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Lucas County Announces Partnership with Continental/FHG to Develop Park Inn Hotel into Hilton Garden Inn & Homewood Suites

**Lucas County Economic Development Corporation to demolish former Hotel Seagate
Commissioners and Toledo Lucas County Convention and Visitors Bureau to apply for
\$10 Million EDA Grant for SeaGate Centre improvements**

TOLEDO, OH– The Lucas County Commissioners are delighted to announce a public-private partnership between its community improvement corporation, the Lucas County Economic Development Corporation (LCEDC), Columbus-based developer Frank Kass’s Continental Real Estate Company, and Stephen Schwartz’s First Hospitality Group, Inc. (FHG) to redevelop the Park Inn in downtown Toledo into new dual-brand Hilton hotels.

Lucas County, through LCEDC, will partner with Continental and FHG to acquire the Park Inn Hotel, which is adjacent to the SeaGate Convention Centre. The partners will begin a multi-million dollar, top-to-bottom renovation of the building for the rebranding as a 216-room Hilton Garden Inn, 93-room Hilton Homewood Suites, and a 120-seat restaurant. The 309-room hotel will serve as dedicated lodging to the convention center. Construction will begin in the fall. The new dual-brand hotel is expected to open in spring 2022. The hotel is within walking distance of restaurants and many cultural entertainment attractions, including Promenade Park, the Huntington Center, Fifth Third Field, Hensville, and Imagination Station and offers stunning views of downtown Toledo.

The addition of the Hilton Garden Inn and Hilton Homewood Suites will more than double the number of existing hotel rooms in downtown Toledo and bolster its overnight and business guest travel. The renovated structure will strengthen marketing capacity to bring events to the SeaGate Convention Centre, which is set to be expanded and enhanced with remodeled meeting rooms, the relocation of the garage entrance from Summit Street to Monroe Street, a new pocket park on Summit Street, and the addition of a new ballroom. The Commissioners and the Toledo Lucas County Convention and Visitors Bureau are seeking a \$10 million CARES Act Recovery Assistance Economic Adjustment Assistance (EAA) Grant from the United States Economic Development Administration. The grant, if awarded, would be part of the overall financing for the convention center project.

The County, through LCEDC, Mr. Kass's Continental Real Estate and Stephen Schwartz's First Hospital Group will redevelop the Park Inn into the dual branded Hilton Hotels. It will be operated by FHG, which also operates the Renaissance Hotel in downtown Toledo. As the first dual-brand in downtown Toledo, the hotels will better be able to serve varied downtown short and long-term overnight guests, including business, leisure, and convention travelers.

Funding for the approximately \$64.5 million hotel renovation project will be provided through a combination of public and private sources; Lucas County will contribute \$35 million in equity, which includes the \$7.9 million purchase of the Park Inn and the \$5 million for purchase and demolition of the Hotel Seagate; and Continental/FHG will invest \$27 million, with \$20 million being a construction loan and over \$8 million provided through the Toledo-Lucas County Port Authority's Property Assessed Clean Energy (PACE) financing program and capital lease arrangement. Lucas County will be repaid all principal and interest on funds borrowed to finance its \$35 million debt service, as well as an additional 2 percent preferred return on its net contributed capital, and 20% of the net operating income of the Hotel . The purchase of the Park Inn property will be finalized by late October. The County expects to have its \$35 million equity investment fully repaid over the life of the development agreement.

LCEDC will demolish the former Hotel Seagate and will soon advertise for bids to raze the building, aligning the demolition to complement the current Summit Street renovation. This will occur in advance of the Solheim Cup tournament scheduled to be hosted in Lucas County in 2021. The former Hotel Seagate was purchased by the County for \$1.38 million in 2014. The 19-story structure, built in 1970 and located at 127 N. Summit Street, is a prime location in the downtown because of its proximity to Promenade Park, Huntington Center, and other attractions. A once popular hotel with a roof-top restaurant, it was bought by the County after it deteriorated and became a hindrance to downtown redevelopment efforts since its closing in 2009. LCEDC had previously entered into a development agreement with FHG to redevelop the property into a Hyatt-branded hotel. However, after conducting a thorough structural and design review process, it was determined that the building was past the point of cost-effective renovation and such a project would not be an effective use of tax-payer dollars. The entire purchase price and demolition of the Hotel Seagate is being funded as part of the new dual brand Hilton hotels.

One of the biggest positive changes as a result of the Park Inn development transaction as compared to the Hotel Seagate transaction is that the County expanded the number of partners with a stake in the hotel, which will help ensure the success of the project and the convention center. In addition, the new Hilton hotels will have 309 rooms and suites as opposed to the 220 rooms that were contemplated for the Hotel Seagate. The financial obligations and future gains will be shared among the development entity formed by LCEDC, Continental, and FHG.

The former Hotel Seagate property will be sold to the new Park Inn development corporation and the newly cleared site will be preserved for future development. It will undergo a major landscaping to complement the new convention center park on Summit Street that will be part of the SeaGate Centre enhancements. The proceeds from the sale will reimburse Lucas County for its purchase of the property, demolition of the building, and related development costs to date.

“Lucas County-driven projects – Fifth Third Field, Huntington Center – and now the Park Inn and SeaGate Center renovation and ballroom project—total nearly \$250 million investment in Downtown Toledo,” said **Lucas County Commissioner Pete Gerken**. “Development like this takes time, persistence, and relentless dedication. We thank our partners—Frank Kass, for sharing in our vision that hotel-convention center complex will be a catalyst for the long-term growth of our county—and Steve Schwartz of First Hospitality Group, for never wavering in his commitment to bring a new hotel to downtown Toledo. This project is a true public-private venture, from the financing all the way to the marketing of the facilities.”

“The transformation of the Park Inn into a Hilton Garden Inn and Homewood Suites, the new ballroom and renovations to the SeaGate Centre, and the demolition of the former Hotel Seagate will totally transform an incredibly important block in downtown Toledo,” said **Tina Skeldon Wozniak, President of the Board of Lucas County Commissioners**. “This project is the front door to our blossoming riverfront, and with these investments, we expect to see an additional 200,000 people visit the County, boosting the nearly \$1.3 billion tourism industry in the Toledo region.”

“This project is about the future of Lucas County and the faith in the knowledge that our County and its communities will keep moving forward. We are excited and enthusiastically await the moment when we will cut the ribbon and welcome visitors from the entire country to our first-class hotel and convention center,” said **Lucas County Commissioner Gary Byers**. “We will soon be on equal footing with other Midwest cities to compete for conventions and events and bring visitors to our community.”

“I was introduced to the Park Inn opportunity by Randy Oostra, CEO of ProMedica, in May of 2019,” said Mr. Kass. “For the past year, Stephen Schwartz and I have worked with the Lucas County commissioners, the county administrator, and ProMedica executives to make this dual brand Hilton hotel a reality. We are very excited to begin construction on this project in November and to create a fabulous new facility for Lucas County, the convention center, and the City of Toledo.”

The hotel renovation will also will generate additional revenue to Lucas County in hotel-motel tax. The hotel, coupled with the renovation of the SeaGate Convention Centre when opened in 2022, will add 250 permanent positions to the downtown workforce. During the hotel’s construction period, approximately 100 temporary construction jobs will be created. A project labor agreement will be required for the construction work.

The 2016 masterplan developed by the 22nd Century Committee projected the need for an additional 800 downtown hotel rooms to accommodate the growing demand of overnight guests for business travel, leisure and tourism, and attending conventions and events at the SeaGate Convention Centre. The improvements to the SeaGate Centre, the addition of a dedicated ballroom, and the additional hotel rooms is projected to double the economic impact of visitor spending to \$50 million annually.

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