4)): "Promote, support, encourage, and provide incentives for public art."

In addition to alignment with the County's Comprehensive Plan, 21c Museum Hotel Lexington is an essential development in launching the transformation of the Rupp Arena, Arts and Entertainment District/Lexington Center. The award-winning Rupp Arena Arts & Entertainment District Master Plan, issued by the Rupp Arena Task Force in February 2012, calls for a \$300 million full-scale transformation of the 46-acre district in the heart of Lexington's central business district. 21c Museum Hotel Lexington will be the *first* new project in the District, serving as a critical catalyst for the downtown revitalization effort. The project directly supports and anchors the District's mission to "elevate the entertainment and convention experience and promote cultural expression."

CONTACT INFORMATION

For more information, please contact any of the following individuals:

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Karina Totah
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21c Museum Hotels
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E-mail: ktotah@21chotels.com

CONCLUSION

With a \$6.0 million Section 108 Loan from HUD, the \$36.5 million 21c Museum Hotel Lexington project is ready to immediately begin construction create over 125 permanent, full-time equivalent good-paying jobs in the very near future. The majority of these jobs will be made available to low- and moderate-income individuals living in Lexington-Fayette Urban County. 21c Museum Hotel Lexington is a unique, immediate job creation opportunity that preserves some of Lexington's most notable historic buildings and provides a free museum to the public. The project is possible because of the strong support of Lexington's local government and the more than \$14 million estimated contribution from the development team. Still, it will take this Section 108 Loan to make 21c Museum Hotel Lexington a reality and to create these much needed jobs. The Lexington-Fayette Urban County Government and 21c Museum Hotel are ready to work with HUD in every way to succeed in this loan application and complete the project's financing gap.

APPENDIX A: LETTERS OF SUPPORT

DRAFT

BEN CHANDLER
MEMBER OF CONGRESS
SIXTH DISTRICT, KENTUCKY
HOUSE PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
COMMITTEE ON FOREIGN AFFAIRS



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FAX: (859) 219-3437

Congress of the United States
House of Representatives
Washington, DC 20515

September 25, 2012

Secretary Shaun Donovan
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

Dear Secretary Donovan:

At the request of Mayor Jim Gray, it has been brought to my attention that the Lexington Fayette Urban County Government will be applying for a \$6,000,000 loan under the Community Development Block Program (CDBG) Section 108 Loan Guarantee Program. It is my understanding the funds will be used in the development of a 21c Museum Hotel in Lexington, Kentucky.

This project is a rare opportunity to revitalize a historic building and bring a contemporary museum to the heart of downtown Lexington. As I understand it, the development of 21c Museum Hotel Lexington is a planned \$36,600,000 mixed-use project and will create over 125 good-paying, full-time equivalent, permanent jobs for constituents across the city. Lexington's Section 108 application requests the federal government provide a loan for 16% of the project's development cost.

To my knowledge, Lexington Fayette Urban County Government has never requested a Section 108 Loan from the U.S. Department of Housing and Urban Development, and I understand that to have a strong application there must be consensus in the community. It is my hope that Lexington's first project will be a model public/private partnership that will stimulate Lexington's economy, create jobs, and serve as another great example of how the federal government is helping our country rebound from its current economic challenges.

In the event the Lexington Fayette Urban County Government submits a strong application, I am pleased to offer my support for this important revitalization project and request it be given serious consideration. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Ben Chandler".

Ben Chandler
Member of Congress



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

Jim Gray
Mayor

September 28, 2012

Dear Secretary Donovan,

I am writing to express my support for the Lexington Fayette Urban County Government's application for a \$6 million Section 108 HUD Loan for 21c Museum Hotel Lexington. Our administration has been working with the development team for over a year to make this project a reality.

21c Museum Hotel is a pivotal economic development project for Lexington. It will create over 125 good-paying, full-time equivalent, permanent jobs. Many of these jobs will be held by low and moderate-income citizens across our city.

Given the importance of this project, when the project's financing closes, it is my intention that the Lexington Fayette Urban County Government will: (i) finance a \$1 million loan; and, (ii) for 20 years, earmark 80% of the project's local property and occupational taxes to repay project related bonds.

The private development team is engaged and committed citizens who have been working tirelessly to ensure the success of 21c Museum Hotel Lexington. However, given the challenges of obtaining traditional financing in today's economic environment, as well as the perceived risk in the market and the high cost of historic preservation, receipt of this Section 108 Loan is critical to getting construction started.

I am happy to talk with representatives of HUD if I can be of further assistance during the application process.

All the best,

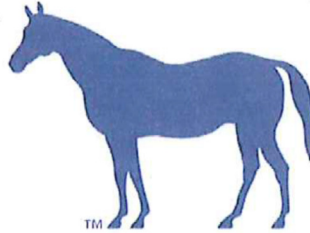
A handwritten signature in black ink that reads "Jim Gray". The signature is written in a cursive, flowing style.

Secretary Shaun Donovan
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

FOLLOW MAYOR GRAY:

www.facebook.com/JimGrayLexKY www.twitter.com/JimGrayLexKY

200 East Main Street • Lexington, KY 40507 • (859) 425-2255 • www.lexingtonky.gov
HORSE CAPITAL OF THE WORLD



September 27, 2012

Secretary Shaun Donovan
U.S. Department of Housing and Urban Development
~~401 Seventh Street, N.W.~~
~~Washington, DC 20410~~

Dear Secretary Donovan:

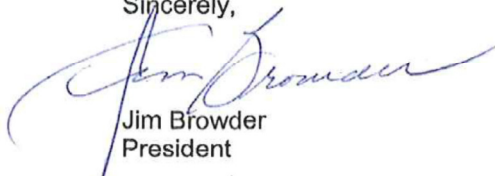
As President of the Lexington Convention and Visitors Bureau, I am writing to express my strong support for the 21c Museum Hotel Lexington and its application for a \$6,000,000 Section 108 HUD Loan.

The Lexington Convention and Visitors Bureau is an organization dedicated to positively impacting the economic well-being of Lexington-Fayette County by marketing the Bluegrass Region as an outstanding destination for leisure travel, business travel, meetings, and conventions, and by providing quality service to these visitors.

21c Museum Hotel Lexington, with its location in the heart of the central business district and within walking distance of the Convention Center, is a unique and exceptional opportunity to strategically increase the supply of quality hotel rooms. Furthermore, its museum and arts focus will attract both citizens and visitors to downtown.

21c Museum Hotel Lexington is an important economic development project that will continue to make Lexington a great destination. I respectfully strongly encourage you to approve the application for 21c Museum Hotel Lexington's participation in the Section 108 Loan Program.

Sincerely,



Jim Browder
President

Lexington Convention and Visitors Bureau

250 West Main Street Suite 2100 Lexington KY 40507 (859) 233-1221 or (800) 848-1224 www.visitlex.com



September 27, 2012

Secretary Shaun Donovan
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

Dear Secretary Donovan:

On behalf of Commerce Lexington Inc., I am writing to express my strong support for the 21c Museum Hotel Lexington and its application for a \$6,000,000 Section 108 HUD Loan.

Commerce Lexington's mission is to create the environment and opportunity for economic prosperity in the Lexington community.

The development of 21c Museum Hotel Lexington is a one-of-a-kind opportunity for downtown Lexington, whose businesses and visitors will benefit. Not only will it help attract and retain business in Lexington, it will also create over 125 good-paying, full-time equivalent, permanent jobs.

21c Museum Hotel Lexington is an important economic development project that will increase the vitality of Lexington. I strongly encourage you to approve the application for 21c Museum Hotel Lexington's participation in the Section 108 Loan Program.

Sincerely,

Robert L.Quick, CCE
President & Chief Executive Officer

APPENDIX B: PROJECT TEAM

DRAFT

DEVELOPMENT TEAM: 21c MUSEUM HOTELS

Laura Lee Brown and Steve Wilson

Laura Lee Brown and Steve Wilson are the creative force behind 21c Museum Hotels. This husband and wife team has found success by using their passion and intuition as a guide in hospitality, farming, preservation, philanthropic giving, investing and collecting contemporary art. Much of the exhibited art at 21c's hotels is from the couple's personal collection. Brown and Wilson reside at Woodland Farm in Goshen, Kentucky, where they raise bison along with much of the produce served in their restaurants. Both native Kentuckians, they share a deep appreciation for the Commonwealth's rural and urban architectural landscapes alike. Their projects, including the preservation of five historic buildings on Main Street nearly lost to disrepair, have helped breathe new life into downtown Louisville. The couple first conceived 21c, in part, as a community restoration project aimed at revitalizing Louisville's cultural center. With the goal of engaging the public with art in a new way, they converted vacant buildings into an interactive museum, a boutique hotel, and a world-class restaurant. The project has received great support and praise from its community, and garnered significant recognition from many notable publications. Brown and Wilson are now broadening the 21c horizon, working with like-minded partners in new markets who share their mission. Wilson was appointed by the Governor of Kentucky to serve on both the Kentucky Horse Park Board and the University of Louisville Board of Trustees. Wilson serves as the 21c Museum Hotels' Chairman and Chief Executive Officer.

Craig Greenberg

A strategic thinker and tireless advocate, Craig Greenberg has spent most of his career creating and executing development strategies that turn challenging urban real estate projects into realities. Greenberg is a founding partner of 21c and currently oversees the daily operations of the company, as well as the development and financing of new properties. Greenberg's involvement with 21c started with his efforts to structure and source the financing for the Louisville property, which included funds from federal, state, and local incentive programs, as well as traditional construction financing and equity. Prior to joining 21c, Greenberg was an attorney with Frost Brown Todd. Among other responsibilities there, Greenberg managed an ancillary business dedicated to securing and deploying New Markets Tax Credits; this business has helped clients raise and invest over \$300 million in low-income communities across the country. Greenberg is on the University Of Louisville Board Of Overseers and the Board of Directors of Republic Bancorp (NASDAQ: RBCAA). A graduate of the University of Michigan, Greenberg earned a Bachelor of Arts degree and served as President of the Student Government before attending Harvard Law School and graduating cum laude.

Chett Abramson

Drawing on two decades of industry experience, Chett Abramson is a founding partner of 21c and, as Chief Operating Officer, he currently oversees financial and operational systems for the company. Prior to joining 21c, Abramson was a project director for Myriad Restaurant Group's consulting division, leading various special projects around the country and overseeing financial reporting for all of the group's restaurants, including New York's Nobu, Tribeca Grill and Montrachet. Prior to Myriad, he served six years as area Director of Purchasing and Director of Food & Beverage for Starwood Hotels' W brand. Abramson served as an integral member of opening teams for W Hotels in Seattle, New York, Chicago, Atlanta, New Orleans and San Francisco; he was also charged with management of all food and beverage operations in New York; and he was a member of the nationwide W operational audit team. Abramson earned a Bachelor of Science in Business and Finance from Brooklyn College, as well as an associate's degree from the New York Restaurant School.

Sarah Robbins

In her role as Senior Vice President of Operations, Sarah Robbins focuses on developing a seamless relationship between concept and functionality at each unique property. With a rolled-up-sleeves approach to leadership, she exemplifies the accessibility of the 21c brand and is a tireless champion of the company's approach to service. Robbins guides ongoing operations and has direct oversight of the culinary teams at each property. Prior to joining the 21c team, Robbins worked for Myriad Restaurant Group at the famed Tribeca Grill in New York City where she served in a variety of management positions. As a project director and lead trainer, she contributed to the opening of Nobu Vegas, Las Vegas; XYZ at the W Hotel, San Francisco; Icon at the W Court Hotel, New York; Heartbeat at the W Hotel, New York; Lucca at the Boca Raton Resort & Club; Henrietta's Table, Cambridge; and Earth & Ocean at the W Hotel, Seattle. Robbins graduated from Cornell University's School of Hotel Administration and is a retired Captain in the U.S. Army Reserves.

Firm Profile

a “whole-vision” architecture and interior design firm



21c Museum Hotel, Louisville, Kentucky

Deborah Berke & Partners Architects (DBP) is an award winning architecture and interior design firm of 30 people who share a common goal: to create buildings and spaces that are poised between background and fore-ground, where the importance of the architecture is in a constant balance with the importance of life. DBP’s design work is often described as having a refined, elegant aesthetic; it is both bold and subtle at the same time.

The firm was founded in 1982 by Deborah Berke, FAIA, LEED AP, and is led by Deborah, her two partners, and two principals. Since its founding, DBP has been working with individuals, educational institutions, cultural groups, and innovative developers to design custom residences, public buildings, facilities for the arts and academia, and distinctive hotels. The practice provides a full range of services, from master planning to architecture and interior design, and varies in scale from a city or campus plan to the elegant details of a custom piece of furniture.

Although based in New York City, Deborah Berke & Partners has completed projects in Europe, Asia, the Caribbean, and around the U.S. DBP is especially adept at shaping architectural language, using regional materials and technologies, based on the character of a place, and, more importantly, how people live and work there. Current projects include follow-ups in Arkansas and Ohio to the award-winning Louisville 21c Museum Hotel; a community arts center in Manhattan; two arts-related buildings and a new residence hall at three north east liberal arts colleges; and several private residences. Deborah Berke & Partners is a NYS-certified Woman-Owned Business Enterprise.

21c Museum Hotel, Louisville, KY, 2006

21c Museum Hotel was launched in 2006 in Louisville, Kentucky by philanthropists and art collectors Laura Lee Brown and Steve Wilson. It is a mixed-use luxury hotel that hosts free, ongoing exhibits by prominent living artists and provides this husband and wife team a unique setting to share their extensive collection of contemporary art.

For this award-winning project, Deborah Berke & Partners transformed five, contiguous, late 19th-century brick and cast iron buildings within a nationally registered historic district into a 94,000-square-foot hotel with 90 rooms, 6,000 square feet of gallery space, and a world-class restaurant. New steel and glass canopies mark the entry to the hotel, and the main entrance features a large pivoting glass door for occasional delivery of large-scale artwork. A five-story atrium and grand public stair at the center of the structure provides natural light for interior-facing guestrooms and connects the main floor public areas with the lower-level gallery space, meeting rooms, and fitness center. Many architectural features of the original building, such as cast iron columns and brick load-bearing walls, have been left visible in the public spaces. The warmly modern guestrooms bridge the gap between the former warehouses and the artwork and celebrate the use of innovative and environmentally sensitive materials. Custom furniture in rich woods and fabrics sit comfortably beside original exposed brick and contemporary art. Above the wooden headboards are tackable surfaces where art commissioned by the hotel is displayed and rotated.

21c Louisville, has proven to be a critical design and financial success and has established itself as market leader in the hospitality industry. In 2009 and 2010, 21c Museum Hotel was named the Number 1 Hotel in the United States by the *Condé Nast Traveler* Gold List. In 2006, it was named 'Best Hotel' in *Interior Design Magazine's* 'Best of Year Awards'. Awards also include an Award of Excellence in 2007 from the New York State AIA, and an AIA Honor Award in 2011 from Kentucky. It was voted #1 Hotel in the U.S. and #6 in the world in *Condé Nast Traveler's* 2009, 2010 and 2011 Readers' Choice Awards. The 21c hotel has been published in *Monocle*, *Vogue*, *Vanity Fair*, *Esquire*, *Details*, *Food & Wine*, *The New York Times*, *The Wall Street Journal* and *Wallpaper**.

21c Museum Hotel Bentonville, Arkansas, In progress

21c Museum Hotel Bentonville has the distinction of being the first ground-up building by the award-winning 21c brand. Deborah Berke & Partners Architects is currently working with 21c Museum Hotels on the new 100,000 square-foot hotel. It will provide a wide array of facilities that cater to business travelers and casual art enthusiasts alike. The primary focus of the hotel is the publicly accessible 12,000 square feet of galleries as well as an outdoor sculpture garden. These spaces will be dedicated to the work of living artists and will also serve as a key link in the emerging arts promenade that connects downtown Bentonville to the brand new Crystal Bridges Art Museum.

The unique gallery spaces are complemented by a world-class 125-seat restaurant, a spacious ballroom and state-of-the-art meeting and board rooms as well as outdoor spaces for private functions. The hotel will incorporate 104 guest rooms—including a two-bedroom 21c Suite with a terrace—that embrace the brand's ethos of "living among art." The complex integrates extensive natural lighting throughout and will provide bike rentals and lockers to both staff and guests. Set to open in the fall of 2012, 21c Museum Hotel promises to be a significant factor in the transformation of downtown Bentonville.

21c Museum Hotel, Cincinnati, Ohio, In Progress

Deborah Berke & Partners Architects is currently working with 21c Museum Hotels to renovate and restore a 99-year-old former Metropole Hotel, listed on the National Register of Historic Places in 2009. Building on 21c Museum Hotel's mission of engaging the public with contemporary art, the hotel will feature a contemporary art museum with more than 8,000 square feet of exhibition space. In addition, the facility will contain 160 guest rooms, a restaurant and bar, and meeting spaces.

Located adjacent to the Contemporary Arts Center Cincinnati and across the street from the Aronoff Center for the Arts, the new museum / hotel is expected to help foster the ongoing revival of the city and strengthen its role as a cultural destination. Deborah Berke & Partners is collaborating with Judy Williams, Historic Preservation Consultant, and Pittsburgh-based Perfidio Weiskopf Wagstaff + Goettel as executive architect, noted for its experience with historic preservation projects.



21c Museum Hotel, Bentonville, Arkansas



21c Museum Hotel, Cincinnati, Ohio

Perfido Weiskopf Wagstaff + Goettel

PERFIDO
WEISKOPF
WAGSTAFF +
GOETTEL

PERFIDO WEISKOPF WAGSTAFF + GOETTEL (PWWG) (Pittsburgh, PA) is a design firm practicing architecture, planning, and urban design for 35 years. We have four key practice areas: higher education, preservation and restoration of historic structures, hotels, and multi-family housing. Our clients include public and private institutions, government and commercial entities, and individuals, primarily throughout Pennsylvania, West Virginia, and Ohio.

PWWG has extensive experience in a variety of specialized areas related to preserving, renovating, and repurposing historic buildings including partial and complete envelope assessment and restoration consistent with sound preservation philosophy. Our approach is informed by an understanding of the performance of a variety of exterior cladding, from masonry cavity construction, to terra-cotta and limestone, including the common mechanisms of failure, and the protocols essential to produce lasting results in remedial repairs. Solutions are designed for the long term, and are sensitive to the building's architectural character. Other specialties include integrating systems upgrades sensitively in historic structures; complex window upgrades and historic replacements; and designing contextual additions that compliment historic structures. PWWG has a proven track-record of success teaming with other architects on construction documentation and administration on various projects, such as the \$50 million Information Sciences and Technology Building at Penn State University with Rafael Viñoly Architects, and over \$50 million in phased construction to create the FORE Systems campus with STUDIOS Architecture.



ALAN WEISKOPF, AIA joined PWWG in 1981 as an associate and became a principal of the firm in 1986. He is currently Managing Principal. Alan has served as the project architect or principal-in-charge of many of the firm's most significant projects. He has a wide range of experience in terms of project type and scale, with a particular emphasis on higher education, projects involving restoration, renovation and preservation of culturally significant structures, and hotel projects. He has also managed several of the firm's joint venture relationships. Alan is a past President of AIA Pennsylvania and has served on the Convention Center Design Commission Task Force for the David L. Lawrence Convention Center in Pittsburgh. He served on the Board of Directors of AIA Pittsburgh from 1990-1996, and on the AIA PA Board from 1997-2001. Alan is a graduate of Leadership Pittsburgh, a past member of the Board of Code Review, and he currently serves as Chairman of the Board of Standards and Appeals for the Bureau of Building Inspection in the City of Pittsburgh. Alan is a 1975 graduate of the University of Cincinnati with a BA in Architecture. He is a registered architect in PA, OH, WV, MD, IN, NY, North and South Carolina.

FEATURED PROJECTS



21c CINCINNATI HISTORIC RESTORATION & ADAPTIVE REUSE (Cincinnati, OH)

The Metropole, a 10-story historic building located in the heart of downtown Cincinnati, was one of the largest hotels in the city in the early 20th century. Since closing as a hotel nearly 40 years ago, it has been utilized for low-income rental housing. Recognizing the increasing activity in downtown Cincinnati and the central position of the building relative to cultural and sports venues, major corporations, popular restaurants, the convention center and the freshly renovated Fountain Square, the Cincinnati Center City Development Corporation (3CDC) retained PWWG to prepare a **redevelopment concept** for the building for its rebirth as a hotel. After PWWG prepared an initial concept study that outlined promising opportunities for this property as a hotel, 3CDC identified a development partner and is pursuing National Register nomination in order to obtain federal and state tax credits for the project. PWWG completed the construction documents for the comprehensive renovation of the building as the Executive Architect and Architect of Record in conjunction with Design Architect Deborah Berke and Partners (NYC). The design concept retains the key historic characteristics of the existing building, and blends them with new, contemporary and completely reconfigured spaces on the interior that support the boutique hotel concept.



Size: 159,000 s.f. / **Cost of Construction:** \$28,000,000
Firm Responsibility: Programming, Architectural Design
Completion Date: Projected 2012 / **Client:** 3CDC



COURTYARD BY MARRIOTT HISTORIC RESTORATION & ADAPTIVE REUSE (Pittsburgh, PA)

This project involved renovating three historic buildings into one 182-room hotel in the Penn Liberty National Historic District. Each of the existing buildings was a full depth (160 ft.) structure with no undeveloped open space. To adapt the structures for hotel use, a light well was cut from the third floor to the full height of the building, and a garden was installed on the third floor roof.

The entrance to the hotel is marked by a contemporary canopy. Behind the restored storefront is a two-story lobby with new high-speed elevators. Guest rooms have unusually high ceilings and tall windows for views and natural light, capitalizing on the “loft-like” feel of the space. Part of the basement has been developed for valet parking. First floor space not used by the hotel was developed for use by the Sonoma Grille, which is connected to the main lobby.



All exterior masonry and terra cotta surfaces have been restored. Windows have been replaced with new, energy-efficient glazing and original historic frame and mullion details.

The project received a Certificate of Appropriateness from Pittsburgh’s Historic Review Commission and was submitted to the PA Historical and Museum Commission for Historic Rehabilitation Tax Credits.



Size: 158,000 s.f. / **Cost of Construction:** \$ 14,000,000
Firm Responsibility: Programming, Architectural Design, Contract Documents, Contract Administration
Completion Date: 2004 / **Client:** Oxford Development, Corp.
Awards: Master Builder’s Association Building Excellence Award, 2004
Pittsburgh Historic Review Commission, Preservation Award, 2004
Preservation Pennsylvania Construction Project Award, 2004



575 BROADWAY HISTORIC RESTORATION & ADAPTIVE REUSE (New York, New York)

This commercial loft in Soho’s Cast Iron Historic District was commissioned by John Jacob Astor III on the site of the original Astor estate.

PWWG rehabilitated the entire building including offices, galleries, and retail space. Interior renovation included new building core and replacement of all HVAC, electrical, and plumbing systems. The new HVAC system uses state-of-the-art absorption boiler/chiller equipment to generate chilled water using only natural gas, dramatically easing electrical demands during peak summer months.

PWWG documented existing conditions and all elements of original construction and measured storefront profiles in detail to restore what previous renovations had destroyed or obscured. The building’s original colors were determined by analysis of its painting history. Exterior work focused on restoration of the original floor and site plans, with two new stairs for direct access to the basement, a half level below the sidewalk. Sidewalk windows and restored vault covers bring natural light to the basement.



Size: 160,000 s.f. / **Cost of Construction:** \$ 10,800,000
Firm Responsibility: Programming, Zoning & Historic Review Approvals, Historic Restoration, Contract Documents, Contract Administration
Completion Date: 1989 / **Client:** 569 Broadway Associates
Awards: New York City Landmarks Preservation Commission, Certificate of Merit

Judith B. Williams
Historic Preservation Consultant
2237 Cambridge Boulevard
Columbus, Ohio 43221
Judywilliams.hpc@gmail.com
614/736-3540

Firm Profile

Judith B. Williams, Historic Preservation Consultant, was established in 1988 in Columbus, Ohio. The firm has specialized expertise in all aspects of historic preservation with a track record for managing successful Historic Tax Credit Certification Projects of all sizes. Projects have ranged from \$3 million to \$100 million in rehabilitation costs. For this work, the company provides assistance – from design inception to project completion – that will enable the rehabilitation project to meet the Secretary of the Interior’s Standards for Rehabilitation. Work includes coordination with the owner, architect and contractor and serving as a liaison with project reviewers at the State Historic Preservation Office and the National Park Service. The firm is responsible for filing all paperwork associated with the application and certification processes for Part 1, Part 2 and Part 3. Other consulting services include preparation of nominations to the National Register of Historic Places (both districts and individual buildings), development of historic preservation community plans, preparation of walking tours and educational materials, completion of design guidelines for historic district design review, training of design review commissions, conducting historic research and writing historic narratives, developing intensive-level architectural surveys, documenting historic buildings, and facilitating local landmark designation of eligible properties. The firm’s work is predominantly based in Ohio, but projects have also been located in Michigan, Indiana, and Kentucky.

Biography

Judy Williams has over 30 years’ experience in historic preservation, historic rehabilitation tax credit certifications, design review, and revitalization program planning. She has worked as a preservation consultant since 1983, and as the sole proprietor of her Columbus, Ohio-based preservation consulting business since 1988. She obtained a Master’s Degree in Preservation Studies from Boston University in 1983 and an undergraduate degree from Ohio Wesleyan University in 1977. Judy has written dozens of historic district design guidelines and National Register nominations in Ohio and elsewhere, and has developed specialized expertise in the use of guidelines for local design review. She has successfully shepherded over 120 rehabilitation projects through the Federal Historic Tax Credit certification process in Ohio and surrounding states. Recent projects include multiple commercial buildings in the Over-the-Rhine Historic District in Cincinnati, along with the current rehabilitation of a historic hotel in downtown Cincinnati as a new 21c Museum Hotel. In addition, she is currently

assisting with proposed plans for redevelopment of five buildings in the Whiskey Row Historic District in Louisville, Kentucky; the First National Bank Building in Lexington, Kentucky; and the Atlas Building and LeVeque Tower rehabilitation projects in Columbus, Ohio. Judy has received recognition for her commercial projects in Cincinnati as well as a 200-building scattered site affordable housing project in Columbus, Ohio, that included historic tax credits, Section 106 and local design review. In 2006, Judy was the team leader for preparation of the *Ohio Historic National Road Design Handbook*, published by the Ohio National Road Association and winner of a National Scenic Byway Award in 2007. She meets Federal Historic Preservation requirements in the area of Architectural History.

Relevant Project Qualifications

21c Museum Hotel, Cincinnati, Ohio: Historic preservation consultant facilitating the use of Federal and State Historic Tax Credits for the rehabilitation of the former Hotel Metropole into a 21c Museum Hotel. Estimated rehabilitation cost: \$50 million. Work included preparation of necessary documentation and filing of application materials, narratives, amendments, and photographs to obtain state and federal approvals for all aspects of the work for this 10-story building. Expected completion late 2012. Assistance also with nomination of the building for individual listing on the National Register of Historic Places. Listed 2009.

Over-the-Rhine Commercial Buildings, Cincinnati, Ohio: Historic preservation consultant facilitating the use of Federal and State Historic Tax Credits for the rehabilitation of 15 separate buildings, ranging from two to four stories, in the Over-the-Rhine Historic District in Cincinnati. Total rehabilitation cost: \$15 million. Completed 2011. The project involved reconstruction of storefronts, new upper story windows, new construction, and redevelopment of interiors into both market rate apartments and offices, with historic character preserved. Nine buildings in a single block on Vine Street were honored with an Ohio Historic Preservation Merit Award in 2011.

Community Properties of Ohio, Columbus, Ohio: Provided historic preservation consulting services for this 100-building scattered site affordable housing rehabilitation project, winner of multiple awards including a 2011 National Trust for Historic Preservation Honor Award. Total rehabilitation cost: \$100 million. This 6-year, multi-phase project included local design review, Section 106 review and historic tax credit certifications that enabled 85 of the buildings to qualify for the Federal Historic Tax Credit. Judith B. Williams served as project consultant throughout the project, which resulted in the preservation and enhancement of affordable housing in 7 historic neighborhoods.



MCCALL GROUP

Firm Profile

McCall Group, LLC is a Louisville based partnership that was formed in 2010 to address the continuing need for Owner's Representation on large development and construction projects. The partnership was born out of the recognition that many Owners want to pursue development projects but in many cases either have little experience in the process or simply want to concentrate on their core business. The construction and development consulting firm is led by two Principals – Ron Carmicle and Brad Wilcox and is a blend of construction and business experience with an organizational approach to managing complex projects with the goal of turning the vision of an Owner into reality.

Depending on the nature and scope of a project, McCall Group works with Owners to understand the vision of a project, design professionals to coordinate Owner requirements, construction professionals to implement the plan and the many other vendors/suppliers that make up various components of a project to ensure a complete and seamless end product. McCall Group's role is to coordinate all aspects of a project, provide an organizational approach to connecting all of the moving parts, to involve the Owner for critical decisions, educate all parties involved when issues arise and work to solve them to ensure that the scope is complete while maintaining project budget and schedule.

As an Owner's Representative, McCall Group LLC has effectively managed and coordinated over \$90 million of work put in place.

Biographies

Ron Carmicle is a Partner at McCall Group LLC, a construction and development consulting business. Carmicle has been in the commercial construction business in the Kentucky region for over 40 years as a commercial masonry subcontractor and a business and construction industry leader. He has been involved in hundreds of millions of dollars of work put in place as a subcontractor and has served in a leadership capacity for some of the region's largest commercial public/private projects.

Brad Wilcox is a Partner at McCall Group LLC. Wilcox is a registered professional engineer with a Masters in Business (MBA). His background includes both consulting engineering and construction management. He has been involved in the construction industry (both on the design side and construction side) collaborating with project owners for 14 years. He has been involved in some of the largest commercial construction projects in the Kentucky region in as both a designer and a subcontractor.

Project Qualifications

21c Louisville

McCall Group partners (prior to formal creation) provided complete Owner's Representative services for the development and construction of the original 21c Museum Hotel in downtown Louisville. The project consisted of an historic rehabilitation of five 130-year-old load-bearing masonry structures into the #1 hotel in the United States, as voted by the readers of Conde Nast Traveler.

Owner's Representative services included advice on concept, land acquisition, lease negotiation, coordination of pre-construction demolition activities, budget creation, coordination of design professionals, complete management and coordination of the construction process including change order management, coordination of the FFE/OSE purchasing, warehousing and installation, coordination of the pre-opening activities, and payment execution for the entire project.

Construction on the \$30+ million project was completed in March of 2006 and was completed on time and within the budget limitations outlined by the Owner.



21c Cincinnati

McCall Group is currently providing complete Owner's Representative services for the development and construction of 21c's 2nd location in downtown Cincinnati, Ohio. The project consists of an historic rehabilitation of a 100-year old steel/structural glazed tile and concrete structure back to the building's original use as a high end hotel in Cincinnati's urban core.

Owner's Representative services includes global project budget creation, coordination of pre-construction activities for construction budget refinement, coordination of design professionals and contract negotiation, complete management and coordination of the construction process (GMP CM Contract) including change order management, coordination of the FFE/OSE purchasing, warehousing and installation, coordination of the pre-opening activities, and payment execution for the entire project

Construction on the \$50+ million project is scheduled to be complete in October of 2012 and opening of the facility is scheduled for November 2012.



APPENDIX C: NEWSPAPER COVERAGE OF PROJECT ANNOUNCEMENT

DRAFT

LEXINGTON HERALD-LEADER

MOBILE APPS AT Kentucky.com

KEENELAND

Track knows how to keep kids entertained

Life + Neighbors, C1



SPORTS, B1

Will they join Cats? 2 stars set to announce

Louisville clobbers UK in baseball

Sports, B1: Arkansas football coach Bobby Petrino fired

APRIL 11, 2012 | WEDNESDAY | METRO FINAL EDITION 1

\$1.00

Campaign '12

Santorum announces he's out of GOP race

ROMNEY NOMINATION ALMOST A CERTAINTY

By Michael D. Shear and Jim Rutenberg
New York Times News Service

Rick Santorum suspended his campaign for the Republican presidential nomination Tuesday, bowing to the inevitability of Mitt Romney's nomination and ending his improbable, come-from-behind quest to become the party's conservative standard-bearer in the fall.



Rick Santorum was unable to overcome Mitt Romney's lead, despite some successes.

"We made a decision over the weekend, that while this presidential race for us is

BOUTIQUE HOTEL 'A WIN' FOR CITY



CITY GOVERNMENT

Mayor seeks more police, firefighters

BUDGET INCLUDES REQUEST FOR PAY RAISES FOR NON-UNION EMPLOYEES

By Beverly Fortune
bfortune@herald-leader.com

Lexington Mayor Jim Gray Tuesday endorsed a minimum 2 percent pay raise for most non-union city government employees and proposed that the city hire more police officers and firefighters.

Gray, in his annual budget speech, called for two new police recruit training classes and two new fire training classes, in addition to classes already under way.

Both departments have complained of chronic understaffing. Public Safety Commissioner Clay Mason said the proposed fire and police classes are "a tremendous

City budget highlights

- 2 percent pay raises for most city employees.
- Two new recruit classes each for police and fire departments.
- \$1.25 million in bond proceeds for Rupp Arena.
- \$800,000 for an Emergency Operations Center.



Read the mayor's speech and the budget documents.

less than the city's median salary.

LEXINGTON **HERALD-LEADER** Kentucky.com
SUNDAY

Coupons inside up to **\$239** Total value might vary by ZIP code

ALL-STATE TEAMS
SPORTS - C8

Boys' Player of the Year
DEREK WILLIS
Bullitt East

Girls' Player of the Year
SYDNEY MOSS
Boone County

APRIL 15, 2012

METRO FINAL EDITION 1

\$2.00



THE ROAD TO THE KENTUCKY DERBY

» **Kentucky Sunday, B1:** Merlene Davis: Lexington owner of Hunter's Hatters is calling this year's Derby her "swan song" as a hat maker.

TOYOTA BLUE GRASS STAKES

DULLAHAN'S THE MAN Record crowd at Keeneland sees late charge by Derby hopeful



Hotel offers validation for downtown



\$2.00

Hotel offers validation for downtown



CHARLES BERTRAM | cbertram@herald-leader.com

The First National Bank building will be converted to a hotel and contemporary art museum as part of a \$38 million project.

EFFORTS TO CREATE VIBRANT URBAN CORE PAYING OFF



TOM EBLEN
HERALD-LEADER
COLUMNIST

Lexington leaders were almost giddy last week after 21c Museum Hotels announced plans to turn the old First National Bank building into one of its award-winning hotels and contemporary art museums.

They had every right to

Rich Copley: The Lexington Art League plans to open exhibition space near 21c. **Page E1**

be giddy. It is a big deal, for many reasons, and comes at a pivotal time for downtown Lexington.

The Louisville-based company's decision to make Lexington its third expansion city after Cincinnati and Bentonville, Ark., validates five

See **HOTEL, A2**

Old bank building stands tall historically

FAMED FIRM DESIGNED CITY'S 1ST SKYSCRAPER

By Beverly Fortune
bfortune@herald-leader.com

The historic First National Bank building has been architecturally and historically significant since it opened in 1914 as the home of Fayette National Bank.

Known as Lexington's first

skyscraper, the 15-story landmark at 167 West Main Street regained prominence last week with the announcement of plans to convert it to a 21c Museum Hotel.

"For many years it was one of the tallest buildings in this part of the United States," said Clyde Carpenter, professor of architecture

See **BUILDING, A2**

LEXINGTON HERALD-LEADER

MOBILE APPS AT Kentucky.com



St. Louis bats deafen Cincy

Reds' pitcher Homer Bailey, left, gives up 4 first-inning runs. **Sports, B1**



Don McPherson

Football star aims to help boys grow up right

Merlene Davis, C1

A 'hero' in fighting breast cancer

Page C1

APRIL 10, 2012 | TUESDAY | METRO FINAL EDITION 1

\$1.00

Iran hints at nuclear bargaining for talks

BUT IT FALLS SHORT OF WESTERN DEMANDS

By Nasser Karimi and Brian Murphy
Associated Press

TEHRAN, Iran — Iran is signaling a possible compromise offer heading into critical talks with world powers deeply suspicious of its nuclear program: offering to scale back uranium enrichment but not abandon the ability to make nuclear fuel.

The proposal — floated by the country's nuclear chief as part of the early parrying in various capitals before negotiations get under way Friday — suggested that sanctions-battered Iran is ready to bargain.

But this gambit, at least, appeared to fall short of Western demands that Iran hand over its most potent nuclear material and ease a standoff that has rattled nerves and spooked markets with seesaw oil prices and threats of Israeli military strikes.

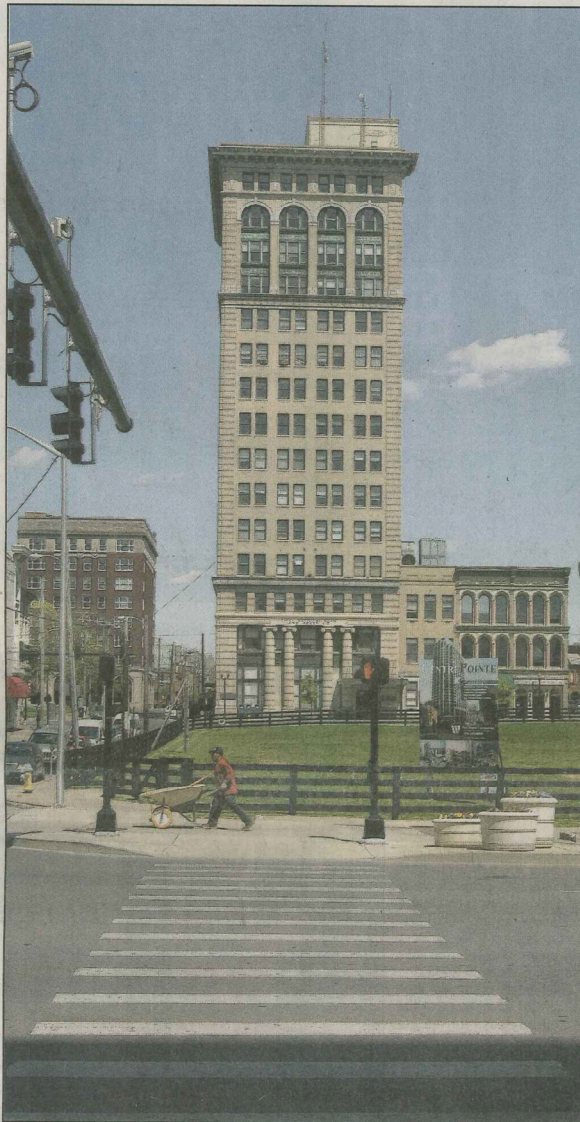
"It is important for Iran to understand that the window is closing and that these talks are an opportunity," White House press secretary Jay Carney said Monday. "The decision rests with Iran."

The talks involving Iran and the five permanent U.N. Security Council nations plus Germany, to be held in Istanbul, are the first direct negotiations on Tehran's nuclear program since a swift collapse more than 14 months ago.

Despite far-reaching complexities, the dispute effectively boils down to one issue: Iran's stated refusal to close down its uranium enrichment labs.

For Iran, uranium enrichment is a proud symbol of its scientific advances and

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PHOTOS BY CHARLES BERTRAM | cbertram@herald-leader.com
The old First National Bank Building at West Main and North Upper streets will be converted from an office to a combination hotel and museum of contemporary art by the 21c group.



The 15-story First National Bank Building was bought for an undisclosed amount from Ben and Biff Buckley.

Landmark to become a destination

LEXINGTON TO GET A 21c MUSEUM HOTEL; MAYOR CALLS IT A 'GAME-CHANGER'

By Beverly Fortune
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Louisville philanthropists and art collectors Steve Wilson and Laura Lee Brown will announce plans Tuesday to buy the old First National Building in downtown Lexington and convert it to a 21c Museum Hotel — a combination boutique hotel and contemporary art museum.

"We're excited about the possibility of opening a hotel in Lexington," Wilson told the Herald-Leader on Monday. "Lexington's downtown is vibrant and can be even more so. Lexington is a great place for university people, basketball people, horse people — but they don't have much of a choice in hotels."

The hotel on West Main Street will have a restaurant, a bar, meeting rooms, a ball-

room and approximately 80 guest rooms.

In January, the couple signed an agreement to buy the 15-story First National Building for an undisclosed sum from owners Ben Buckley and his son Biff, owners of Buckley & Company Insurance agency.

"They had a right to a due-diligence period," Biff Buckley said. "They had to get an estimate on what it would cost to convert it from an office building to a hotel, and bring it up to code."

Wilson and Brown had until September to make a final decision, but Buckley received a call Thursday from their local representative saying, "It's a go."

The Buckylys, whose real-estate holdings include the Security Trust Building on Short Street, bought the First National Building in 1999 for \$2.9 million from former Mayor Foster Pettit, Biff Buckley said.

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