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February 28, 2024

Mayor Wehrli and
City Council Members
400 S. Eagle Street
Naperville, IL 60540

RE: Extension of Hotel Incentive Agreements Due to Pandemic

Dear Mayor and City Council:

The Naperville Development Partnership is a public/private economic development organization and also provides the city's marketing for the hospitality industry through the Naperville Convention & Visitors Bureau (NCVB). In the late 1990's, the city of Naperville had several permit requests for *limited-service* hotels, which are smaller and have fewer amenities. The city was lacking hotels with banquet/meeting facilities – to the extent that the annual State of the City Address for Naperville was held at a hotel in a neighboring community. To remedy the need for 'demand generators' in the form of meeting and banquet space, the city passed a text amendment to the ORI/OCI zoning districts to define a hotel as having significant amenities and large meeting space, and meeting the ratings for the category of *full-service* property.

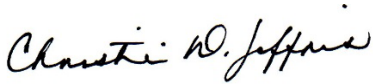
To accomplish the goal of attracting high-end conference hotels the city entered into incentive agreements with four developers to construct/renovate Arista Hotel, Marriott, Embassy Suites and Hotel Indigo – three for new construction of full-service hotels, and in the case of Marriott, the redevelopment and rebranding of the former Holiday Inn Select. The terms for each agreement were dependent on the development and related investment, but each agreement ran for a period of twenty years or until the rebate amount was met, whichever comes first.

The pandemic of 2020 caused major changes and challenges to the way many businesses operated, but the meeting and banquet facilities were impacted in the extreme. From April 2020 through May 2022, the Covid Guidelines prohibited, or severely limited, group gatherings. The pandemic caused cancellation and/or postponement of events, and work from home put a hard stop to business meetings. The four hotels experienced a drop in business that resulted in little or no revenue for the properties and little or no hotel tax rebate, all while continuing to maintain the banquet facilities during these years.

The four hotels respectfully request an extension of two years on each of the agreements, less any rebate the property received from April 1, 2020, through March 31, 2022. The eligible amount of the rebate for each agreement will not change.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, reading "Christine D. Jeffries". The signature is written in a cursive, flowing style.

Christine D. Jeffries
President

Attachments



To: Naperville Council Members

From: Dan Gustafson – General Manager

February 27, 2024

Thank you for taking the time to review our request to extend two years on the Hotel agreement:

The impact of COVID in 2020 saw the hotels' performance fall way below our targets. The overall budget in 2020 for revenue was \$19,000,000. In the 1st quarter of 2020, we were on target and produced \$3,325,000 in Revenue and then The State of Illinois shut down on March 16th and the bottom fell out. From that point forward, we let go of 200 employees (Kept 11) and we produced an additional \$1,746,000 to finish the year at \$5,072,000 total revenue. The overall occupancy was 20.48% with an average daily rate of \$112.00.

In 2021, although we had a vaccination available, travel with groups and catering was very slow to rebound. We finished the year at 30% and produced \$8,525,000 in total revenue and we still do not make enough cash flow to pay our mortgage. We were able to finally make a mortgage payment in the middle of 2022 from our hotel operations.



HOTEL ARISTA®

EFFORTLESS

To: Naperville City Council

From: Jim Adams, SVP, Chief Financial Officer & Treasurer, Calamos Family Partners, Inc

Re: Hotel Arista

Hotel Arista, Naperville's only Four Diamond, Forbes recommended, hotel was greatly impacted by the effects of the COVID 19 pandemic. Over the 2020 / 2021 time-period, the hotel sustained revenue losses in excess of \$10M versus 2019 levels. Our rooms division later recovered to pre-pandemic levels in 2022, but through 2023, our Food & Beverage division has yet to return to pre-pandemic levels, resulting in additional losses through 2023 of an additional \$1.2M. At the start of the pandemic, the hotel initially closed for the period from March 20, 2020, through June 1, 2020. The hotel restaurant opened for curbside service as of April 24, 2020. Upon fully re-opening on June 1, 2020, the hotel and its outlets remained open thereafter, often with extreme restrictions that resulted in our inability to operate anywhere remotely close to normal levels. Given the significant economic losses sustained due to the pandemic, we respectfully request the Council's consideration in extending our tax incentive for the requested two-year period.



Marquette Companies

February 26, 2024

Dear Mayor and City Council Members:

We appreciate your consideration of extending the hotel and retail tax rebates for a two year period due to the extreme negative impact of Covid on our Hotel Indigo operations and Water street retail tenants. We were able to stay open, however our hotel occupancy was severely affected by both the wedding cancellations and lack of business meetings. We also experienced a loss of a retail tenant and restaurant.

We had to take on additional debt to make it through and your assistance is appreciated to help with its repayment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nick M Ryan', with a long horizontal flourish extending to the right.

Nicholas M. Ryan
Manager

135 Water Street – 4th Floor - Naperville, IL 60540
Phone: 630-420-4730, Fax: 630-420-4731