

URGENT COMMUNITY ALERT

TIME IS OF THE ESSENCE

By Julian W. Osbon
District 1 Voter, Businessman & Tax Payer

AUGUSTA COMMISSION SQUABBLE

OVER TEE CENTER

RISKS LOSS OF

\$24 MILLION HYATT PLACE HOTEL &

BUSINESS CENTER

HOTEL PLANS ARE ON HOLD UNTIL THE TEE CENTER ISSUES ARE SOLVED.

EACH MONTH WITHOUT THE TEE CENTER THE CITY LOSES APPROXIMATELY \$1MILLION DUE TO LACK OF ADEQUATE CONVENTION SPACE.

ON AUGUST 31ST AFTER 19 MONTHS UNDER CONTRACT THE HOTEL DEVELOPER'S OPTION TO ACQUIRE DESIRED PROPERTY TO BUILD EXPIRES.

MISSING: SIX COMMISSIONERS WITH VISION, A COMMITMENT TO THE ENTIRE CITY, AN UNDERSTANDING OF ECONOMIC DEVELOPMENT & A SENSE OF URGENCY.

AUGUST 31ST DRAWS NEAR

**AUGUSTA COMMISSION RISKS LOSS OF
\$24 MILLION HYATT PLACE HOTEL & BUSINESS CENTER
OVER TEE CENTER SQUABBLE**

**By Julian W. Osbon
District 1 Voter, Businessman & Tax Payer**

Augusta, GA, August 10, 2009: Wake up Augusta and smell the money. Our elected leaders are very close to losing our city a multi-million dollar gift because they prefer looking into the rear view mirror than they do looking down the road --- and that loss may come as soon as the last day of this month—Augusta 31st.

A proposed \$24 million new Hyatt Place Hotel at the Augusta Common that is estimated to produce a \$215 million total economic impact over the next 25 years faces an August 31st property acquisition deadline. Only a responsible solution by the Augusta Commission to the TEE Center controversy will keep this opportunity in Augusta.

The hotel plans include a 130 room hotel, a 22,500 square foot office building and underground parking and is estimated to generate about \$454,000 in sales and lodging taxes and about \$368,000 in property taxes during the first year of operation. The 25 year economic impact projections include rooms and sales tax revenues in excess of \$84 million and property tax revenue in excess of \$13 million.

Interestingly, this is an opportunity that found Augusta. More often than not, a city will spend hundreds of thousands of dollars in economic development recruitment costs before such a job creating revenue producing business agrees to locate there. Augusta was one of a limited number of cities selected for a new Hyatt Place Hotel development.

The hotel developers “have spent considerable sums in order to conceptualize and finalize our site plan,” stated their representative Cortland R. Dusseau. “The building design complements the architectural traditions in downtown Augusta. We intend to move rapidly toward project commencement whenever the Tee Center issues are solved.”

And therein lies the problem. Expansion of the Downtown Augusta Convention Complex was approved in the 2005 sales tax referendum when voters committed \$20 million for the Trade, Ex-

hibition and Event Center (TEE Center) on Reynolds Street in downtown Augusta. This vote was prior to the commitment of outside investors such as those funding a possible new hotel.

Regrettably the TEE Center and the proposed new hotel is being held hostage by five Commissioners with personal agendas who have for four years blocked the voters wishes to build the TEE Center. This delay has resulted in increased construction costs and lost revenue to the City. These short-sighted Commissioners overlook the approximately one-million dollars loss in revenue every month because Augusta can't host the size conventions the TEE Center was designed to attract.

The reasons given for the TEE Center delay vary from time to time but appear to be focused primarily on the dislike by certain Commissioners of businessman William S. Morris, III, the owner of the Marriott Hotel & Suites that manages the downtown convention center. This is a very interesting phenomenon since the philanthropist and publisher of the Augusta Chronicle has personally been responsible for more economic and community development in Augusta than has any other single individual in recent times. If not for the personal risk Billy Morris took in guaranteeing the building of a high risk downtown riverfront hotel in the 1980's when all financial institutions ran from it, our riverfront would still the gathering spot for the homeless in Augusta. While success and wealth envy is not an 'illness' limited to Augusta, you would think those of that ilk would support the new hotel and the TEE Center because The Hyatt Place Hotel would be in competition with the Morris owned Marriott Hotel & Suites. Go figure.

Some critics say Augusta cannot afford the increased costs resulting from the four year delay and the addition of a parking deck. While it is the responsibility of city government to insure that the city gets the best possible facility at the lowest possible price, costs have to be considered from two different perspectives: The first is what is the cost to build the TEE Center. The other perspective is what does it cost if we don't build it.. While the first cost is more easily definable than is the second cost, clearly the commitment of a Hyatt Place Hotel and the significant increase in convention and tourism dollars speak for themselves. This is not a matter of 'build it and they will come'. The developers are here with their checkbooks. Why aren't our elected leaders smart enough to take their money and put it in the bank.? Convention organizers want to come here and bring more money. But they check out our facilities and take their money to another city because the other cities have already built their "TEE Center" equivalent.

The city's dilemma preventing us from having a progressive and efficient Commission is rooted in the 1995 City-County consolidation charter which requires six of ten Commissioners to

vote for any bill or motion to get it passed. The Mayor can only vote in the case of a tie. This allows five Commissioners, not six, to often control the voting process, thus denying the will of the voters as evidenced in the delay building the TEE Center. If any five Commissioners oppose an issue, one can abstain resulting in a 5-4-1 vote, denying the Mayor the right to vote and thereby killing the issue.

In May, First District Commissioner Betty Beard followed such a drill and abstained from voting on the TEE Center resulting in a 5-4-1 vote and once again making null & void the 2005 wishes of the voters to build the TEE Center. Mrs. Beard's vote was of particular interest since the proposed TEE Center and new hotel are both in her district. Knowledgeable voters in the 1st District are perplexed as to why their Commissioner would torpedo a major project in their district that is significant to the future of the entire City. I happen to be one of those voters.

Perhaps Commissioner Beard does not understand that revenue producing venues such as a successful convention center is where the money will come from to revitalize the Laney-Walker and Bethlehem neighborhoods which are her pet projects, but are unfortunately in another Commissioner's district. It appears that District One voters have been ignored by our elected representative.

At this point it is appropriate for me to disclose my personal involvement regarding the proposed Hyatt Place Hotel. In the mid 1990s I was asked by the late Charles Deanery if I would consider buying the property adjacent to where the Augusta Common was to be built to protect the property for future use. At the time the Common was more of an idea than an assured project and even the proposed boundaries were moved at least once.

However, at the urging of the former Mayor and with the possibility the Common might never materialize I bought the property anyway. Over the years I have paid property taxes, insurance and maintenance on the non-revenue producing property while donating to the City a parcel of the land that extended out into the Common area and was needed to complete the project. This was deeded at no cost to the city. In addition, during my ownership of the property I have donated the use of it to various non-profit organizations on numerous occasions.

At this time I feel that I have fulfilled my commitment to Mayor DeVaney to protect this property for the best possible community use. However, I am greatly disappointed that our elected City leaders are very complacent about the opportunity presented by the new hotel developers. If the City misses out on this prospect I no longer feel compelled to put the needs of the community ahead of reasonable business decisions, at least regarding this property.

The Hyatt Place Hotel and expansion of the Augusta Convention Complex in my opinion represents the best possible use of my property and that of the other landowners under contract with the hotel developers. The new hotel and the TEE Center are critical to Augusta being competitive with other regional cities in going after the convention and tourism business. It is reasonable to expect that this expanded venue could potentially produce an economic impact like having a number of Masters Golf Tournament every year. It would bring in significant new dollars and expose Greater Augusta to other economic opportunities.

It is my opinion, that Augusta is on par with Savannah and Charleston except for marketing with our extraordinary history and unique venues from Waynesboro, Aiken, Edgefield, Thomson, North Augusta and the many other neighborhoods in the CSRA. However, Greater Augusta has never capitalized on its rich heritage as have Savannah and Charleston. While tourism is already a major source of income for our trade area, we are nowhere near our potential.

But August 31st is an important date for me. It represents the time to “draw a line in the sand,” I invested in my property at a time when it was very questionable as to whether or not it was a wise thing to do. As mentioned above I have held the property for more than a decade primarily to insure the best use of it by the community. Yes, I will make money if the hotel closes on it. And probably I will make more money if they do not. My property is the key piece in any development in the Common area and will easily increase in value. But nothing will bring more value to Augusta than the proposed Hyatt Place Hotel.

At this point I have had no discussions with the developers about extending the contract past August 31st. The original agreement was signed with the hotel developers in January of 2008 and extended in September of 2008 and March of 2009. To me nineteen months is a long time to tie-up a valuable piece of property while elected officials play petty politics with the city’s future and lack the vision to see what could be. The self serving antics of several of our City Commissions could very easily end up killing the Hyatt deal anyway. There are many cities that would welcome this opportunity with open arms. I am reminded of the caption from a 1972 Pogo cartoon: “We Have Met The Enemy And He Is Us.”

Somehow the City Commission as a group needs to set aside personal differences and focus on what is good for the entire city, not just pet projects. Eventuality the hotel developers will find a more hospitable environment in which to invest their resources. After August 31st, the Tee Center may be built but the hotel may be lost.

THE ECONOMIC DEVELOPMENT OPPORTUNITY OF A COMPETITIVE CONVENTION COMPLEX & THE ADDITION OF THE HYATT PLACE HOTEL & BUSINESS CENTER

Major Brand Select Service Hotel on the Augusta Common

Providing: Additional Room Capacity - 135 Rooms
Additional Market Competition
80 New Jobs in Downtown Augusta

Major Downtown Revitalization
Infrastructure Improvement

Economic Impact		Construction	Year One	25 Year Total
Improvement Value:	Hotel / Underground Parking / Infrastructure / Utilities / Landscaping	\$ 23,634,268		\$ 23,634,268
Sales Taxes on Materials:	3% Local Sales Taxes	\$ 402,485		\$ 402,485
Ad Valorem Tax Impact:			\$ 276,568	\$ 10,083,464
Sales / Lodging Tax Impact:	6% Lodging Taxes and 3% Local Sales Taxes		\$ 454,094	\$ 58,316,081
Payroll Impact:	Construction / Operational	\$ 6,013,401	\$ 1,378,662	\$ 56,278,390
Total 25-Year Direct Benefit to Augusta-Richmond County				\$ 148,714,688

The 80 new jobs in Downtown Augusta include managers, clerks, baggage handlers and housekeeping. As a "select service" hotel the Hyatt will provide a nice hotel at a slightly lower price point than the full service Marriott. This offers guests a range of room prices. With the TEE Center in place, all area hotels should experience a higher occupancy rate and put more tax dollars into Augusta's economy.

TAX INCREMENTS CALCULATIONS FOR CITY OF AUGUSTA

Ad-Valorem Taxes & Sales Taxes

Commercial Millege		Assessed Value/Sales tax
<i>Millege Rates</i>	43.840 mills/\$1000	40.00%
<i>Sales Tax Rates</i>	GA 3%; Augusta 3%; Special Projects 1%	7.00%
<i>Total Per \$1 Million</i>	\$43,840	Resource-Jack McAdams 706-821-2394
<i>Total Per 1 Million TAD</i>	\$43,840	Verified by Margaret Woodard

Property Descriptions

Property Type	Description	Rental Values	Sales Tax % (hard costs)
Hyatt	130 Rooms		60%
Hyatt Deck	121 Spaces		55%
Office Space	22,500 sqft		60%
Residential	16 Condo		60%
Rates of Increases	Properties		3.00%

Project Value- Ad-Valorem Tax Values & Sales Tax Values

Property	Project Value	Materials Sales Tax	Assessed Value	Advalorem	25 Year
Hyatt Augusta	\$15,771,438	\$662,400	\$6,308,575	\$276,568	\$10,083,464
Hyatt Deck	\$7,187,830	\$276,731	\$-	\$-	\$-
Office	\$5,215,711	\$365,100	\$2,086,285	\$91,463	\$3,334,663
Residential Condo	\$-	\$1	\$-	\$-	\$-
	\$-	\$-	\$-	\$-	\$-
		\$-	\$-	\$-	\$-
Total Increment Value	\$28,174,980	\$1,304,233	\$8,394,860	\$368,031	\$13,418,127
Increased TAD Value	\$28,174,980	\$1,304,233	\$8,394,860	\$368,031	\$13,418,127

Value of Project Infrastructure

	Description	Value
Supporting Foundations	Structure	\$7,187,830
Utilities	Water, Sewer, elec	\$100,000
Landscaping		\$150,000
Handscaping		\$150,000
Exterior Lighting		\$125,000
Fountains		\$150,000
Totals		\$7,862,830

Lodging Taxes

Sales Tax	7.00%
City Tax	6.00%
Total	13.00%

Notes

Bid 1=43.84 mils, Bid 2=42.64 mils; Urban M & O=8.058 Milis-maybe eliminated

Lodging Taxes=50% Civic Center, 33% CVB, 17% Tourism special projects

First Year Taxes

Description	Revenue	Tax
Room Revenues	\$4,517,240	\$271,034
Sales	\$2,615,134	\$183,059
Total Tax	\$7,132,374	\$454,094

Payroll Estimates-Construction & Hotel

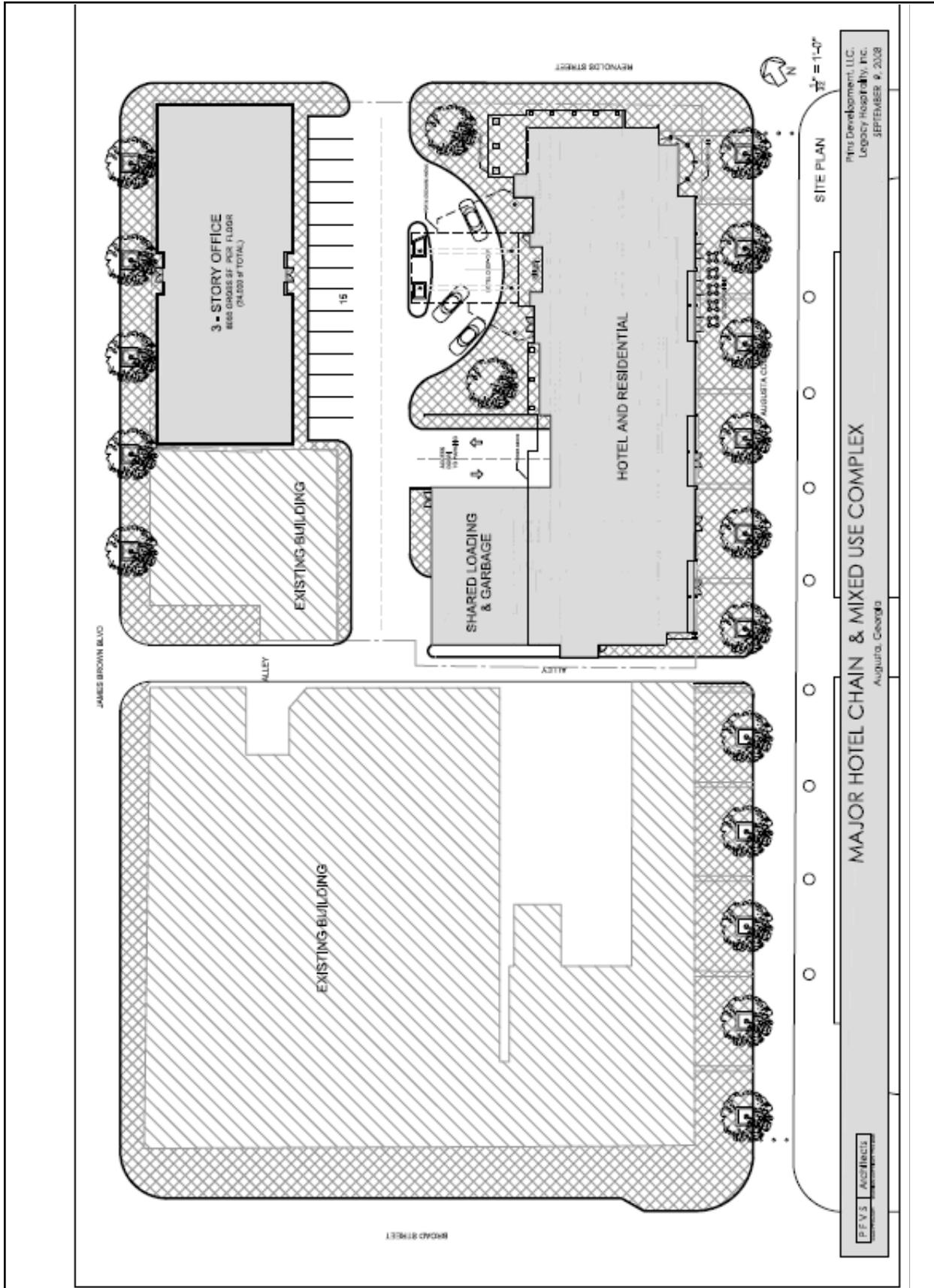
Payroll Type	Yr. 1 Amounts	Annual % Increase	25 Yr. Total
Construction	\$6,013,401		\$6,013,401
Admin & Gen	\$804,069	3.00%	\$29,315,754
Housekeeping	\$574,593	3.00%	\$20,949,235
Office/Residential	\$2,086,285		\$2,086,285
Totals	\$9,478,348		\$58,364,675

Income & Room Tax Values

Revenue Year 1	Annual % Increase	Total Income- 25 year	25 Year Room Tax Value
\$7,132,374	9.47%	\$647,956,460	\$84,234,340
\$-	9.47%	\$0	
\$-	9.47%	\$0	\$0
\$-	9.47%	\$0	
\$-	3.00%	\$0	
\$-	3.00%	\$0	
\$7,132,374		\$647,956,460	\$84,234,340

Total Impacts

	Current	25-Year
Increment Value	\$28,174,980	\$58,992,152
Materials Tax	\$1,304,233	
Ad-Valorem Taxes	\$368,031	\$13,418,127
Lodging Taxes	\$827,209	\$84,234,340
Payroll	\$9,478,348	\$58,364,675
Totals	\$40,252,800	\$215,009,294



ABOUT JULIAN W. OSBON

- Lifetime resident of the C.S.R.A. Lived in Aiken through high school, North Augusta after college, Richmond and then Columbia County. Moved back into the City of Augusta to “be part of the solution” in 1998 and has been a resident in Downtown’s District One since 2002.
- Graduate of Wofford College, Business & Economics
- Working career primarily family small businesses. From the age of nine as a ‘gofer’ part time worker throughout a 60 plus year experience spent entire working career in Downtown Augusta.
- Suffered significant financial loses when the effects of the 1970’s oil-embargo forced the 60 year old family business into bankruptcy.
- While avoiding personal bankruptcy, the business loss and a divorce depleted his entire financial resources. Un-employed & without medical benefits the State of Georgia declared him an indigent patient in 1984 & paid for retina surgery preventing blindness.
- Co-Founder of Osbon Medical Systems, Ltd. Took business from \$18,000 in 1983 to over \$30 million in 1996. Retired in 1997. The business generated millions of dollars in good paying jobs and resulted in a multi-million dollar tax revenue source for state and federal governments.
- Currently Operates Osbon & Associates, a continuation of the 1923 business founded by his father, uncle & grandfather in Aiken, SC, and has served for the umbrella of a number of business ventures.

COMMUNITY SERVICE

- Past President/Chairman: Augusta Better Business Bureau, Augusta Tomorrow, Augusta History Museum, Historic Augusta, Community Foundation of the CSRA, University Hospital Foundation, Georgia Senate Study Group For The Evaluation of MCG & Area Hospitals
- Past Member: Medical College of Georgia Foundation Board, Paine College Board of Directors, North Augusta Jaycees, North Augusta Sertoma Club, Augusta Lions Club, The Red Cross, Sacred Heart Cultural Center Board, North Augusta 2000 Board, Downtown Development Authority, Georgia Medical Center Authority, Augusta Neighborhood Improvement Committee, The 2008 Augusta-North Augusta Master Planning Committee, Beulah Grove Resource Center, The Springfield Village Park, The First Tee Board
- Current Membership: Wofford College Board of Trustees, Medical College of Georgia Research Institute, Augusta Tomorrow, Community Foundation of the CSRA, Co-Chair Master Plan, Downtown Augusta, Business Improvement District Board

CORPORATE BOARDS

- Georgia Carolina Bank Shares, First Bank of Georgia, UroHealth, Inc, Xytex Corporations, Accelerated Pharmaceuticals, Osbon Medical Systems, Ltd., Augusta Medical Systems, Inc., Osbon Auto Supply, Inc.

RECOGNITIONS

- Georgia Small Business Person of the Year, Augusta Small Business Person of the Year, Spirit of Georgia Award, The Presidential ‘E’ Award for Excellence in Exports, Augusta Philanthropist Of The Year Award,
- Featured in Wall Street Journal Business Reports
- Appeared on the nationally syndicated ‘Geraldo’ Show as a guest expert

NOTICE OF DISCLOSURE

NOTE: In compliance with reasonable disclosure standards Julian Osbon is one of several property owners under contract with the Hyatt Place Hotel developers. In being so he stands to profit from the purchase of the proposed new hotel property. His legal commitment to the sale of his property expires August 31st.