

**UNIVERSITY OF CONNECTICUT  
REQUEST FOR OFFERS  
TO GROUND LEASE, IMPROVE AND OPERATE  
A HOTEL IN STORRS, CONNECTICUT**

**Responses due by 4:00 p.m. on Thursday, April 26, 2018**

## **1.0 Overview**

By issuing this Request for Offers, the University of Connecticut (“University”) is seeking proposals (“Responses”) from qualified hotel developers and operators (“Respondents”) to improve and operate an existing hotel, currently known as the Nathan Hale Inn, at the University’s Storrs campus. The University desires to ground lease the existing land and hotel building in exchange for a commitment to make improvements to the property and annual rent on the ground lease.

This Request for Offers outlines the University’s criteria and minimum standards for the improvement and operation of the existing hotel. Responses should include proposed lease terms and conditions, improvement designs, management plan, and projected 10-year operations proforma for the hotel. Respondents may submit more than one Response, however each Response must be submitted separately.

## **2.0 Background**

### **2.1 Introduction to UConn**

The University is Connecticut’s flagship public university and one of the top public research universities in the nation. The University enrolls over 30,450 students and awards over 7,600 undergraduate, graduate and professional degrees each year. The Storrs campus is home to 18,800 undergraduate students and employs 3,200 full and part-time faculty and staff. For more information on the University, please visit [uconn.edu/about-us](http://uconn.edu/about-us).

### **2.2 Nathan Hale Inn**

The Nathan Hale Inn is a 98-key hotel with 120 parking spaces located on approximately 1.0 acre of University-owned land in Storrs, CT. The Nathan Hale Inn was constructed in 1999 by a private party as a private development on land leased by the University.

The University did not initially provide a room guarantee or other financial support to the hotel. The University did not control the design or the construction of the hotel when it was built. The private developer owned the building and operated it as a hotel.

The University’s lease with the original private developer provided the University with a right of first refusal in the event the hotel was offered for sale. In June 2015, the University exercised that right and acquired ownership of the hotel.

The Nathan Hale Inn is now being operated by a private management company engaged by the University. The University started leasing two floors of the hotel in the 2014-15 academic year for student housing. About half of the hotel is currently being used for student housing during the academic year.

The University intends to cease utilizing the hotel for student housing after the existing hotel is leased to a private operator. The University also anticipates a new private operator will choose to rebrand and change the name of the hotel.

### 2.3 Market Study

The University engaged Pinnacle Advisors to conduct a market study for the development of a hotel on or near the Storrs campus. This July 2016 study is provided with this Request for Offers for informational purposes only. Respondents must conduct their own due diligence and risk assessment concerning the viability of a hotel in this market.

### 2.4 Request for Offers Contact

This Request for Offers is being issued by the University's Planning, Design and Construction office. Respondents wishing to be informed when answers to questions, supplemental information, or amendments are posted should so notify the University by sending an email to Robert Corbett, Director of Regional Projects and Development, at [Robert.Corbett@uconn.edu](mailto:Robert.Corbett@uconn.edu). Please include "Hotel Request for Offers" in the subject line.

### 2.5 Condition Survey

Respondents are responsible for conducting their own conditions assessment and investigating the existing condition of the hotel building and land. The University provides no warrants as to the usability or reusability on any of the existing building components for present or future use. For access to the building to conduct a walk-through of the spaces or conditions assessment, please contact Robert Corbett at [Robert.Corbett@uconn.edu](mailto:Robert.Corbett@uconn.edu) to arrange for an appointment.

## 3.0 Hotel Response Criteria

### 3.1 Private Project

The University will not provide any financial support for this hotel project. The renovation of the hotel will be privately funded. The hotel will be privately operated and privately maintained. The University will not direct or control the design or construction of the improvements to the hotel. The University will not operate or control operations of the hotel.

Responses must demonstrate the Respondents' experience, qualifications and financial capacity to independently improve and operate the hotel as a high-quality hotel.

The University, together with its faculty, staff and visitors, may utilize the hotel's accommodations, services and amenities in the same manner as other paying members of the public. The University will not pre-commit to any such use, however. The developer and operator will have and retain all financial risks for the improvement and operation of the hotel.

### 3.2 Design Standards

The University will have the right to establish minimum design and construction standards for the hotel improvements in the ground lease. These standards are in lieu of local zoning requirements. No local zoning authority will govern the project.

The specific standards that will be required for the project will depend on the attributes of the proposal selected by the University. Responses should include concept plans and improvement budgets in sufficient detail to convey the type, quality and scope of renovation or improvements to the existing property.

All Responses are expected to meet or exceed the following minimum standards:

- The improvements to NHI should result in no less than 65 guestrooms and no greater than 98 guestrooms. Conversion of some or the majority of the guestrooms to suites is acceptable.
- The hotel type can be either a boutique-style, full service or limited service.
- The improvements to NHI must be constructed with materials with the durability to have a lifespan for the entirety of the lease term.
- The University is committed to sustainable design practices. New facilities constructed by the University must meet a minimum of a LEED Gold design requirement. This standard is not required for private projects on state land, but Respondents should explain their approach to sustainability and the standards their proposed plan will meet.

### 3.3 Ground Lease

The ground lease will include the existing hotel building and a site area of approximately one acre (as shown on the diagram included with this Request for Offers). Respondents are requested to propose terms and conditions, duration, rent and other considerations expected for the ground lease in their Response.

The ground lease duration shall be no greater than 98 years, with preference given to shorter terms. At the end of the ground lease term, ownership of the hotel and all related improvements to the land and building will revert to the University.

The University purchased the existing hotel for \$8.3 Million and is seeking to recoup its investment through rent and other considerations in the lease.

No assignment or transfer of the ground lease by the Respondent will be permitted during the first five years of the hotel's operation. The University will retain a right of first refusal regarding any proposed transfer or assignment of the ground lease. The ground lease may only be assigned or transferred if the University declines the right of first refusal and provides advance written consent.

### 3.4 Improvements Schedule

Responses must include an improvements schedule, which needs to include timetables for approvals, design, construction and phasing of the improvements, if any. As currently planned by the University, half of the existing hotel will be occupied by students for the 2018-2019 academic year and

the University does not anticipate construction of improvements commencing until May 2019. However, if it is deemed desirable, the Respondent may submit a schedule for the improvements to the hotel building to commence as early as January 2019 for consideration by the University.

### **3.5 Purchase Contract Option**

In lieu of or in addition to submitting a ground lease proposal, the Respondent may submit an offer to purchase outright the existing hotel building and site area. Respondents are requested to propose terms and conditions and financial considerations expected for the purchase contract in their Response.

No assignment or transfer of the property by the Respondent will be permitted during the first five years of the hotel's operation. The University will retain a right of first refusal regarding any proposed transfer or assignment of the property and the property may only be assigned or transferred if the University declines the right of first refusal and provides advance written consent.

## **4.0 Development Considerations**

### **4.1 Improvement Costs**

Respondents will be responsible for all costs associated with the improvements to the hotel, including, but not limited to, all development, design, financing and construction costs. In addition, any expenses associated with utilities, site improvements, parking or other activities necessary or appropriate to improve and operate the hotel shall be provided by the Respondent at its sole expense.

### **4.2 Taxes**

If the property is ground leased, the existing land and hotel building may be subject to local real estate taxes. Personal property taxes and taxes related to operating revenue are also subject to local, state and federal requirements. As a private development on public land, sales tax on construction materials apply and the project will not be exempt.

If the property is purchased, real estate taxes, personal property taxes, taxes related to operating revenue and sales tax on construction materials will all apply.

### **4.3 Permitting**

Respondents will be responsible for securing all permits for the work, including the general building permits and any approvals required for the improvements described in its Response. Demolition permits, if necessary, are issued by the local municipality. If a development on University property meets the threshold requirements set forth in Connecticut General Statutes § 29-276b, the Office of State Building Inspectors has jurisdiction for the issuing of construction and occupancy permits on the development. Otherwise, the authority having jurisdiction on University property is the UConn Office of Public Safety and the UConn Fire Marshal's Office.

### **4.4 Design Approvals**

The University will retain approval rights at various stages of the design development (*i.e.*, concept design, schematic design, design development and construction documents) over the building and site improvement aesthetics and appearance, floor plans, materials and details to assure adherence to University's standards in the lease.

The actual construction of the project, however, will be the sole responsibility of the Respondent. The Respondent will not be deemed to be acting as a representative or agent of the University at any point or in any respect during the construction of the project. The University will not assume any right or responsibility to direct or control any aspect of the construction activities taking place on the project.

#### **4.5 Options to Purchase**

Respondents must propose terms and conditions for a University option to purchase the improved hotel, which shall exist at regular intervals during the entire lease term, and rights of first refusal on bona fide offers received from third parties.

#### **4.6 Labor Requirements**

Because the hotel project will be privately funded, privately constructed and privately operated, the developer and operator will not be required by the University to pay prevailing wage. Respondents will need to determine, and will be responsible for, how it contracts and pays for all labor used on the hotel improvements. The operation of the hotel and related improvements may be subject to certain other state requirements, however, such as those set forth in Connecticut General Statutes § 32-704, if applicable.

#### **4.7 Public Safety**

If the property is ground leased, because the existing hotel and any improvements to it will be on University property, public safety will continue to be under the jurisdiction of the University. Regardless of whether the property is leased or purchased, the Respondent will be solely responsible for all security, liability and safety protocols for the land and hotel building, but the University police and fire department shall be the first responders.

### **5.0 Response Requirements**

In order for the University to assess the Responses, Respondents shall meet each of the "Response Requirements" described below with regard to the hotel. If Responses do not meet the Response Requirements or have inadequate or unclear documentation such that the University cannot assess the Response Requirements, the University may in its sole discretion determine not to consider such Response.

#### **5.1 Improvement Plan**

Responses must contain a sufficient level of design and documentation, including a space and amenity program, site plan, conceptual elevations, and schematic floor plans, to convey the physical attributes of the hotel, amenities and related improvements.

## **5.2 Financial Capacity and Experience**

Responses must contain sufficient evidence that shows a financial capacity and capability to execute the hotel improvements and operation as described in the Respondent's Response. The Responses must demonstrate experience and qualifications to execute the improvements and operations. The determination of the sufficiency of such evidence will be at the sole discretion of the University.

## **5.3 Financial Structure**

Responses shall include sufficient details, information and commitments concerning the financing sources necessary to support implementation of the improvements of the hotel and site, including but not limited to, identification of a bona fide third party lender or evidence of sufficient assets to self-finance the hotel improvements.

For offers to purchase the land and hotel building, Responses shall additionally provide sufficient details, information and commitments concerning the financing sources necessary to fund the proposed purchase price in the Response.

## **5.4 Development Budget**

Responses shall include a detailed development budget, including the costs of the lease or purchase price, building and site improvements, FF&E, design fees, soft costs, contingency, financing, carrying costs, preopening expenses, and all other costs and expenses required to improve and construct the hotel.

## **5.5 Operating Statement**

Responses shall include a projected operating revenue and expense statement for a time span of not less than 10 years for the hotel.

## **5.6 Hotel Operation**

Responses shall indicate whether the Respondent will operate the hotel or whether it will be managed by a third-party hotel operator and provide information and documentation concerning the Respondent or third-party hotel operator. Responses shall indicate and provide documentation on whether the hotel will be under a franchise agreement, national hotel chain flag or similar, or operated independently.

## **5.7 Schedule**

Responses must provide a milestone schedule showing the proposed duration for major activities, completion and occupancy dates, approvals and permitting, design phases, expected review and approval times by the University, and construction sequences and activities.

## **6.0 Qualification and Evaluation Criteria**

The University will use both qualitative and quantitative criteria to evaluate the Responses. Amongst the criteria, the University will consider the following:

- a) Respondent's experience in executing hotel developments similar to its Response,
- b) Proposed financing structure and financial capacity to execute its Response,
- c) Appropriateness and desirability of the proposed hotel improvements and program,
- d) Expected obligations of the University (both monetary and non-monetary), if any, and expected revenue or other benefits to the University from the lease, purchase contract or other means,
- e) Proposed improvement schedule and timeline,
- f) Appropriateness of the building design to the neighborhood and/or campus and its aesthetics,
- g) Experience managing hotel operations,
- h) Experience working with Universities and colleges on hotel projects, and
- i) The extent to which economic development is promoted and the Response complements the University's on-going educational mission.

The University will review the Responses and determine which Respondents demonstrate, at the sole discretion of the University, compliance with the requirements in this Request for Offers and will establish a shortlist from such Respondents. The University may request more detailed information or clarifications from the Respondents, if necessary. The University may then choose to enter negotiations with one or more Respondents.

## 7.0 Delivery of Responses

7.1 To be considered responsive, written responses must be submitted in **hard copy**, by delivery of five (5) copies to:

University of Connecticut  
Office of University Planning, Design and Construction (UPDC)  
31 LeDoyt Road  
Storrs, Connecticut 06269-2048  
Attention: Robert Corbett

7.2 Responses that are received by 4:00 pm local time on **Thursday, April 26, 2018** will receive preference in review, but Respondents may submit Responses to this Request for Offers at any time before that and the University reserves the right, but does not have an obligation, to consider Responses submitted after that.

7.3 All questions and clarification requests must be directed, in writing, to [Robert.Corbett@uconn.edu](mailto:Robert.Corbett@uconn.edu). Please do not phone the Office of University Planning, Design and Construction or other offices of the University. Questions must be submitted in writing **no later than 4:00 p.m. local time on Tuesday, April 10, 2018**. The University will endeavor to post Answers to relevant questions by the end of the day on Friday, April 13, 2018. Answers to relevant questions, without attribution, will be posted on the following University of Connecticut website: [evpacfo.uconn.edu](http://evpacfo.uconn.edu). Supplemental information or amendments to this Request for Offers, if necessary, will also be posted on this website, so Respondents are advised to check the site frequently. Respondents may not rely on oral communications or other information disseminated outside the official communication process specified herein.

## 8.0 Legal Provisions

8.1 The University reserves the right to unilaterally and without cause accept or reject any or all Responses, and to withdraw this Request for Offers at any time before or after the submittal period has closed. The University may at any time in the process of evaluating Responses seek written clarification and supporting information for a Response. Further, the University reserves the right, in its sole and absolute discretion, in order to obtain facilities and terms in the best interests of the University, (i) to discuss a submission or enter into negotiations with any Respondent without notice to other Respondents; (ii) to enter into discussions or negotiations with respect to the subject matter herein with parties not responding to this Request for Offers without notice to the Respondents; (iii) to discuss, negotiate and enter into agreements relating to the subject matter of this Request for Offers with more than one Respondent or any other party (iv) to suspend or discontinue any such discussions or negotiations at any time; (v) to extend, reopen, modify, cancel and/or reissue this Request for Offers; and (vi) to use the Responses as a basis for negotiation and to negotiate with one or more Respondents on terms other than set forth in this Request for Offers.

8.2 The University may have previously posted information regarding a new hotel and/or renovation of the Nathan Hale Inn on University websites or had other conversations with Respondents about the possibility of a hotel on campus or in the area. Respondents should not use any previously issued materials, information or RFEI's previously published by the University or rely on any other conversations in preparing their Responses and should only use information specifically provided with this Request for Offers.

8.3 All Responses are to be the sole property of the University and response documents will not be returned to the submitting Respondent. Each Respondent, and not the University, shall be responsible for all of its costs associated with its participation in this process, including, but not limited to, costs incurred in the preparation of its Response and submittals, investigation and other due diligence activities, travel, and its participation in any discussions or meetings or negotiations. The University shall in no way be liable for any cost or expense incurred by any Respondent in preparing a Response.

8.4 The Respondent waives any right it may have to bring any claim, whether in damages or equity, against the University, its agents and employees, with respect to any matter arising out of any process associated with this Request for Offers.

8.5 Upon receipt by the University, all Responses are considered a public record or file, subject to the Freedom of Information Act ("FOIA"), and to public disclosure unless otherwise protected. The University may withhold from disclosure the Responses until the completion of the procurement process, pursuant to § 1-210(b) (24) of the Connecticut General Statutes, which provides that nothing in the Freedom of Information Act shall be construed to require the disclosure of:

"Responses to any request for Proposals or bid solicitation issued by a public agency or any record or file made by a public agency in connection with the contract award process, until such contract is executed or negotiations for the award of such contract have ended, whichever occurs earlier, provided the chief executive officer of such public agency certifies that the public interest in the disclosure of such responses, record or file is outweighed by the public interest in the confidentiality of such responses, record or file."



The Respondent is responsible for identifying any and all information it considers a trade secret, commercial or financial information submitted in confidence or otherwise exempt and not subject to release by statute, unless such earlier claims were already adjudicated by the Freedom of Information Commission.

8.6 No member of a Respondent's team may communicate with members of another Respondent's team to give, receive, or exchange information, or to communicate inducements, that constitute anti-competitive conduct in connection with this Request for Offers process. Should the Respondent team include subcontractors or team members that are common to another Respondent team(s), the Respondents and common subcontractors or team members must ensure that communications between the parties do not violate this provision.

8.7 Responses made to the University shall constitute acceptance of all of the terms and conditions set forth in this Request by the Respondent.

8.8 Respondents are hereby noticed that at the conclusion of the selection process and successful negotiation, the selected Respondent will be required to enter into a written agreement with the University. No agreement shall be binding and effective upon the University until such time as such agreement is approved by the University's Board of Trustees and the Attorney General's Office. At the time such agreement is executed, respondents shall be required, if applicable, to sign certain affidavits and/or certificates, including but not limited to the following affidavits:

1. Certificate of Authority
2. OPM Ethics Forms 1, 5, 6 and 7
3. Nondiscrimination Certification

Copies of the affidavits and certificates can be obtained at the following link:

<http://www.attorneygeneral.uconn.edu/contracts.html>

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