



Statement of Qualification

PHG

PACIFIC HOSPITALITY GROUP



Napa Valley



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TRINITASCELLARS.COM



Statement of Qualification

Prepared for: City of Newport Beach
Prepared by: Kory Kramer, VP of Acquisitions, Pacific Hospitality Group

November 20, 2012

Dave Kiff
City Manager
City of Newport Beach
3300 Newport Boulevard
Newport Beach, CA 96658-8915

Tuesday, November 20, 2012

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Irvine, CA 92612
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Dave,

The ownership and management of Pacific Hospitality Group, LLC. would like to present you with this Letter of Interest and Statement of Qualifications for the redevelopment of the current Newport Beach City Hall site located at 3300 Newport Boulevard.

Pacific Hospitality Group (PHG) is an Irvine-based ownership, management, and hospitality development company that maintains a portfolio of seven properties encompassing over 1,400 rooms and 90,000 square feet of meeting space, including four properties in Orange County, highlighted by the recent acquisition of the Balboa Bay Club & Resort.

PHG owns and operates both full-service and limited-service brands with a core emphasis on California coastal properties. PHG constructed three of its Orange County properties in addition to the flagship Meritage Resort & Spa in Napa, CA. 2011 and 2012 saw the acquisition of the Estancia La Jolla Hotel & Spa in La Jolla, CA, the Balboa Bay Club & Resort in Newport Beach, CA, and the completion of the 165-room expansion at the Meritage Resort & Spa.

Enclosed you will find a comprehensive breakdown of PHG's qualifications to lead the redevelopment of the current Newport Beach City Hall site. Our experience in construction of hotel properties plus years of successful ownership and development of lifestyle branded, four-star hotel properties will be of great benefit to the economic growth of Newport Beach.

Thank you in advance for your consideration.

Sincerely,



Kory Kramer
Pacific Hospitality Group
Vice President of Acquisitions

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Executive Summary

About PHG

Founded in 1997, PHG maintains a long-term strategic vision and a strong sense of core values as guiding principles for our business success. PHG manages, develops, finances, and owns hotel properties primarily located in California. PHG currently operates 7 hotels representing over 1,400 rooms and 90,000 square feet of indoor meeting and event space. By using a cluster strategy, PHG is committed to growing its market share and adding value to its portfolio through renovations, repositioning and expansion. To further this goal, PHG enjoys excellent relationships with major lodging companies including Hilton, Intercontinental Hotels Group and Preferred Hotel Group.

Strategic Vision

Focused on maximizing investor value through a comprehensive approach to portfolio management, PHG's strategy is predicated on:

- Developing or acquiring upscale full-service hotels with nationally recognized brands;
- Developing boutique conference hotels and resorts with our own independent brands;
- Enhancing the value of our hotels through major capital projects;
- Optimizing the performance of our portfolio through aggressive asset management.

Company Profile

- Founded in 1987
- CEO: Tim Busch
- Syndicates properties through separate LLCs
- Co-invests in each deal and retains a promote interest
- Manages all hotels

Our
Portfolio

PHG

PACIFIC HOSPITALITY GROUP



The Meritage Collection

A collection of upscale AAA Four Diamond accommodations and lifestyle products providing services and experiences reflective of the distinctive culture and traditions of their locations



The Meritage Resort & Spa
Napa, CA



The Balboa Bay Club & Resort
Newport Beach, CA



Estancia La Holla Hotel & Spa
La Jolla, CA

The Meritage Resort & Spa

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- 320 Rooms & Suites
- Over 50,000 s/f of flexible meeting space
- Largest hotel in the wine country
- Crush Ultra Lounge with 6 bowling lanes
- Completed \$45 million 165 room expansion in May 2012

THE
Meritage
RESORT AND SPA
™



The Balboa Bay Club & Resort



- 160 rooms and suites
- 24,000 s/f of flexible meeting space
- Over 1/4 mile of waterfront
- 15 prime waterfront acres on the Newport Bay
- Renovation master plan being developed


The Balboa Bay Club & Resort



Estancia La Jolla Resort & Spa

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- 210 guest rooms
- 26,000 s/f of flexible meeting space
- The award-winning Spa at Estancia
- Mustangs & Burros
- IACC Certified Conference Facilities
- Commencing renovation in November, including all guest rooms/suites and spa/pool

ESTANCIA
LA JOLLA
HOTEL & SPA



Our Branded Hotels



DoubleTree by Hilton Hotel Irvine Spectrum
Irvine, CA



Crowne Plaza Anaheim Resort
Anaheim, CA



DoubleTree by Hilton Hotel Santa Ana - Orange County Airport
Santa Ana, CA

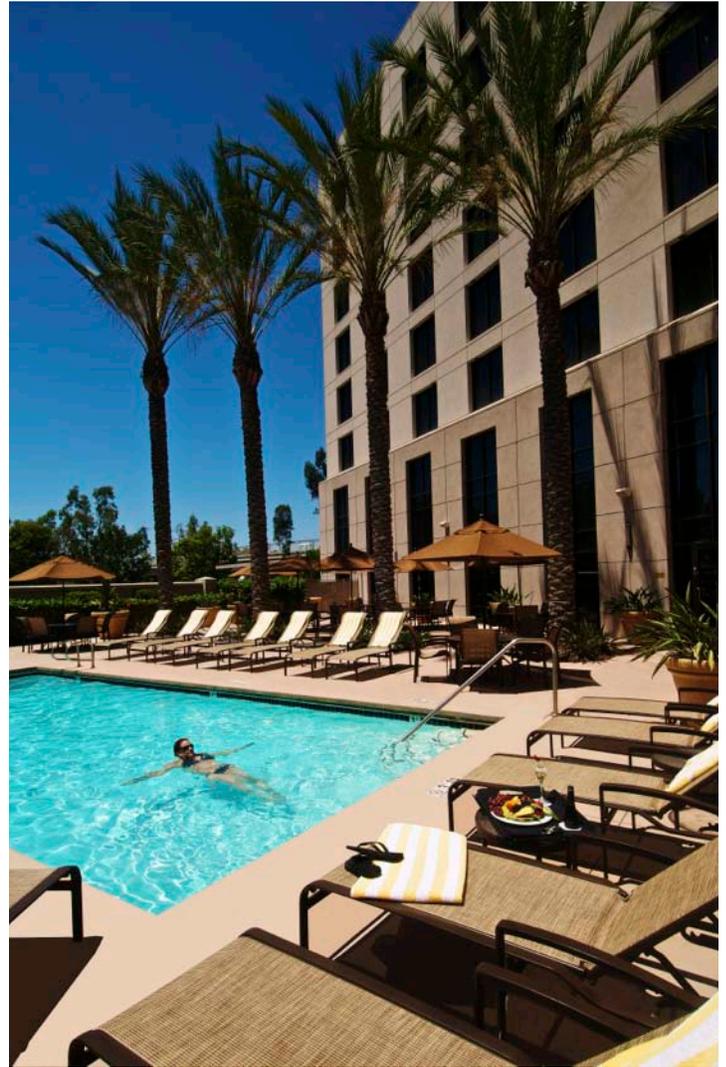
Crowne Plaza Anaheim Resort

- 384 rooms
- 28,000 s/f of flexible space
- Newly renovated mezzanine level and pool area
- Shuttle to Disneyland Resort
- Opened in 2000



DoubleTree Irvine Spectrum

- 252 rooms and suites
- 4,000 s/f of flexible meeting space
- Opened in 1999
- \$500,000 renovation of Meritage Restaurant & Wine Bar to be completed in November 2012



DoubleTree Santa Ana

- 253 rooms
- 13,000 s/f of flexible meeting space
- Opened in 2002
- Recently refinanced at 5% for 10 years with existing lender
- Recently completed major renovation of all guest rooms and public space



Our Affiliates



The Newport Beach Country Club is a 6,660 yard, par 71, private course situated on nearly 50 acres in Newport Beach, CA. The course is a popular stop for the Senior PGA Tour and is home to the annual Toshiba Classic in March.



Annual production at Trinitas Cellars, located in Napa, CA, averages 15,000 cases and includes their Carneros Chardonnay, Napa Valley Sauvignon Blanc, Moscato, Carneros Pinot Noir, Mendocino Old Vine Zinfandel, Mendocino Old Vine Cuvee and Oakville Cabernet Sauvignon.

Napa Valley



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CELLARS**

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Executive Team



- Founder of the Busch Firm, Trinitas Cellars, Busch Financial Services
- Principal in Stone Eagle Golf Club and Busch's Markets in Michigan
- Co-Founder of JSerra High School & St. Anne's School
- Practicing Attorney
- CPA and California Licensed Real Estate Broker

Tim Busch, Founder & CEO



- 20+ Years Experience in Hospitality Industry
- Held management and operations positions with Stovall Hotels, DoubleTree Hotels, WestCoast Hotels, & Tarsadia Hotels
- Board Chair for the Anaheim OC Visitor & Convention Bureau and serves on the Board of the Anaheim OC HLA
- Joined PHG as General Manager of the Crowne Plaza Anaheim Resort in 2003

Steve Arnold, President & COO



- Chief Financial Officer for PHG since 2002
- Previously served as Corporate Controller and Director of Administration for PHG
- Held numerous positions onsite in four Los Angeles-based hotels
- Joined PHG in 1991

Wade Branning, CFO



- Responsible for company-wide development and expansion projects, acquisitions of new properties, and investor relations
- Managing Director of the Busch Firm
- City of Newport Beach Planning Commissioner
- President of the Napa Valley Commons Business Park Owners Association
- Joined PHG in 2002

Kory Kramer, VP of Acquisitions & Development

Ground Lease Experience



Estancia La Jolla Hotel & Spa is a ground lease from the Regents of the University of California.



The Balboa Bay Club & Resort is a ground lease from the City of Newport Beach.



The Newport Beach Country Club is a ground lease from Golf Realty Fund/O Hill Capital, Fainberg Family Trust, and Mira Mesa Shopping Center West/Mesa Shopping Center-East

References

City of Napa

Jill Techel, Mayor

City Hall

955 School Street

Napa, CA 94559

707.258.7876

jtechel@cityofnapa.org

Regents of the University of California

Nancy Kossan

Assistant Vice Chancellor - Real Estate

Executive Director, UCSD Science Research Park

University of California, San Diego

9500 Gilman Drive

La Jolla, CA 92093-0982

858.534.1488

nkossan@ucsd.edu

Financial Capability

PHG's Audited Financial Statement is attached as a separate enclosure.

Conceptual Development Approach



Our vision for this project is to construct and operate an approximately 130 room hotel with the necessary related conference/meeting space, customary hotel amenities, and retail space totaling the maximum allowable square footage provided by the General Plan. The hotel will either be 1) a 4-diamond independent boutique hotel product joining our “Meritage Collection” of properties which includes The Meritage Resort & Spa in Napa, Balboa Bay Club & Resort in Newport Beach, and Estancia La Jolla Hotel & Spa in La Jolla, or 2) a branded 3-diamond hotel product affiliated with Marriott, Starwood, Hilton, or Hyatt. The site plan will take advantage of various view corridors by means of a roof-top deck. Pacific Hospitality Group will manage the hotel.

Our firm evaluates many potential hotel opportunities. We are active developers of hotels having either developed or substantially renovated every hotel we own and operate. A multiplicity of criteria is used in evaluating each opportunity including most importantly financial viability. Our team consists of seasoned hoteliers who understand what it takes to operate a successful business. Our conceptual development process on this project consists of 1) financial proformas, 2) conceptual design with interior designer and architect, 3) marketing and feasibility study, and 4) public outreach with City and local community.

Pacific Hospitality Group has a successful track record of working closely with cities and other public entities on hotel projects. Over the last 8 years, we have developed the largest hotel and conference center in Napa Valley working closely with the City of Napa on entitlements, design, and community benefits becoming the largest source of taxes for the City. Estancia La Jolla is on a long-term ground lease with the Regents of the University of California and have worked with them on continually improving the asset including a current \$4.8M renovation of guestrooms and spa. Likewise, we are working closely with the City of Newport Beach who is the lessor on our Balboa Bay Club & Resort to improve the physical asset through a strategic renovation/revitalization plan.

Strategic Vision

PHG has focused its market share to California coastal properties, with an emphasis on corporate groups and leisure travel. PHG has also developed and acquired boutique, independent four-star resorts-- The Meritage Collection. These properties are lifestyle resorts located in world-class resort destinations: PHG's flagship Meritage Resort & Spa in the heart of Napa Valley; Estancia La Jolla Hotel & Spa on the bluffs of La Jolla, CA; and the iconic, waterfront Balboa Bay Club & Resort located in Newport Beach, CA.

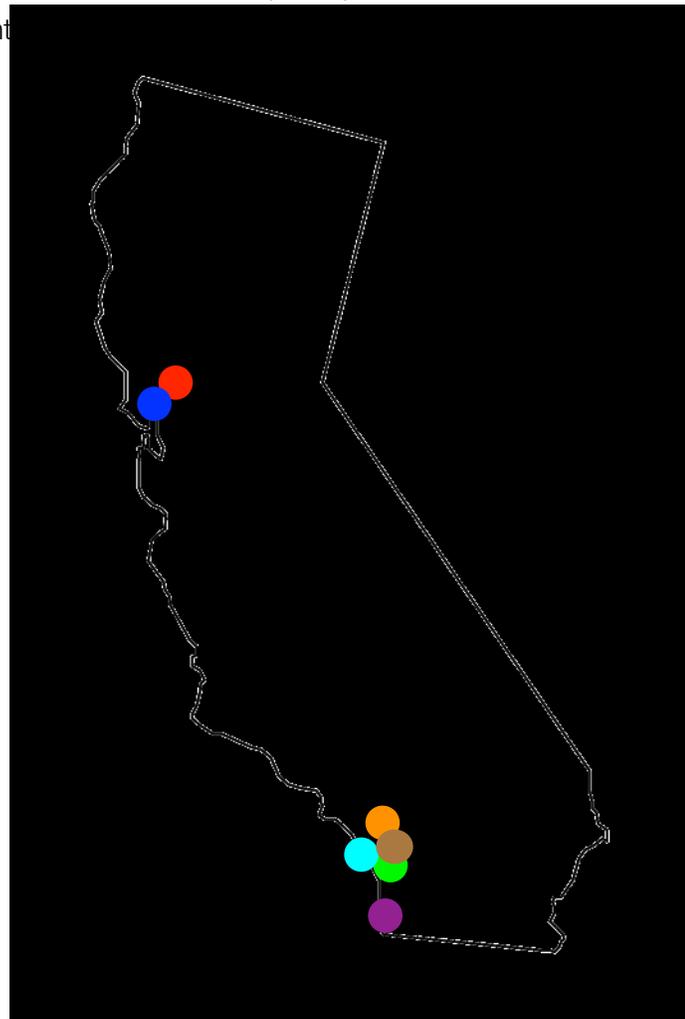
The Crowne Plaza Anaheim Resort, developed by PHG, opened in 2000, is located adjacent to the world-famous Disneyland Resorts in Anaheim, CA.

The DoubleTree by Hilton Hotel Irvine Spectrum was developed by PHG and opened in 1999. As the only hotel operating in the corporate and retail districts of the Irvine Spectrum, this property is the top producing DoubleTree in the entire Hilton Hotels portfolio worldwide.

PHG's DoubleTree by Hilton Hotel Orange County Airport is located in Santa Ana. Developed by PHG and opened in 2002, this property services the numerous corporate centers in Santa Ana.

- ❖ Northern California
 - The Meritage Resort & Spa
 - Vino Bello Resort

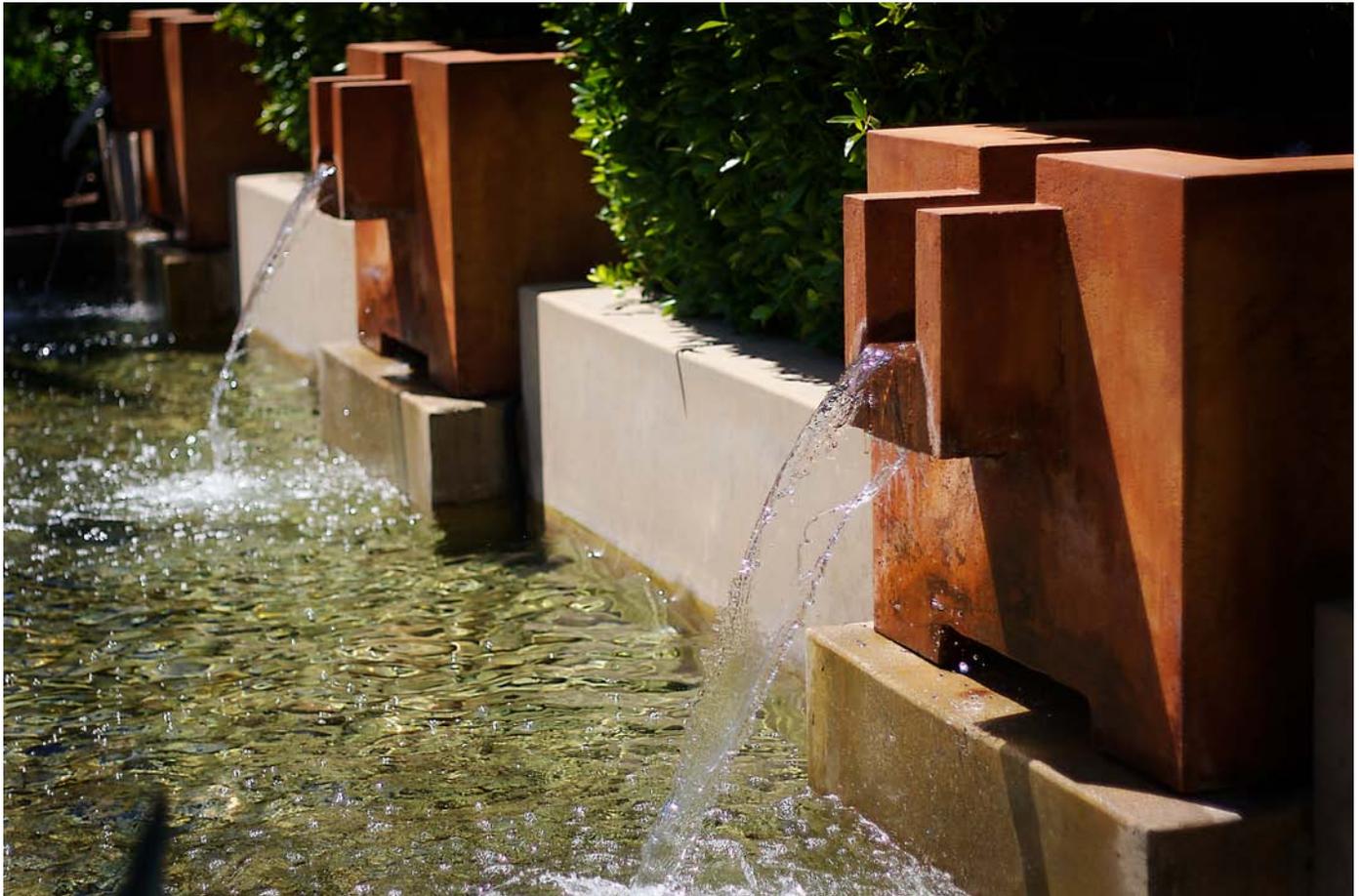
- ❖ Southern California
 - The Balboa Bay Club & Resort
 - Estancia La Jolla
 - Crowne Plaza Anaheim
 - DoubleTree Irvine Spectrum
 - DoubleTree Santa Ana



Conceptual Financing Approach

The financing for this project is fairly basic:

- 1) a construction loan secured by the property with customary guaranties, and;
- 2) equity from our investor pool to complete the remainder of the capital stack.



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November 20, 2012

ATTACHMENT A: PROPOSER INFORMATION FORM

Instructions: Complete the form below and remit as part of your Proposal as Attachment A.

PROPOSER INFORMATION

PROPOSER/CONSULTANT/ NAME: PACIFIC HOSPITALITY GROUP, LLC

ADDRESS FOR NOTICES: 2532 DUPONT DR.
IRVINE, CA 92612

MAIN CONTACT (NAME AND TITLE): KORY J. KRAMER, VICE PRESIDENT

CONTACT NUMBERS: TELEPHONE: 949-474-7368 FAX: _____

E-MAIL ADDRESS: kkramer@pacifichospitality.com

FIRM SIGNATURE AUTHORIZATION AND CERTIFICATION

Per the California Corporate Code, Business and Professions Code, the Consultant's Bylaws/Operating Agreement and/or the attached Board Resolution (if applicable), I/we hereby verify that I/we am/are (an) authorized signatory(ies) for the aforementioned Consultant and as such am/are authorized to sign and bind the Consultant in contract with the City of Newport Beach.

1. CONSULTANT AUTHORIZED SIGNATORY(IES):

<u>Kory J. Kramer</u>	<u>KORY J. KRAMER</u>	<u>VP</u>	<u>11/20/12</u>
SIGNATURE	PRINT NAME	TITLE	DATE

SIGNATURE	PRINT NAME	TITLE	DATE

2. SIGNATURE AUTHORIZATION IS PROVIDED IN ACCORDANCE WITH:

- Proposer's Bylaws/ Operating Agreement Section _____ Copy Attached
- Board Resolution Copy Attached
- Corporate or Business and Professions Code**

**If Consultant is a corporation, two (2) authorized signatories will be required on all documents submitted, unless specified in the organization's Bylaws or corporate resolution.

IMPORTANT NOTE: If the signature authorization status of any individual changes during the term of the contract, it is the responsibility of the Consultant to contact the City Administrator for the Consultant regarding the change and to complete and submit a new Signature Authorization Form. Incorrect information on file may delay the processing of any of the documents submitted.

**CONSENT RESOLUTION OF THE
MANAGER OF
PACIFIC HOSPITALITY GROUP, LLC**

Pursuant to the laws of the State of California, the undersigned, being the Manager of PACIFIC HOSPITALITY GROUP, LLC, a California limited liability company ("**Company**"), does here consent to the following resolutions, as of November 20, 2012.

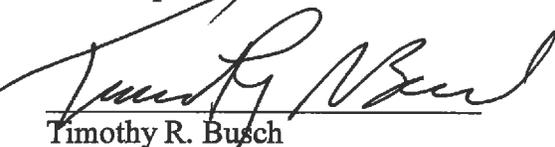
WHEREAS, Kory J. Kramer ("**Kramer**") is the Vice President of Acquisitions and Development of the Company.

WHEREAS, from time to time in his duties, Kramer will be requested to sign various documents, agreements and instruments evidencing the interest of the Company in acquisition and development of real property, including but not limited to the existing Newport Beach City Hall.

IT IS THEREFORE RESOLVED, that Kramer is authorized, on behalf of the Company, to execute and deliver various documents, agreements and instruments as Kramer deems necessary or advisable in order to carry out the purposes of his duties, such execution thereof or taking of such action(s) constituting conclusive evidence of Kramer's authority therefor.

MANAGER:

BUSCH FINANCIAL SERVICES,
a California corporation

By: 

Timothy R. Busch

Its: Chief Executive Officer

ATTACHMENT B: STATEMENT OF DISCLOSURE

Instructions: Each submittal must be accompanied by a signed Statement of Disclosure. This form must be completed, signed, dated and submitted by all persons proposed to serve as a Consultant Team Member.

Consultants and proposed Consultant Team Members must disclose any and all business activities, relationships and/or business positions currently or previously held with City employees, City Council members, City commissioners, or City advisory boards/committees within the last five (5) years.

The City has determined that all persons seeking to serve as a Consultant to the City shall complete truthfully, sign, date and submit this Disclosure Statement prior to performing any consultant work or services for the District.

I, KORY J. KRAMEL [NAME OF PROPOSER], hereby certify the following:

- I have no reportable business activities, relationships and/or business positions with any City employees, City Council members, City commissioners, or City advisory boards/committees within the last five (5) years.
- My reportable business activities, relationships and/or business positions within the last five (5) years with City employees, City Council members, City commissioners, or City advisory boards/committees (please provide a description of the business activity, relationship or business position, relevant dates, job titles, positions held, etc.):

I'm AN OFFICER FOR PACIFIC HOSPITALITY GROUP, LLC,
THE MANAGER FOR THE BALBOA BAY CLUB & RESORT,
AND A MEMBER OF THE PLANNING COMMISSION OF
THE CITY OF NEWPORT BEACH.

The foregoing certifications are true and correct. I make this certification under penalty of perjury under the laws of the State of California.

Signature of Consultant

Kory J. Kramer

Signature Date

11/20/12

Printed Name and Title

KORY J. KRAMEL, VICE PRESIDENT

[If necessary, attach a separate sheet(s) detailing each instance]