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## How Offenhauser worked to mitigate risk and reduce cost on \$100 MM project

*An interview with Geoffrey Bley, Chief Development Officer for Presidian Hotels & Resorts*

The Loren is a luxury hotel and condominium project in downtown Austin and located on Riverside Drive with direct views across Lady Bird Lake towards the Austin skyline. The project features two levels of structured parking below grade and 8 levels of premier programming above grade including beautiful architecture designed by Rhode Partners and construction by HOAR Construction. Presidian Hotels and Resorts is a Texas based developer, owner and operator of Boutique and Franchised hospitality assets throughout the state of Texas and beyond. Presidian Hotels and Resorts has provided direct support to Sardis Hotel Group in the development of The Loren.

## Important criteria for selecting a broker for this type of project

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The size, scope and complexity of a project such as The Loren required a sophisticated broker with experience in placing an owner-controlled policy favorable to ownership. Offenhauser & Co. was selected specifically because of their experience with similar projects.

## How Offenhauser worked with Presidian's attorney, general contractor and bank to mitigate risk and reduce cost

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Offenhauser added great value to ownership and to the overall professional team, including expertise and coordination with the legal team, senior lender and contractor. O&Co specifically added value in three key areas:

1. Offenhauser recommended insurance requirements to the contract for the general contractor such as pollution liability (we are uphill and only 300' from Lady Bird Lake).
2. They negotiated directly with the lender and had unnecessary coverage removed saving up \$30,000+ on builder's risk policy.
3. Their OCIP quote saved us more than \$250,000 as compared to the GC's CCIP program.

## Why owner-controlled insurance was a good fit for this project and how it benefits The Loren

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The owner-controlled policy greatly benefited the development and ownership of The Loren.

1. For our size project (greater than \$50 MM), it is much more cost efficient than having us the owner, GC and their subs purchase liability coverage separately. It aligns our interests.

2. It gives us the owner control, important with a delay in completion or construction defect claim.
3. It assures coverage through the statute of repose which is 10 years in Texas! We don't have to worry about getting the GC and their insurance company to respond to condo owners with construction (defect) damage after the GC has completed their work and been paid in full.

## Offenhauser's expertise and attention to detail compared to other major brokers you've worked with

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Mitigating risk and establishing the proper structure is imperative to the success of any project. The Loren had added complexity due to its location, mix of uses and condominium structure.

[Scott and Collins \[Bruner\]](#) worked closely with our attorney and us to improve contract terms and added significant value. They advocated for us and found a quality OCIP administrator and photographer for the project to defend against a possible construction defect claim after completion.

## About Geoffrey Bley, Chief Development Officer

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Geoff Bley has 20 years experience in real estate development, financing, construction management, operation and sales. Mr. Bley has lead the development of several large scale projects and has created successful development ventures through careful analysis of economic viability and identification of market opportunities.

Prior to joining Presidian, Mr. Bley directed diverse portfolios of hospitality, commercial and residential developments for several private entities.

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