

CAUSE NO. 05-12-10631

1  
2 GULF BEACH HOTEL, INC. ) IN THE DISTRICT COURT  
3 )  
4 PLAINTIFF, )  
5 VS. ) MONTGOMERY COUNTY TEXAS  
6 )  
7 GULF STATE PARK )  
8 AUTHORITY, ET AL. )  
9 )  
10 DEFENDANTS. ) 221ST JUDICIAL DISTRICT

\* \* \* \* \*

IN THE CIRCUIT COURT OF MONTGOMERY COUNTY, ALABAMA

11 GULF BEACH HOTEL, INC. )  
12 )  
13 PLAINTIFF, )  
14 )  
15 VS. ) CV 2005-1409  
16 )  
17 GULF STATE PARK )  
18 AUTHORITY, ET AL. )  
19 )  
20 DEFENDANTS. )

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ORAL DEPOSITION OF

BRUCE BURKHALTER

JANUARY 12, 2006

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1 Q. So, you understand kind of the ground rules,  
2 that it will be used in court and you're under oath  
3 and --

4 A. I do understand being under oath. Some of the  
5 other things, I'm maybe -- don't know. I haven't done  
6 it very many times --

7 Q. Okay.

8 A. -- only once.

9 Q. Well, if you -- it's important that you  
10 understand what I say; so, if you can't understand me,  
11 just don't hesitate to ask me to repeat it to make sure  
12 you do understand before you try to answer.

13 And another thing that seems like a lot of  
14 people do, they nod, sometimes, or shake their head; but  
15 since this is not being videoed, we have got to have you  
16 be sure you answer it orally where she can get it down.

17 A. Okay.

18 Q. One advantage of that is where you won't have  
19 to come to Alabama when we go to trial. We will just  
20 read what you said.

21 A. Well, Alabama is a very nice state; so --

22 Q. Right.

23 All right. Where are you employed,  
24 Mr. Burkhalter?

25 A. Benchmark Hospitality, here in this office in

1 The Woodlands.

2 Q. And that's in Texas?

3 A. That's Texas, that's correct.

4 Q. Montgomery County, Texas?

5 A. It is.

6 Q. Which is kind of a suburb of Houston? The  
7 Woodlands is kind of a suburb, just away from Houston?

8 A. Well, you know, being it's in a different  
9 county, it's really a suburb of Conroe, quite frankly.  
10 Houston wants it, but we will see if they get it.

11 Q. Houston is in Harris County --

12 A. Yeah.

13 Q. -- right? Okay.

14 How long have you been employed by Benchmark?

15 A. Sixteen-and-a-half years.

16 Q. Okay. What I am going to be asking you about  
17 today is -- relates to a project that your company did  
18 in Alabama for the Department of Conservation involving  
19 state parks. You understand that's the purpose of your  
20 deposition today?

21 A. I do.

22 Q. Okay. When is the first that you ever heard  
23 that Alabama conservation department may be interested  
24 in engaging some services that you-all could provide?

25 A. There was an RFP that I believe came out in

1 2002. I believe that was the year. Something around  
2 then. It was a -- it was a major competition between  
3 numerous hospitality firms.

4 Q. What do you mean by that definition, by  
5 that -- those letters, RFP?

6 A. Request for proposal.

7 Q. Request for proposal.

8 And it was a request for proposal to do what?

9 A. It was to provide oversight technical services  
10 for the project with -- later on with the opportunity to  
11 be involved in some sort of a management of that  
12 facility, this being Gulf Shores.

13 Q. Okay.

14 A. That was never truly defined.

15 Q. And what -- what facility in Gulf Shores were  
16 they talking about?

17 A. It was the state park, the hotel portion of  
18 the state park, and possibly the golf.

19 Q. The hotel portion and possibly the golf --

20 A. Uh-huh.

21 Q. -- course?

22 Was it -- did you -- were you familiar with  
23 that property before that proposal -- request for  
24 proposal came out?

25 A. I was not.

1 Q. So, you had never been there before?

2 A. I had not.

3 Q. And when did you say your best judgment of  
4 when that was?

5 A. I believe 2002.

6 Q. 2002?

7 Any -- any particular month you can point  
8 to --

9 A. Well, I remember the time that we went up  
10 there as some of the first interviews. It was fairly  
11 cold up there. I think it was in March.

12 Q. The best of your memory, what did that  
13 proposal call for?

14 A. You know, they want to look at the strengths  
15 of the company, the properties that we manage, the type  
16 of properties that we manage. There was some franchise  
17 operators that was involved with being selected to  
18 review that. I think it was a pretty good cross-section  
19 that the State looked at as who is -- who -- who are the  
20 main operators that could help us with this facility.  
21 So, it was trying to define, you know, who the best was  
22 for kind of an odd property like, you know, Gulf Shores  
23 State Park. It's not your typical hotel.

24 Q. Did you -- after -- well, let me not get ahead  
25 of myself.

1 Did -- was your firm successful in receiving  
2 the business --

3 A. For the technical services contract --

4 Q. -- being awarded?

5 A. -- yes.

6 Q. Okay. For what services contract?

7 A. Technical services.

8 Q. Technical services contract.

9 And what -- how much were you paid for that?

10 Do you know?

11 A. I believe we were paid \$360,000 plus some  
12 reimbursables for that.

13 Q. Was that paid all at once?

14 A. That was paid over a monthly period throughout  
15 whatever time frame was established.

16 Q. Okay. So, it was paid so much per month?

17 A. That's correct.

18 Q. Do you have any knowledge as to where -- what  
19 funds from the State this money came from?

20 A. I think the only thing we knew, it was a bond  
21 issue that had funded for the state parks in general for  
22 renovations throughout the state park system; and I  
23 think there was some discretion of where that money --  
24 how they were going to allocate it, to what park, who  
25 needed it most. I know there were still a lot of things

1 We were going after the resort market, which we do very  
2 well; and we were going after the convention market.

3 Q. Okay.

4 A. So, it was a hybrid.

5 Q. You mentioned it was going to compete -- it  
6 was going to compete with hotels in Florida. Would that  
7 be hotels at the upper-level resort hotels?

8 A. I think we had looked at this of being  
9 something that would compete with the Sandestin area,  
10 which is a major competitor to the Alabama market.

11 Q. Are you familiar with the Perdido Beach Resort  
12 hotel in Orange Beach?

13 A. We are.

14 Q. Would it also be competing with them?

15 A. Well, you know, when we -- when you look at  
16 guest rooms, guest rooms compete with guest rooms; and  
17 there's no way around that. However, from a facility  
18 perspective, I think that we would have attracted --  
19 first of all, we were building only 300-and-something  
20 guest rooms. We were building a much larger capacity in  
21 terms of the conference center and the large ballroom  
22 that would have thrown business off to everywhere within  
23 that whole area. So, I think it would actually have  
24 helped that hotel.

25 Q. You were going to build 300-something rooms in

1 tested. I think we got most all the way through  
2 schematic DD, and then we were ready to go into  
3 construction documents after that, which I believe is  
4 about when the project stopped.

5 Q. What was going to be the projected cost of  
6 this project?

7 A. You know, I mean, it -- it varied; but I think  
8 that there was a -- a window there was not to exceed  
9 about 115 million. It was an all-in cost.

10 Q. 115 million for the hotel?

11 A. That was everything that was being done,  
12 including some cabin work that was done for the State  
13 park. I believe that was all out of the same budget.

14 Q. I want to go through and get you to -- if you  
15 can, to identify a whole stack of documents that have  
16 been produced by the attorneys from Benchmark; and I  
17 think if you -- if you can -- if we can get these  
18 identified, that will go a long way towards finishing  
19 the questions I have got to ask you.

20 A. Uh-huh.

21 MR. BAXLEY: You want to mark these?

22 Q. (BY MR. BAXLEY) While she's doing that, tell  
23 us the names of the people at Benchmark that did work on  
24 this project, if you know.

25 A. Primarily, it was my group. At the time there