

METROPOLITAN REDEVELOPMENT AGENCY

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NOTIFICATION OF DECISION

October 19, 2020

Palindrome Communities, LLC.
Pacificap Management, Inc.
c/o Chad Rennaker, President
412 NW 5TH Ave. Suite 200
Portland, OR 97209

East Downtown Redevelopment
RFP #01-2020

On September 29, 2020, the East Downtown Redevelopment Area RFP Selection Advisory Committee, voted to RECOMMEND the selection of Palindrome Communities, LLC., or its successor corporation, company or organizations, as an approved RFP Area A submission to proceed to negotiations.

The Albuquerque Development Commission (ADC), after its consideration of the presentation and the materials and documentation before it, finds the following and recommends the Metropolitan Redevelopment Agency staff proceeded with negotiations with Palindrome Communities LLC. on the proposed Imperial Inn rehabilitations and negotiated redevelopment agreement.

FINDINGS:

1. Pursuant to the East Downtown/Huning Highland/South Martineztown Metropolitan Redevelopment Plan there is need for real property redevelopment strategies that:
 - Remove barriers to private investment;
 - Provide public investment in infrastructure projects
 - Make improvements to public rights-of-way; and
 - Create public-private partnerships for anchor projects.

2. As provided in the New Mexico State Metropolitan Redevelopment Code and the Metropolitan Redevelopment Agency Ordinance for the City of Albuquerque, the MRA issued a Request for Proposal #01-2020 on March 5, 2020, soliciting redevelopment proposals for two Subject Areas, including the referenced property.

3. The MRA received five (5) proposals in response to RFP #01-2020. Three (3) proposals received were deemed to be responsive to the criteria in RFP #01-2020, including the Palindrome Communities Proposal.
4. Palindrome Communities' proposal responds to the goals of the East Downtown/Huning Highland/South Martineztown MRA Plan by:
 - Renovating and repurposing the Imperial Inn Motel, transforming a blighted property into a vibrant hub that includes new spaces for commerce, hospitality, and residential living; and
 - Leveraging public funding to drive private development of a project that will eliminate blighted Central Ave. frontage.
5. The Palindrome Communities, LLC. proposal met all the RFP response criteria including having site control and not requesting pre-development funding from the MRA.
6. The Proposal received 459 points from the Selection Advisory Committee in the following categories: team experience, design, financial structure, financial capacity, and timeline.
7. The following findings support the RFP Evaluation Criteria:
 - Consistency with Stated Project Goals: Elimination of blight; Meets goals of the relevant Metropolitan Redevelopment Plan; Increasing housing and employment density and options; Enhancing placemaking and urban vibrancy; Catalyzes further redevelopment and economic activity; Supports local, small, minority, women and disadvantaged business enterprises.
 - a. Property fronts Central Avenue and is currently underutilized and functionally obsolete. The redevelopment is designed to interact with pedestrians and will enhance placemaking along Central Ave.;
 - b. Facilities for culinary learning and rotating restaurants create opportunities for small and local businesses to scale up in affordable space.; and
 - c. Redevelopment includes conversion of motel rooms to boutique hotel rooms, micro retail suites, and short/long-term residential units.
 - Team Experience: Past performance and overall experience of individuals or project team on similar projects.
 - a. Project is owned and operated by Palindrome Communities, LLC and its subsidiary companies, who have significant experience leading redevelopment projects in Albuquerque, including El Vado Motel and several projects in the Sawmill District.
 - b. Palindrome Communities, LLC includes a hospitality division, supporting expectations that they have resources and experience to successfully own and operate the redeveloped Imperial Inn property.
 - Design: Design of the Project is appropriate for the location and urban context of the site; The Project incorporates sustainable design features and renewable energy elements; Demand for parking is adequately addressed and takes advantage of transit/shared parking opportunities to reduce parking on site; Project incorporates renewable energy

and other measures to reduce carbon footprint. Project incorporates Crime Prevention through Environmental Design concepts.

- a. Project aligns with area design goals: includes preservation of the historic motel building facade(s); preserves historic Imperial Inn signage on Central Ave.;
 - b. Project incorporates true mixed-use design providing flexible micro restaurant and retail spaces; and
 - c. Project utilizes site design elements to increase safety and accessibility.
- Financial Structure: Market demand and pro-forma assumptions are documented and justified; Project budget is realistic and support by evidence, including (but not limited to) construction, soft costs, developer fee, initial reserve amounts, and contingency; Pro-forma is realistic and achievable, including income expenses, reserve contributions, debt payments, etc.; City investment is leveraged with other funding resources; Structure of City investments provides a return to the City, if possible.
 - a. Project includes several kinds of capital including owner equity, debt, and the requested city financial contribution; and
 - b. Project appears feasible assuming hotel market conditions return to pre-COVID levels within a few years.
 - Financial Capacity: Proposer demonstrates adequate financial capacity to develop the proposed Project (evaluated through information provided in response to other Financial Obligations, Financing References and Financial Statements); Proposer demonstrated adequate financial risk in the Project.
 - a. Project primarily funded via owner equity (15.6%) and conventional debt capital (68.7%); Owner has demonstrated sufficient financial capacity for the equity and loan guarantees.
 - Timeline: Evaluation of the achievability of the Proposer's schedule and the Proposer's ability to complete the project satisfactorily in a timely manner.
 - a. Project proposes to complete construction by December 2021. ; and
 - b. Economic impacts of COVID-19 will likely extended into 2022 and potentially longer.

APPEAL: If you wish to appeal this decision, you must do so within 15 business days of the Notice of Decision.

For more information regarding the appeal process, please refer to Section 14-8-4-8 of the Metropolitan Redevelopment Agency Ordinance. The Metropolitan Redevelopment Agency Appeal Form can be found at: <https://www.cabq.gov/metropolitan-redevelopment-agency/request-for-proposals>

You will receive notification if any person files an appeal. If there is no appeal, the decision of the ADC as accepted by the Metropolitan Redevelopment Agency is final.

Sincerely,

Karen Iverson

Karen Iverson

Metropolitan Redevelopment Agency Manager

cc. John DuBois, Assistant City Attorney

cc. Lawrence Rael, COO