

**REPORT/ RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF
ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY AND
RECORD OF ACTION**

December 9, 2021

FROM: Robert Olslagers, Senior Advisor

SUBJECT: Hotel Update

RECOMMENDATION: Information Only

BACKGROUND: At the October 14, 2021 meeting, the board conditionally approved a lease agreement with Davendra Patel and Binoy Patel (no relation) to operate a Four Points by Marriott (formerly Sheraton) hotel. During the due diligence period it was discovered that the proposed hotel management team was not qualified to manage a Marriott "select" hotel, nor did the firm wish to be a 10%+ equity partner. As a result, the Patels have had to look for and identified two firms interested in managing the hotel, with one firm insisting on a majority equity stake, while the other firm would like the Patel's to set up and fund the 10% equity ownership with a payback schedule. Neither option is particularly attractive to the Patels. They are in the due diligence phase at this time and the Authority has not yet been given any information on the firm that wants a majority stake, who would in effect become the lessee. If the latter is selected, staff would still need to establish whether that firm is qualified financially and has the necessary experience. The conditional approval would have to be withdrawn and a new motion to approve will be required.

Separately, Mr. Ritter and his team have been advised that they are second in line behind the Patels in the event the Patels fail to find a suitable management partner. Mr. Ritter has also been advised of the Marriott "select" standards and the minimum equity partnership requirement. Marriott is committed to the "select" and "equity" standards on the presumption that it will improve the chances of the Four Points product succeeding after acquiring the brand from Sheraton Hotels. The board may recall that the prior owners employed a management firm that had no equity (i.e., "skin") in the hotel, which allowed it to deteriorate.

Additional information will be provided at the board meeting when available.

FINANCIAL DATA: N/A

REVIEW BY OTHERS: Robert Olslagers, Mike Fronapfel

PRESENTERS: Robert Olslagers

Action of the Board of Commissioners

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Bagnato	<input type="radio"/>				
Baker	<input type="radio"/>				
Doubek	<input type="radio"/>				
Holen	<input type="radio"/>				
Sharpe	<input type="radio"/>				