

Amendment

Finance - Procurement

Date: June 2, 2022

Amendment No. 1

Professional Service Agreement No.: 4135 Convention Ctr Renovation/Expansion and Hotel Study

Reference: SA 4135

Service Agreement Current Not to Exceed Value: \$91,000

The **CITY OF CORPUS CHRISTI, TEXAS** ("City") and Hunden Strategic Partners, Inc. ("Contractor") enter into this amendment (the "Amendment") which, together with Professional Service Agreement No. 4135 (the "Agreement") and all other previously executed amendments, if any, constitutes the entire understanding and agreement between the City and Contractor.

I.

Section 2, Term, of the Agreement is amended to extend the contract term an additional month, for a revised total term of seven months, such Agreement to end November 24, 2022.

II.

Section 3, Compensation, of the Agreement is amended by increasing the compensation payable by \$85,000.00 for additional work to be completed by the Contractor, each addition to the Scope of Work as described below in paragraph IV of this Amendment (OVG360 Contract Review Advisory; \$5,000.00) and as attached to this Amendment and labeled as Attachment A-1 (Entertainment District Study; \$80,000), respectively; therefore, the revised total compensation payable to the Contractor, pursuant to the Agreement, is \$176,000.00.

III.

Attachment A, Scope of Work, of the Agreement is amended by adding the following additional work: OVG360 Contract Review Advisory (as further described in paragraph IV of this Amendment) and Attachment A-1, Entertainment District Study, to the scope of professional services to be completed by the Contractor, such latter Attachment A-1 as attached to this Amendment, the content of which is incorporated by reference into this paragraph III as if fully set out here in its entirety.

IV.

Specifically pertaining to the OVG Contract Review Advisory, Contractor shall provide critical review and professional recommendations on the City's proposed OVG360 contract for management of the American Bank Center, ask questions, and suggest best practices, based on the Contractor's experience, that will result in a favorable contract for the City. On a monthly basis, Contractor shall bill \$275 per hour for Rob Hunden, up to a maximum of

\$5,000.00 for work completed on the OVG360 contract until either the \$5,000.00 limit is reached or the work is completed, whichever occurs first.

The City and Contractor shall abide by all terms and conditions of the Agreement and any previously executed amendments, if any, to that Agreement, to the extent such terms and conditions are not in conflict with the content of this Amendment.

Rob Hunden
President, Hunden Strategic Partners, Inc.

Date

Peter Zaroni
City Manager

Date

Approved as to form:

Assistant City Attorney Date

Attached and Incorporated by Reference:
Attachment A-1: Entertainment District Study



Corpus Christi Highest & Best Use Entertainment District Market Demand Study

To: City of Corpus Christi
Attn: Peter Zaroni, City Manager
1201 Leopard Street
Corpus Christi, TX 78401
peterz@cctexas.com

From: Rob Hunden, CEO
Hunden Strategic Partners
213 W Institute Place, Suite 707
Chicago, IL 60610
rob@hunden.com

Date: June 1, 2022

Project Understanding

The City of Corpus Christi (City or Client) is requesting a proposal from Hunden Strategic Partners (Hunden) to complete a highest and best use, mixed-used entertainment district market and financial feasibility study, as well as economic/fiscal impact analysis, for development of available City-owned parcels (Project) surrounding the American Bank Center (ABC) campus in Corpus Christi, Texas. Hunden is currently working alongside the City to complete a market and financial feasibility study for both a new convention center headquarter hotel and the expansion of the ABC complex. This work directly complements the existing contract. Findings from each effort can ultimately be combined so that the City has a comprehensive report and future action plan for the ABC campus and surrounding district.

Located along the Gulf Coast, the City of Corpus Christi encompasses approximately 460 square miles, 160 of which is land. The humid subtropical climate and beautiful Gulf views attract visitors, residents and businesses. The City has a number of tourism assets including, but not limited to, American Bank Center, Heritage Park, Texas State Aquarium, South Texas Botanical Gardens, and Padre Island. The City is now faced with an opportunity to develop a vibrant mixed-use district that creates synergy with Corpus Christi's existing visitor assets and brings new economic growth to the community by meeting the needs and demand of local residents and tourists.

The goal of the study is to determine the optimal mix of market-supported uses for development of the available parcels surrounding the ABC campus. The city-owned parcels are identified in the figure below by the dotted white boundary.



Hunden Strategic Partners proposes to complete the mixed-use market and financial feasibility study for the following uses:

- Retail and restaurant,
- Indoor/Outdoor entertainment,
- Office,
- Multifamily, and
- Hotels.

Scope of Work – City Parcel Mixed-Use Study

Hunden Strategic Partners proposes the following work tasks for the Corpus Christi mixed-use market and financial feasibility study:

- Task 1 – Retail and Restaurant Market Analysis
- Task 2 – Indoor/Outdoor Entertainment Market Analysis
- Task 3 – Multifamily Market Analysis
- Task 4 – Office Market Analysis
- Task 5 – Hotel Market Analysis
- Task 6 – Case Studies and Lessons Learned
- Task 7 – Recommendations and Implications

- Task 8 – Demand and Financial Projections
- Task 9 – Economic, Fiscal, and Employment Impact Analysis

Task 1: Retail and Restaurant Market Analysis

The retail and restaurant analysis will include an overview of the market in Corpus Christi, as well as the industry and demographic trends that drive shifts in restaurant and retail development and survival in similar areas. The analysis will include the following:

Industry Trends. Hunden will cover the trends that influence how and where people want to shop, eat/drink and be entertained as part of those experiences, and how recent macro events have shifted these trends. In addition, Hunden will cover key drivers of demand, financial realities, including typical metrics and cap rates, and others, as relevant.

Market Performance. Supply, Demand, Rates, Absorption, and other key metrics of the current market area, in time-series charts and data tables, using CoStar and other analytical tools.

Submarket Performance. Supply, Demand, Rates, Absorption, and other key metrics of the current submarket area, in time-series charts and data tables, using CoStar and other analytical tools.

Competitive Set Identification & Performance. Profiles of leasable spaces or developments (location, size, quality, age rates, vacancy), absorption and time-series of performance. A competitive set supply map will profile location and consider nearby supportive uses, such as residential, hotels, event facilities, office clusters, attractions, and other support/demand generators.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set absorption dynamic.

Using **geofencing research technology** as a key resource to study customer origin and traffic analytics for retailers and other relevant businesses, Hunden will determine consumer behaviors and visitor origins dating back to 2017, which will highlight opportunities for new development. Hunden will assess how busy similar/comparable or competitive developments are, compare them to the Project, and determine primary trade areas, shopper origin, demographics and other datapoints.

Interviews: Hunden will interview local brokers and others in the marketplace to understand the nuances moving the market. Hunden will work to determine what types of retailers and restaurants could, when developed in critical mass, enhance the market's offerings, induce demand and achieve rates that will support development costs.

Task 2: Indoor/Outdoor Entertainment Market Analysis

Hunden will provide a comprehensive analysis of the local and regional market for concert, and entertainment, and event venues.

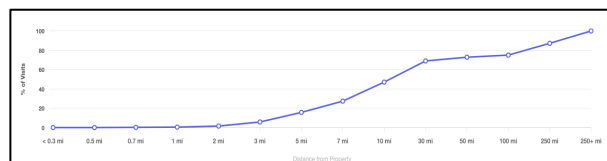
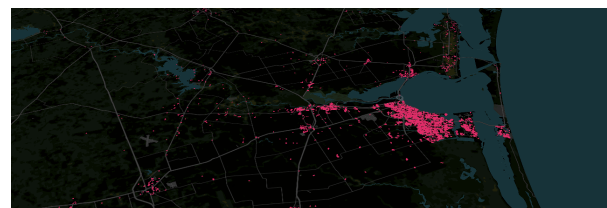
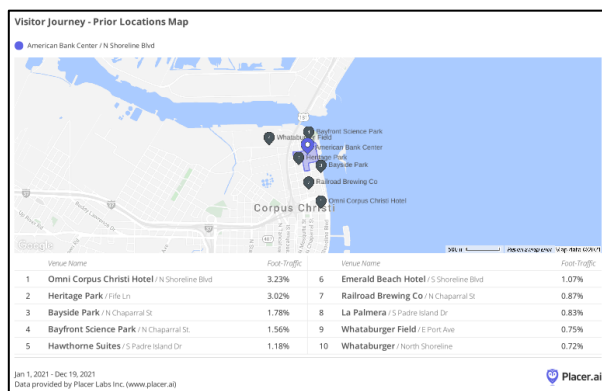
Indoor/Outdoor Entertainment and Event Market Industry Trends. Hunden will provide an analysis of industry trends impacting the development and redevelopment of outdoor entertainment and event space. This includes an understanding of many sub-industries within the entertainment and event industry.

Competitive Market Analysis. In this task, Hunden will undertake an analysis of the facilities competing for entertainment and events in the local and regional marketplace and will use this information to assess current supply and demand. This analysis will include:

- Types of programming and entertainment/events, market focus, resident users, and other data, as well as location, size, capacity, age, condition, ownership, management, and critical issues,
- Pollstar data showing number of events, average ticket price, tickets sold, etc. for competitive facilities (as available).

Attendee Profiles. Hunden will use **geofencing research technology** to determine primary trade areas, visitor origin, demographics, time of day/day of week activity level, and other datapoints that provide insight into user group behaviors. Analysis of this information helps us determine how a redeveloped Amphitheater may perform.

This task will provide an understanding of the market that the facility finds itself in and the opportunities and challenges associated with the current marketplace. Are there gaps in quality, supply of certain facility types, and overabundance of certain types of facilities? Hunden will also determine how the existing visitor experiences at surrounding venues, such as Heritage Park and the Convention Center, will be affected by redevelopment of the area.



Demand Interviews. In order to understand potential demand, Hunden will conduct interviews with show promoters, event producers, and users/user groups. The results of the demand interviews will be presented in a way to show how the indoor/outdoor event facilities will likely perform in terms of annual event demand and attendance.

Task 3: Multifamily Market Analysis

The multifamily market analysis will include an analysis of the rental apartment market in Corpus Christi, as well as the industry and demographic trends that drive shifts in apartment occupancy in urban and suburban areas. The analysis will include the following:

Industry Trends. Hunden will cover demographic and migration trends that influence how and where people want to live, and how recent macro events have shifted these trends. In addition, Hunden will cover key drivers of demand, financial realities, including typical profit ratios and cap rates, and major players in the industry, nationally and locally.

Market Performance: Supply, Demand, Rates, Absorption, and other key metrics of the market, in time-series charts and data tables, using CoStar and other analytical tools. Hunden will include a map of area submarkets and key nodes of asset clusters.

Submarket Performance: Supply, Demand, Rates, Absorption, and other key metrics of the submarket, using CoStar and other analytical tools.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set absorption dynamic.

Competitive Set Identification & Performance: Profiles of competitive developments (location, size, quality, age, rates, vacancy), absorption and time-series of performance. A competitive set supply map will profile location and consider nearby supportive uses.

Interviews: Hunden will interview local brokers, facility management and others in the marketplace to understand the nuances moving the market. Hunden will work to determine what product could thread the needle to improve the market's offerings and achieve rates that will support development costs. Often, new, unique product can significantly outperform existing stock if there is a gap in quality, age, location, etc. that could induce new demand and higher rates to the submarket.

Task 4: Office Market Analysis

Hunden will provide a high-level overview of the office market in Corpus Christi to understand potential opportunity for new development as part of the mixed-use district. The high-level analysis will include the following:

Industry Trends. Hunden will cover cultural and macroeconomic trends that influence how and where people want to work, and how recent macro events and Covid-19 have shifted these trends to work from home (WFH) or a hybrid model. In addition, Hunden will cover key drivers of demand, financial realities, including typical cap rates.

Market Performance. Supply, Demand, Rates, Absorption, and other key metrics of the market, in time-series charts and data tables, using CoStar and other analytical tools. Hunden will include a map of area submarkets and key nodes of asset clusters.

Submarket Performance. Supply, Demand, Rates, Absorption, and other key metrics of the submarket, using CoStar and other analytical tools.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set absorption dynamic.

Task 5: Hotel Market Analysis

This task will expand upon the convention center headquarter hotel analysis to consider the market opportunity for additional hotel developments, such as full-service, boutique, select-service, and others. Hunden will interview local hotel and tourism management, as well as the Client, to determine the sources of demand for the general market and for individual hotels in and around the development area in Corpus Christi.

Hunden will gather local and regional hotel data from a variety of sources, including area tourism officials, other nearby hotels, STR, and other sources. Hunden will examine how the existing hotels are or are not accommodating the type of demand that would likely visit the area if the city-owned parcels are developed. The analysis will include the following elements:

Industry Trends. Hunden will cover the trends that influence hotel development and performance and how recent macro events have impacted hotels in the Project area. In addition, Hunden will cover key drivers of demand, financial realities, including typical metrics and cap rates, and others as relevant.

Local Market. In this task, Hunden will profile the area supply of hotels, as well as the key nodes or clusters of hotels in the marketplace. Hunden will interview local hotel and management representatives to determine the sources of demand for the general market and for individual hotels in and around the development area. Hunden will gather local and national tourism data from specific hotel, event, and meeting facilities and organizations. Hunden will consider such annual events and seasonal tourism waves to examine how the existing hotels are or are not accommodating the type of demand that would like to visit the area.

Competitive Set. Hunden will analyze the submarket to determine the competitive set of hotels near the Project. Hunden will consider location, size, quality, age, brand, concept, amenities, and other factors. Hunden will obtain data through interviews and STR (Smith Travel Research) statistical database and reports, and a variety of industry resources. The competitive set will then be individually profiled.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set.

Comp Set Performance. The analysis will include tracking of occupancy, monthly room night demand, average daily rate (ADR), and Revenue per Available Room (RevPAR), and performance by year, month, day of week, unaccommodated demand, and demand type/market mix.

Hunden will discuss how new hotels have been absorbed into the market and will provide conclusions on the ability of these improvements to induce more demand from each major market segment. Market segmentation within the set will also be shown in three primary categories:

- Commercial transient,
- Group (corporate group, association, and other), and
- Leisure.

Task 6: Case Studies and Lessons Learned

Hunden will review similar and relevant mixed-use entertainment projects developed across the region/U.S. Hunden will consider the following data points *as available*:

- Location,
- Size,
- Mixed-use development components,
- Event programming,
- Performance (as available),
- P3 models, financing options/structures (as available),
- *Critical factors to success*, and
- Others, as appropriate.

These will be profiled and implications discussed. The results will provide the Client with lessons learned and critical elements to success or failure.

Task 7: Recommendations and Implications

Considering the analysis, Hunden will make recommendations for market-supported use types, including quality, sizing and other key factors, for the city-owned parcels/sites. Hunden will also connect this set of recommendations with the research findings from the headquarter hotel and convention center analysis, as the connectivity and synergy between all pieces/components is critical. This will not only be based on the existing market, but also on the market that the Client is looking to attract with new development in the site(s). Hunden will provide implications and various scenarios by type of use for: Retail/Restaurant, Indoor/Outdoor Entertainment, Multifamily, Office and Hotels.

In addition, Hunden will recommend a strategy for existing structures on the City-owned properties, whether to move, demolish or renovate/include in the plan.

Task 8: Demand and Financial Projections

For each appropriate market, Hunden will conduct a demand model, including a penetration analysis. This will then lead to assumptions that will be used to determine the detailed financial projections for each use. These will include major line item detail of revenue and expense for each component, which will then result in net operating income (NOI) that will support debt service. Hunden will present projections from each component and then combine these results into a mixed-use financial projection. The mixed-use projection will help the public and private sector understand the total investment, the total return and any funding gaps that would need to be covered for any element. These results will be used as a basis for the impact analysis task, which will produce the return on investment for the public sector.

The models will then be combined with the models created for the convention center and HQ hotel study to ensure the Client has a comprehensive financial view of the convention district opportunity.

Task 9: Economic, Fiscal, and Employment Impact Analysis

Hunden will conduct an economic, fiscal and employment impact analysis to determine the direct, indirect, and induced impacts, including the tax revenues that are generated by projected visitors to the Project. The model will be a combined model with the ABC complex and HQ hotel model so all of the components will be connected and combined in one comprehensive model.

Based on the above analysis, a projection of net new direct spending will be tabulated. New spending is spending that is new to the community as visitors come to Corpus Christi and the surrounding area due to an event, spend the night or otherwise spend time or money in the area. Hunden will analyze the spending by residents (transfer spending) and discuss the amount that is recaptured. For example, due to the existence of activity generated by events, economic activity occurs as residents pass up opportunities to leave the area to spend money. Instead of going to an event in another area, the event keeps their spending within the area. This is considered recaptured demand. The net new and recaptured direct spending is considered to be the **Direct Impacts**.

From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, an attendee's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the attendee's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Fiscal Impacts** represent the incremental tax revenue collected by the City due to the net new economic activity related to an event. For example, our analysis will estimate the hotel and

other tax revenue from an overnight stay by an attendee and considers this a fiscal impact. The fiscal impact represents the government’s share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to host events. Hunden will identify the taxes affected and conduct an analysis of the impact on these accounts and governmental units.

- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with an event. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Hunden uses one of the industry’s most relied upon multiplier models, IMPLAN. This input-output model estimates the indirect and induced impacts, as well as employment impacts, based on the local economy. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced expenditure, payroll and employment result from the estimated changes in the flow of income and goods caused by the projected direct impacts. The model data are available by various jurisdictional levels, including counties.

Timing and Fees – City Parcel Mixed-Use Study

Timing Extension. Hunden will conduct this study in tandem with the ABC Center and HQ Hotel study, although timing of the combined effort may push by two to three weeks to account for delayed start of this effort and larger comprehensive analysis.

Additional Fee - Hunden proposes to complete the scope of work for a fee of **\$80,000** inclusive of all expenses. No travel is assumed.

Hunden will bill according to the following payment schedule broken out by Deliverable Milestones:

▪ Project kickoff:	\$20,000
▪ Market findings presentation:	\$20,000
▪ Draft report delivery:	\$20,000
▪ Final report delivery:	\$20,000

Contractual Conditions

The following conditions apply to this engagement with you.

SCOPE LIMITATIONS. Hunden’s services do not include the following: any assistance with a bond marketing strategy; any assistance with the preparation or distribution of any official statement; or any advice on the municipal bond market. Hunden does not provide advice with respect to municipal financial

products or the issuance of municipal securities, including services with respect to the structure, timing, terms and other similar matters concerning such financial products or issues.

Hunden is not a municipal advisor and Hunden is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Registration and Regulation of Brokers and Dealers Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financing product or issuance of municipal securities. Client is advised that any actual issuance of debt must be done under the advice of its bond counsel and financial advisors. Your financial advisor should provide any advice concerning the specific structure, timing, expected interest cost, and risk associated with any government loan or bond issue. Potential advisors should not rely on representations made in this report with respect to the issuance of municipal debt.

The findings and recommendations of Hunden's research will reflect analysis of primary and secondary sources of information. Estimates and analyses presented in our work product will be based on data that are subject to variation. Hunden will use sources that it deems reliable, but will not guarantee their accuracy. Recommendations will be made from information provided by the analyses, internal databases, and from information provided by external sources.

Client is entitled to receive the work product(s) prepared by Hunden pursuant to this Agreement. Client has no right to access or deliverance of any underlying statistics, models, or any other information developed by Hunden in preparing the Report to which this Agreement pertains.

UPDATES. Hunden has no responsibility to update its work product(s) for events and circumstances occurring after the date presented to the Client. Delayed invoice payments will result in delay of deliverables for the next portion of work. If edits and comments are not received from the Client related to any prior deliverable within thirty (30) days of the delivery of the deliverable, the work product will be considered final, and the current billing will be sent and become due.

BILLING. Any past invoices must be paid prior to the delivery of the next Milestone Deliverable. If an invoice remains unpaid 30 days after it was emailed to the client, Hunden may without further obligation, cease the assignment and terminate the Agreement. All previous invoices will remain due. Any invoice unpaid after 30 days will accrue a 3% per month late fee. Any invoice unpaid after 90 days will result in legal action by Hunden to collect such invoice(s).

Failure by Hunden to assess late fees does not preclude Hunden from assessing late fees in the future.

TRAVEL. In the event that the Client chooses to alter, adjust or change dates/times of any Client-related trip after Hunden has booked and purchased travel arrangements, it shall be the responsibility of the Client to reimburse Hunden for any fees and fare/price differences associated with cancellation/change of travel arrangements.

USE OF DELIVERABLE. The Work Product is copyrighted and cannot be manipulated in any way beyond the format that it was provided to the Client. Hunden is available to adjust work product as needed at a standard hourly rate of \$200 per hour.

TERMINATION. Notwithstanding the Billing language above, Hunden reserves the right to terminate this Agreement on fifteen (15) days written notice to Client should Client fail to satisfactorily perform its obligations under this Agreement. In the event Hunden terminates this Agreement, Client is obligated to pay Hunden for all services rendered under this Agreement prior to termination, including work through the next unbilled milestone. Nothing contained herein shall constitute a waiver of Hunden’s right to bring suit for damages or to enforce specific performance of this Agreement. In the event of termination of this Agreement by the Client, Client is obligated to pay Hunden for all services rendered under this Agreement prior to termination, including work through the next unbilled milestone. Hunden further reserves the right to take any legal action necessary to enforce its rights under this Agreement. In the event Hunden is required to commence suit to collect any unpaid amounts due to it from Client, Client agrees to reimburse Hunden for its costs and attorneys’ fees in bringing such suit.

It is agreed that the liability of Hunden to the Client is limited to the amount of the fees paid by client to Hunden.

Hunden limits its responsibility to the Client and any use of the study produced pursuant to this Agreement by third parties shall be at the risk of the Client and/or said third parties. By the execution of this Agreement, Client acknowledges that he/she/it has read and agrees to the terms and conditions of this Agreement and agrees to the inclusion of a standard set of General Assumptions and Limiting Conditions in the report. Additional conditions prompted by the discovery of extraordinary or unusual circumstances uncovered during the course of investigation may be added to the study assignment, if necessary.

DISPUTES. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, other than non-payment of amounts due hereunder, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial [or other applicable] Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

If this document meets with Client’s approval, Client may accept this letter and authorize Hunden to proceed by signing below.

Authorization

Accepted By:

Signature _____

Printed Name _____

Title _____

Company _____

Date: _____