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Peabody, convention center among riverfront proposals

By Richard Lawson
and Brad Schrade

After months of circling the block, owners of The Peabody Hotel in Memphis yesterday officially proposed building a \$135 million hotel on Nashville's riverfront next to a proposed stadium for the Nashville Sounds.

That \$135 million would include the famous Peabody ducks wandering through the hotel lobby as they do in hotels in Memphis, Little Rock, Ark., and Orlando. But they wouldn't come until 2008, the proposed opening year.

The Sounds minor-league baseball team had originally proposed a \$38.5 million stadium on the 11.5-acre city-owned site, with a residential and retail development beside it. The Peabody Group offered a 500-room hotel next to the stadium instead of the residential and retail space and would consider building if the stadium deal didn't happen.

The hotel joined two other proposals — a mixed-use development and a convention center — that were turned in by yesterday's deadline to a 19-member Metro Council task force formed in March to look at the best use for the property. The land is the site of the former Nashville Thermal Transfer Plant, along First Avenue between Shelby Avenue bridge and the new Gateway Bridge.

A Sounds stadium still is in the running, and the task force will meet Friday to discuss it along with the three other proposals. But members do not expect their discussions to be limited to the ones submitted.

"We could decide the highest and best use wasn't even submitted," said Jack Wood, task force chairman and chairman emeritus of Barge, Waggoner, Sumner & Cannon, an engineering, architecture and planning firm.

The task force will determine the value of the land and make a recommendation to the council within two months.

In addition to The Peabody, Charlotte, N.C., developer Pappas Properties sent a letter of interest in building a \$150 million mixed-use development, but didn't provide specifics. The developer has done several projects in Charlotte, including converting two large cotton mills in that city's downtown into retail and residential.



PEABODY HOTEL – Cost: \$135 million. Details: The Belz family, which owns 100 Oaks Mall, proposes building a 500-room hotel, complete with the signature ducks.



SOUNDS STADIUM

Cost: \$38.5 million

Details: The minor league baseball team proposes an 11,500-seat stadium, with an adjacent complex holding 225 residential units and 80,000 square feet of retail space.

Pappas teamed with Crescent Resources, another Charlotte developer that has built about 1 million square feet of offices in Cool Springs, on the cotton mill project in Charlotte.

The Greater Nashville Hotel & Lodging Association pitched the idea of a 400,000-square-foot convention center with a price tag of \$250 million. The local hotel industry has been advocating a new convention center for several years, and Metro is working on a feasibility study.

"Obviously everybody would love a baseball stadium," said Tom Negri, a member of the association's leadership and general manager of the Lowes Hotel on West End Avenue. "But is that the best use?"

The hotel industry's position is that a new convention center would provide the community a better return on investment.

Tennessee Titans owner Bud Adams, who recently offered \$10 million to buy the site if the Sounds proposal died, didn't submit a proposal. Instead, he sent a letter on May 7 supporting the Sounds deal and withdrew his \$10 million offer.

Adams said he would take another look once the task force completed its work or if the Sounds deal died.

Metro Council formed the task force of government and business people after interest from developers, including The Peabody, emerged outside of the Sounds deal. Councilman Charlie Tygard and others had questioned whether a Sounds stadium was the highest and best use.

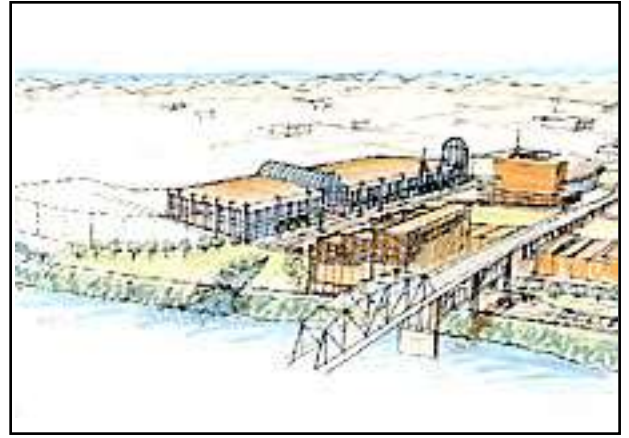
Under the Sounds' proposal, Metro would issue bonds that would be paid back from tax revenue generated by the park.

Mayor Bill Purcell sought a third-party guarantor for the bonds to protect taxpayers from having to cover any shortfall if the park doesn't generate enough tax revenue to cover bond payments. That hasn't happened, but The Peabody noted in its proposal that the hotel's tax revenue should be able to help pay off the bonds.

Sounds General Manager Glenn Yaeger said he thinks The Peabody's proposal enhances chances for a new ballpark, because it gives another option to the city for a neighboring development to accompany the ballpark and help generate revenue to pay for it.

Yaeger said The Peabody's proposal puts less emphasis on the team's ability to pay the bonds through the ballpark revenue and shifts more of that burden on revenue from a hotel.

"We like our current proposal," Yaeger said. "We think it's the best use for that site, but if there are components of that proposal that are unacceptable, then we'd have to explore other options."



FROM 2001 DESIGN CHARETTE ON POSSIBLE NASHVILLE CONVENTION CENTER LOCATIONS CONVENTION CENTER

Cost: \$2505 million

Details: The Greater Nashville Hotel & Lodging Association pitched the idea of a 400,000-square foot convention center. Metro currently is working on a feasibility study.

To get the hotel, however, Metro would have to give an economic inducement or property tax break of some kind.

The Peabody Group said it would need \$32 million to \$40 million of public assistance, even if it received the land for little or no cost. It projected that the hotel would generate \$32 million of sales taxes in its first 10 years of operations.

"It does take more than the value of land to make the numbers work," said Martin Belz, president and chairman of The Peabody Group. Government assistance is needed now, in particular, because the hotel industry has struggled for the past couple of years because of fallout from the economy and Sept. 11, Belz said.

Belz said financial resources to build new hotels were beginning to loosen a bit. "We think the timing could be right," he said.