

MUSCATINE REINVESTMENT DISTRICT



IOWA REINVESTMENT DISTRICT PROGRAM FINAL APPLICATION

Muscatine
Iowa Reinvestment District Program
Final Application

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Section A: Project & Eligibility

An aerial photograph of a residential neighborhood on a hillside. The houses are densely packed and surrounded by lush green trees. The scene is captured during the golden hour of sunset, with warm light illuminating the rooftops and foliage. The houses vary in color, including white, red, and grey. A prominent red brick house with white trim is visible in the center. The overall atmosphere is peaceful and scenic.

www.barkleyphoto.com

Section A: Project & Eligibility

Name of Project/District: Muscatine Reinvestment District

Date Submitted: February 3, 2015

Application Type: Final

Applicant: City of Muscatine

Contact: Gregg Mandsager
City Administrator
215 Sycamore
Muscatine, IA 52761
563-263-1550
gmandsager@muscatineiowa.gov

Rebecca Howe
President
Riverview Hotel Developers
770-630-8414
rhowe@riverviewhoteldev.com

Federal Identification No: 426005008

Size of Proposed District: 24.9 acres

Parcels Contiguous? Yes

Section A.1: City of Muscatine Resolution for IRD

RESOLUTION NO. 92708-0314

**A RESOLUTION AUTHORIZING THE SUBMISSION OF A PREAPPLICATION
FOR CONSIDERATION UNDER THE IOWA REINVESTMENT DISTRICT
PROGRAM**

WHEREAS, pursuant to the authority of 2013 Iowa Code section 15.106A and 2013 Iowa Acts, the Economic Development Authority has established and adopted rules to administer the "Iowa Reinvestment Act"; and

WHEREAS, the administrative rules provide for the submission of a preapplication to the Iowa Economic Development Authority and Board for evaluation and scoring under the Program; and

WHEREAS, it is necessary for the City of Muscatine, an Iowa municipality to submit a preapplication with a declaration of intent to:

- 1) Establish an Iowa Reinvestment District
- 2) Approve the District Plan; and
- 3) Find that the area of the proposed District is an area suitable for development.

NOW, THEREFORE, BE IT RESOLVED by the City Council for the City of Muscatine Iowa that this Council intends to establish an Iowa Reinvestment District, approve a plan for the District, and finds that the area within the proposed District is suitable for development.

BE IT FURTHER RESOLVED that City Council authorizes and directs that a preapplication be submitted in accordance with the administrative rules for the Iowa Reinvestment District program.

PASSED, APPROVED, AND ADOPTED, by the City Council for the City of Muscatine, Iowa on this, the 13th day of March, 2014.

(City Seal)



A handwritten signature in black ink, appearing to read "DeWayne Hopkins".

DeWayne Hopkins, Mayor

A handwritten signature in black ink, appearing to read "Gregg Mandsager".

Gregg Mandsager, City Clerk

A.2: Enterprise Zone/Urban Renewal Documentation

A.2.1: Urban Renewal Map



A.2.2: Urban Renewal Resolution

Muscatine#421464-34/UR Plan Amend

RESOLUTION NO. 91641-0511

A resolution to declare necessity and establish an urban renewal area, pursuant to Section 403.4 of the Code of Iowa and approve urban renewal plan amendment

WHEREAS, the City Council (the "Council") of the City of Muscatine (the "City") has previously established the Original Muscatine Urban Renewal Area, the Muscatine Downtown Urban Renewal Area, the South End Urban Renewal Area, the Northeast Urban Renewal Area, the Muscatine Mall Urban Renewal Area, the Highway 38 - Northeast Urban Renewal Area, and the 2010 Industrial Urban Renewal Area (collectively hereinafter the "Urban Renewal Areas"); and

WHEREAS, studies have been conducted the results of which indicate that conditions of blight (the "Blighted Conditions"), as described in Section 403.17(5) of the Code of Iowa continue to exist on various parcels of ground (the "Blighted Properties") in the City, such properties being described on Exhibit C to the Restated Urban Renewal Plan (as hereinafter defined); and

WHEREAS, it has been proposed that the Council take action to consolidate the City's urban renewal policies, projects and initiatives under the governance a single urban renewal plan; and

WHEREAS, it has been further proposed that the Council amend the urban renewal plans for the Urban Renewal Areas to (1) update the legal description of the Urban Renewal Areas to include all real property (the "Property") in the City as set forth on Exhibit A hereto; (2) to consolidate the Urban Renewal Areas into a single Consolidated Muscatine Urban Renewal Area (the "Consolidated Area"); (3) to update and reaffirm findings of a need for economic development and slum and blight alleviation with respect to various properties within the Urban Renewal Areas; (4) to adopt a restated and updated urban renewal plan (the "Restated Plan") for the continued undertaking and operation of projects and initiatives within the Consolidated Area; and (5) to specifically identify new projects to be undertaken within the Consolidated Area; and

WHEREAS, the Council intends that this consolidating action shall not alter the original base valuations, time restrictions and debt certifications for the City's tax increment financing districts that have been established from time-to-time by ordinances with respect to the financing of projects in the Urban Renewal Areas; and

WHEREAS, this Council is desirous of obtaining as much information as possible from the residents of the City before making this decision; and

WHEREAS, an amendment (the "Amendment") to the urban renewal plans for the Urban Renewal Areas which carries out this proposal has been prepared; and

WHEREAS, notice of a public hearing by the City Council of the City on the question of establishing the area shown in Exhibit A hereto as an urban renewal area and on the proposed Amendment was heretofore given in strict compliance with the provisions of Chapter 403 of the Code of Iowa, and the City Council has conducted said hearing on May 5, 2011; and

WHEREAS, the Planning and Zoning Commission of the City has reviewed and commented on the proposed Amendment and Restated Plan; and

WHEREAS, copies of the Amendment and the Restated Plan, notice of public hearing and notice of a consultation meeting with respect to the Amendment were mailed to Muscatine County, Muscatine Community School District and Muscatine Community College; the consultation meeting was held on the 19th day of April, 2011; and responses to any comments or recommendations received following the consultation meeting were made as required by law;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. An economic development area as defined in Chapter 403 of the Code of Iowa, is found to exist in the City of Muscatine on the Property. The Council hereby acknowledges this finding to be a reaffirmation of findings made with respect to the portions of the Property previously included in the Urban Renewal Areas.

Section 2. A blighted area resulting from the Blighted Conditions as defined in Section 403 of the Code of Iowa is hereby found to exist on the Blighted Properties.

Section 3. The portion of the Property not previously contained within the Urban Renewal Areas is hereby declared to be an urban renewal area, in conformance with the requirements of Chapter 403 of the Code of Iowa, and, together with the portions of the Property previously contained within the Urban Renewal Areas is hereby designated as the Consolidated Muscatine Urban Renewal Area.

Section 4. The rehabilitation, conservation, redevelopment, development or a combination thereof, of the Consolidated Muscatine Urban Renewal Area is necessary in the interest of the public health, safety or welfare of the residents of the City.

Section 4. It is hereby determined by this Council as follows:

A. It is not anticipated that families will be displaced with respect to any urban renewal projects to be carried out on the Blighted Property, but, if the need arises, a feasible method exists for the location of families who will be displaced from the urban renewal area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families;

B. The Restated Plan as amended covering the Property conforms to the general plan of the municipality as a whole;

C. Proposed development on the Property is necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

Section 5. The Amendment and the Restated Plan, attached hereto and made a part hereof, are hereby in all respects approved. The Urban Renewal Areas are hereby consolidated

into a single Consolidated Muscatine Urban Renewal Area, and the Restated Plan is hereby adopted to govern future urban renewal activity therein.

Section 6. It is hereby declared that this consolidating action shall not alter the original base valuations, time restrictions and debt certifications for the City's tax increment financing districts that have been established from time-to-time by ordinances with respect to the financing of projects in the Urban Renewal Areas. Furthermore, nothing in this consolidating action shall in any way interfere with the carrying out of ongoing urban renewal projects previously undertaken or the payment of obligations previously incurred in connection therewith.

Section 7. All resolutions or parts thereof in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved May 5, 2011.

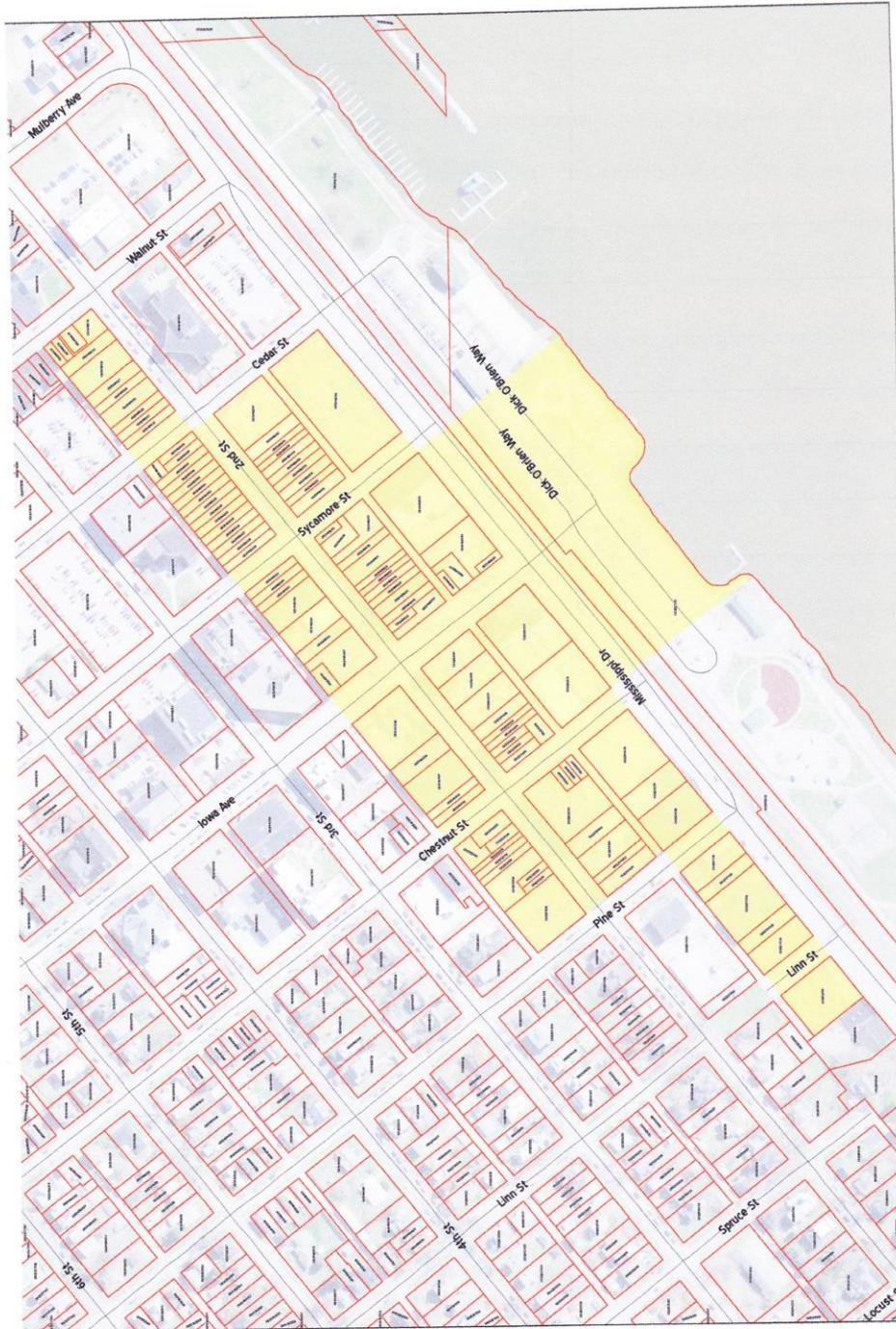


Richard W. Brown
Mayor

Gary M. Huber
City Clerk

(Attach copy of the urban renewal plan amendment to this resolution.)

A.3: Map of Muscatine Reinvestment District



A.4: Property Owner Information

Iowa Reinvestment District Property Owner Information

Page 1 of 2

PIN	House No.	Street	Deed Holder	Deed Holder Address	Deed Holder City	Deed Holder State	Deed Holder Zip
0835481026	313	2nd St E	313 East Second LLS	313 2nd St E	Muscatine	IA	52761
0835483006	203	2nd St E	AKA Properties LLC	PO Box 153	Muscatine	IA	52761
0835483017	225	2nd St E	AKA Properties LLC	PO Box 153	Muscatine	IA	52761
0835488003	106	2nd St E	AKA Properties LLC	PO Box 153	Muscatine	IA	52761
0835488028	101	Mississippi Dr E	Avenue Properties	PO Box 153	Muscatine	IA	52761
0835488018	113	Iowa Ave	Avenue Properties	PO Box 153	Muscatine	IA	52761
0835488025	111	Iowa Ave	Avenue Properties	PO Box 153	Muscatine	IA	52761
0835488026	107	Iowa Ave	Avenue Properties	PO Box 153	Muscatine	IA	52761
0835486002	204	2nd St E	Bankhead Thomas R Trustee	204 E 2nd St	Muscatine	IA	52761
0835481030	323	2nd St E	Beegee Enterprises	323 E 2nd St	Muscatine	IA	52761
0835483005	201	2nd St E	Bell Darrel T or Mary T	6963 Wapsi Ave SE	Lone Tree	IA	52755
1302205015	116	Chestnut St	Benninger Gene M or Janice M	1023 Sunrise Ctr	Muscatine	IA	52761
0835486009	214	2nd St E	Bird David J or Linda J	1203 E Mississippi	Muscatine	IA	52761
0835463026	202	Iowa Ave	Carver Roy J Charitable Trust	202 Iowa Ave	Muscatine	IA	52761
1302226006	118	2nd St W	Casper & Associates Inc	100 2nd St W	Muscatine	IA	52761
1302226009	112	2nd St W	Casper & Associates Inc	100 2nd St W	Muscatine	IA	52761
1302226012	104	2nd St W	Casper & Associates Inc	100 2nd St W	Muscatine	IA	52761
1302226014	100	2nd St W	Casper & Associates Inc	100 2nd St W	Muscatine	IA	52761
1302205001	228	2nd St W	Cedar Street Investments LLC	301 2nd St E	Muscatine	IA	52761
0835481022	301	2nd St E	Cedar Street Investments LLC	301 2nd St E	Muscatine	IA	52761
0835481023	303	2nd St E	Cedar Street Investments LLC	301 2nd St E	Muscatine	IA	52761
0835488023	119	Mississippi Dr E	Diercks Gary L	2450 Snug Harbor Ln	Muscatine	IA	52761
0835485018	129	2nd St E	Diercks Karen J	131 2nd St E	Muscatine	IA	52761
0835485019	131	2nd St E	Diercks Karen J	131 2nd St E	Muscatine	IA	52761
0835483013	217	2nd St E	Flying Arrow LLC	315 Wood Creek Ln	Muscatine	IA	52761
0835486010	216	2nd St E	Fuegen Jeffrey or Candice L	3105 Clermont Dr	Muscatine	IA	52761
0835481028	319	2nd St E	Gopdken Duane J	105 Deerpath Ln	Muscatine	IA	52761
0835483007	205	2nd St E	Hagerty Joseph or Ryan	2788 Shamrock Dr	Muscatine	IA	52761
1302205006	218	2nd St W	Hill Brent W or Torina	218 2nd St W	Muscatine	IA	52761
0835463018	117	2nd St W	Historic Muscatine Inc	117 2nd St W	Muscatine	IA	52761
0835463013	124	2nd St E	Historic Muscatine Inc	117 2nd St W	Muscatine	IA	52761
0835483020	229	2nd St E	Hyink Steven R or Renne V	2601 Mulberry Ave	Muscatine	IA	52761
1302505001			Iowa Chicago & Eastern Railroad Corp.	501 Marquette Ave Ste 1	Minneapolis	NN	55402
0835488002	104	2nd St E	Johnston Gregory A	323 2nd St E	Muscatine	IA	52761
0835485017	127	2nd St E	King James W or Grace E	2485 Mulberry Ave	Muscatine	IA	52761
0835481032	210	Walnut St	King James W or Grace E	2485 Mulberry Ave	Muscatine	IA	52761
0835481031	212	Walnut St	King James W or Grace E	2485 Mulberry Ave	Muscatine	IA	52761
0835481025	307	2nd St E	Kleindolph Jerry N or Linda K	3118 Tipton Rd	Muscatine	IA	52761
0835481024	205	2nd St E	Kleindolph Neal & Betty Marie	1111 Lincoln Blvd	Muscatine	IA	52761
0835485016	121	2nd St E	L&H Holdings LLC	121 2nd St E	Muscatine	IA	52761
1302226005	120	2nd St E	Mark J William	105 7th St	Muscatine	IA	52761
0835483011	213	2nd St E	Juarez Jose J	213 2nd St E	Muscatine	IA	52761
0835483018	208	Cedar St	Mealy Holdings LLC	301 2nd St E	Muscatine	IA	52761
1302226002	126	2nd St E	Metcalf Conlon & Stiering	126 2nd St E	Muscatine	IA	52761
1302205018	109	Pine St	Midwest Machine & Engineering LLC	109 Pine St	Muscatine	IA	52761
0835483014	219	2nd St E	Mowl Terry	PO Box 221	Muscatine	IA	52761
0835483019	227	2nd St E	MTMM LLC	227 2nd St E	Muscatine	IA	52761
1302227001			Muscatine City of	215 Sycamore St	Muscatine	IA	52761
0835486016			Muscatine City of	215 Sycamore St	Muscatine	IA	52761
1302202011			Muscatine City of	215 Sycamore St	Muscatine	IA	52761
1302208018	403	Mississippi Dr W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302205019	215	Mississippi Dr W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302205002	224	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302205035			Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302205004	222	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302205027			Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302205014	118	Chestnut St	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302226018	117	Chestnut St	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302220019	219	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202020	217	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302226031	119	Mississippi Dr W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302226001	128	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302226003	124	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302226004	122	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202024	205	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202012	215	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202014	211	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202015	209	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202025	201	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202022	212	Chestnut St	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835463012	113	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835463014	129	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835486001	200	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835486012	226	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835486014	226	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835483009	209	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761

Revised: 12/01/2014

Iowa Reinvestment District
Property Owner Information

PIN	House No.	Street	Deed Holder	Deed Holder Address	Deed Holder City	Deed Holder State	Deed Holder Zip
0835483010	211	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835483015	221	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835483016	223	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835481035	206	Walnut St	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835481036	331	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
1302202016	207	2nd St W	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488031	102	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488006	112	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488008	116	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488030	100	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488012	122	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488011	120	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488004	110	2nd St E	Muscatine Downtown Investors LLC	215 Mississippi W	Muscatine	IA	52761
0835488007	114	2nd St E	Paco Properties LLC	323 2nd St E	Muscatine	IA	52761
0835483012	215	2nd St E	Pengar LLC	1118 Mulberry Ave	Muscatine	IA	52761
0835486008	212	2nd St E	Plank Marvin E or Vicki R	118 Clinton St	Muscatine	IA	52761
1302207006	319	Mississippi Dr W	River Bend Realty W	319 Mississippi Dr W	Muscatine	IA	52761
1302207010	305	Mississippi Dr W	River Bend Realty W	319 Mississippi Dr W	Muscatine	IA	52761
1302207011	301	Mississippi Dr W	River Bend Realty W	319 Mississippi Dr W	Muscatine	IA	52761
1302207004	325	Mississippi Dr W	River Bend Realty W	319 Mississippi Dr W	Muscatine	IA	52761
1302207005			River Bend Realty W	319 Mississippi Dr W	Muscatine	IA	52761
0835488014	128	2nd St E	RMI Investments	101 Mississippi Dr W	Muscatine	IA	52761
0835485011			SECO Investments Co	209 Iowa Ave	Muscatine	IA	52761
0835483008	101	2nd St E	SECO Investments Co	209 Iowa Ave	Muscatine	IA	52761
0835483008	207	2nd St E	Sichterman James Lor Janet R	207 2nd St E	Muscatine	IA	52761
0835485013	109	2nd St E	Sosa Antonio & Adela	814 2nd St	Columbus	IA	52738
0835463013	131	2nd St W	Teitsworth Renee	5606 S Hwy 61	Muscatine	IA	52761
0835486004	206	2nd St E	Vazquez Ramiro & Guadalupe	1707 Foster St	Muscatine	IA	52761
0835486005	208	2nd St E	Vazquez Ramiro & Guadalupe	1707 Foster St	Muscatine	IA	52761
0835486006	210	2nd St E	Vazquez Ramiro & Guadalupe	1707 Foster St	Muscatine	IA	52761
0835481027	317	2nd St E	Wester James C or Gail N	315 2nd St E	Muscatine	IA	52761
0835485014	115	2nd St E	W-M Ltd	115 2nd St E	Muscatine	IA	52761
0835488015	130	2nd St E	WSSM LLC	5311 Tremont Ave	Davenport	IA	52807
1302205000							
1302206000							

NOTE:

Parcel ids with Deed Information but with missing addresses are due to:

- 1) Parcel has no structures on the lots (i.e. parking lots, railroad tracks, parkland, etc.) and therefore contains no address.
- 2) Parcel contains a building that straddles a parcel line. in such cases only the parcels that contains the majority of the building is addressed.

Parcel ids 1302226000 and 1302205000 contain multiple deed owners.

A.5: Legal Description of IRD District Boundary

That territory bounded by a line extended as follows: Beginning at a point at the center of the intersection of the east right-of-way line of Pine Street and the south right-of-way line of Alley #2; thence northeasterly along the south right-of-way line of Alley #2 to an intersection with the west right-of-way line of Walnut Street; thence southeasterly along the west right-of-way line of Walnut Street to an intersection with the north right-of-way line of 2nd Street; thence southwesterly along the north right-of-way line of 2nd Street to intersection with the west right-of-way line of Cedar Street; thence southeasterly along the west right-of-way line of Cedar Street to intersection with the north right-of-way line of Mississippi Drive; thence southwesterly along the north right-of-way line of Mississippi Drive to intersection with the west right-of-way line of Sycamore Street; thence southeasterly along the west right-of-way line of Sycamore Street and then an extension of the west right-of-way line of Sycamore Street to the intersection with the west bank of the Mississippi River; thence southwesterly along the west bank of the Mississippi River to intersection with an extension of the east right-of-way line of Chestnut Street and then the east right-of-way line of Chestnut Street to an intersection with the north right-of-way line of Mississippi Drive; thence southwesterly along the north right-of-way line of Mississippi Drive to the intersection with the west line of parcel described as Lots 4 & 5 of Block 8 of Original Town; thence northwesterly along the west line of said parcel to intersection with the south right-of-way line of Alley #1; thence northeasterly along the south right-of-way line of Alley #1 to an intersection with east right-of-way line of Pine Street; thence northwesterly along the east right-of-way line of Pine Street to the point beginning.

A.6: Documentation of Benefit to Real Property

A.6.1: Summary of Properties

The project consists of 3 main parcels of property that will undergo renovations.

Hotel Property

The hotel property will reside at 119 Mississippi Drive West, Muscatine, IA. This property, identified by parcel id. 1302226031, consists of 0.45 acres of land and a 8750 square foot metal building built in 1975. It is considered a blighted area within the downtown community, as the building is currently uninhabited. The Project intends to tear down the 39 year old metal structure and build a 4-star luxury boutique hotel and conference center in its place.

Parking Structure Property

The parking structure property will reside at 112 2nd Street, Muscatine, IA. This parcel, identified by parcel ids 13022260006, 1302226009, 1302226012 (partial), and 1302226014 (partial), consists of an asphalt parking lot with 66 rentable parking spaces. The project intends to resurface the current lot and add a 1.5 story controlled access parking structure with an estimated 106 spaces.

Parking Lot Property

The parking lot property will reside at 215 Mississippi Drive West, Muscatine, IA. This property, identified by parcel ids. 1302205019 and 1302205035, consists of 0.69 acre lot and 15,720 square foot concrete/brick building and concrete lot which is also considered blighted. Currently, the Chophouse restaurant resides in this building but is failing and not expected to survive past 2nd quarter 2015. The Project intends to resurface the parking lot, add landscaping and install parking barriers creating an estimated 59 space controlled access parking structure. Possible future uses for the building are (1) an extension of the hotel should demand exceed supply or (2) mixed use building containing riverfront condos, additional parking, restaurant and retail.

Green Space Property (Potential)

There is a potential for green space property to be included within the project. This property consists of a dated two-tier parking lot located between the Hotel Property and the current Pearlview Condominiums. The Pearlview Condo Association currently owns the property and the Project is currently in talks with the Association over its acquisition. The Project's intent with this property would be to convert the existing parking lot into ADA parking, new parking spaces, a covered, heated walkway to connect the Pearlview Condominiums (which contains 2 restaurant sites and a bar) with the new hotel and conference center. In addition, part of the parking lot will be converted into a green space with a planned sculpture park on the riverside of the lot. This will result in enhanced beautification of the Mississippi Drive corridor, ADA parking, and year round access from hotel to restaurant and bar facilities located in the Pearlview Condominiums.

Benefits to the Project’s real properties can be identified via County Assessor Property Tax Assessment and Appraised Assessment.

A.6.2: County Assessor Property Tax Assessment Post-Enhancement

**Property Values & Tax Rates
Current vs. Expected Post-Enhancement**

PROPERTY	CURRENT	POST ENHANCEMENT
Hotel Property	Tax Assessment Value: \$192,360	Tax Assessment Value: \$12,245,280
	Annual Property Taxes: \$6375	Annual Property Taxes: \$442,993
Parking Structure Property	Tax Assessment Value: \$102,000	Tax Assessment Value \$3,406,700
	Annual Property Taxes: \$3630	\$123,293
Parking Lot Property	n/a¹	n/a¹
Green Space Property	n/a²	n/a²

¹ Parking Lot Property is not part of the TIF and therefore we currently do not have a current tax assessed value. Phase I enhancements will be minimal to include resurfacing, landscaping and parking control. This property was purchased to reduce the cost of the parking garage and create a more economical design for required hotel and conference center parking. Future plans include an adaptive reuse of the building on this property at a later date.

² Green Space Property is a potential property that would add future enhancement to not only The Project but also the downtown riverfront. These enhancement include: green space, sculpture garden, ADA parking and heated, covered walkway between The Stanley Hotel and the Pearlview Condos (which include 2 restaurants and 1 bar facility). The Project is currently in initial negotiations with the condo association at the Pearlview Condos.

NOTES:

1: Current tax assessment values and annual property taxes were taken from current appraisals created in 2014 by Koestner, McGivern & Associates of Davenport, Iowa (EXHIBIT A: PROPERTY APPRAISALS).

2: Post enhancement tax assessment values were taken from Muscatine County Assessor document dated 10/10/2014 (EXHIBIT D.3 COUNTY ASSESSOR TAX ASSESSED LAND VALUATION).

3: Annual Property Taxes were derived using the property tax rate of .04019622. (Tax Assessed Building Value * .90 * .401622)

ANTICIPATED PROPERTY TAXES 20 YEAR SPAN	
Hotel Property 20 year anticipated property taxes	8,859,860.00
Parking Structure 20 anticipated property taxes	2,465,860.00
TOTAL 20 ANTICIPATED PROPERTY TAXES	\$11,325,720.00
Less TIF	6,000,000.00
TOTAL 20 YR ANTICIPATED PROPERTY TAX AFTER TIFF	\$5,325,720.00

A.6.3: Appraised Value Post Enhancement

Three methods were used to estimate the value of the properties post enhancement. These methods were then averaged.

Method 1 Replacement Value Approach

Project Construction Costs	\$41,000,000
Hotel Property Value	(\$380,000)
Parking Structure Property Value	(\$350,000)
Parking Lot Property Value	(\$150,000)
Total Est. Project Replacement Value	\$40,120,000

NOTES:

- 1: Property Values are based on 2014 Appraisals prepared by Koestner, McGivern&Associates of Davenport, IA. (EXHIBIT A: PROPERTY APPRAISALS)
- 2: Land values were deduced from the Project Costs (lines 2-4)
- 3: Parking Lot Property has a land valued at \$150K within current appraisal and a building value of 660K. Therefore, line 4 of table shows 150K rather than the full appraised value of \$810K.
- 4: Hotel Property currently has metal building erected on property. However appraisal does not break out appraised value at land vs. property. It is believed that the metal building hold little value and therefore conservatively the full appraised value was defined as land value as seen in Line 2 of table.

Method 2: Income Value Approach

Cash Flow From Operations – Year 3	\$2,831,244
Capitalization Rate	8%
Est. Income Approach Value	\$35,390,550

NOTES:

- 1: Cash Flow From Operations take from Income Proforma – Year 3 (See B.4.11.3)
- 2: Year 3 is considered stabilization year for operations
- 3: 8% capitalization rate based on current proforma. (Conservative approach).

**Method 3:
Market Value Approach**

Cash Flow From Operations – Year 3	\$2,831,244
Capitalization Rate	7%
Est. Market Approach Value	\$40,446,340

NOTES:

- 1: Cash Flow From Operations taken from Income Proforma – Year 3 (B.4.11.3)
- 2: Year 3 is considered stabilization year for operations
- 3: 7% capitalization rate based on what current similar properties are trading at for last 12 months.

**Conclusion:
Post Enhancement Market Appraisal Value of Land**

Replacement Approach	\$40,120,000.00
Income Approach	\$35,180,163.00
Market Value Approach	\$40,446,340.00
Post Enhancement Market Appraisal Value	\$38,582,170.00

NOTES:

- 1: Post Enhancement Market Appraisal Value = Average of the 3 above 3 methods
- 2: Current 2014 Appraised Market Value of the 4 Properties (including land & buildings) = \$1,690,000 (including 150K allocated for the purchase of the Green Space Property which is currently in negotiations).

A.6.4: Benefit to IRD District Properties Outside Defined Project

In addition to the increased value in the properties that The Project intends to purchase and renovate, it is expected that property values overall within downtown Muscatine to also increase once The Project is completed and stabilized. The hotel is expected to bring in approximately 80+ additional people into the downtown community per day (at 72% occupancy). Note that this does not include additional headcount that will be associated with the conference center. These additional people will pull revenues into downtown and create additional demand for food/bar revenue, entertainment, and retail thereby lifting the property values of the downtown community via the newly created demand within the area. The additional business and recreational activity drawn to downtown Muscatine will increase demand for properties within the IRD district thereby increasing property values through property renovations and enhancements to meet the new food/beverage, entertainment, and retail demand that the Project will create (EXHIBIT E: COUNTY TAX ASSESSOR LETTER).

Section B: District Project



Riverview Perspective of Hotel



B.1: Proposed District Projects

Proposed Project	Total Cost
Hotel Stanley and Conference Center	\$41,550,000
	\$41,550,000

B.2: Amount of State Assistance Required

The amount of state assistance needed is \$10,000,000.

B.3: Description of Use of State Assistance Within IRD District

The IRD State Assistance of \$10 million will be used to secure the USDA \$21 million dollar loan and aid in the repayment of the USDA loan.

B.4: Hotel Stanley & Conference Center Project

B.4.1: Executive Summary

The Project's intent is to construct a hotel, convention center and parking facility in downtown Muscatine, Iowa. The Company currently assesses the Project to include a 112-room hotel with amenities including fitness and pool/spa facilities. In addition, The Project will contain 12,732 square feet of premium conference space housed within the hotel. Included in the conference room square footage will be a 6th floor ballroom with reception and a 1250 square foot terrace, which will take optimum advantage of the river views. Parking will be accommodated in an estimated 189 spaces, access controlled parking garage/parking lot located next to the hotel. The hotel will be connected to the Pearl Plaza Condominiums (which include 2 restaurants and 1 bar) via a covered walkway system.

The Project is situated in the city of Muscatine, Iowa. It is a historic town beautifully placed on the Mississippi River, next to the Quad Cities of Iowa and Illinois and southeast of Iowa City, Iowa. Within a 6-hour radius of Muscatine are 17 major cities, which include Chicago, Milwaukee, Kansas City, Omaha, and St. Louis. The Project area lies in the heart of the city along Mississippi Drive and overlooks a pristine river park, which has been tastefully revitalized to include trails, a boathouse, restrooms, launching areas and several venues for people to gather. Unspoiled river vistas will dominate the majority of the hotel and conference center views. Plans to improve the streetscapes of Iowa Avenue and Mississippi Drive are current outstanding projects to be implemented by the city. Muscatine has also been designated a Blue Zone which is a geographic area that promotes a healthy lifestyle. In addition, the city of Muscatine plans to provide additional amenities to the riverfront, such as a band shell, recreational facilities, and "sitting" stairs leading to the water's edge. Several renovation projects to bring residential housing into the downtown area have been completed and match the historic nature of the city. Future additional residential projects are outstanding with the city. In addition, the downtown is quite unique for Iowa in that it is home to many large companies, charitable foundations and financial institutions.

While Muscatine is a vibrant community with a forward drive toward revitalization, independent research has found that much of the city's retail, restaurant, and accommodation activity are going elsewhere due to lack of facilities. External studies show that although guest room and meeting space demand is solid, the beneficiaries of this demand are surrounding cities such as Iowa City, Cedar Rapids, and the Quad Cities. This is due primarily to the lack of quality facilities in Muscatine. The leakage of conference room space is similar in that demand from the city's business community is high but availability of quality conference space low. This lack of facilities again drives businesses to seek quality guest rooms and conference space outside of Muscatine. Similarly, significant retail and restaurant dollars flow out of downtown Muscatine due to lack of a solid downtown infrastructure. Muscatine tourism is virtually nonexistent even with the superior river front promenade due to lack of facilities located on or near the

riverfront.

The Project was conceived to create an infrastructure to sustain economic growth within the city of Muscatine. The planned four-star boutique luxury hotel and conference complex will create the necessary facilities required to create a foundation for sustainable economic growth within the downtown area. The hotel, with commanding river views, will provide the necessary lodging needs not only to meet the requirements of Muscatine's business community but also draw in external business demand from other cities, both near and far. The state of the art conference center, also with commanding river views, will satisfy the business community meeting space needs as well as also pull in demand from other Iowa and Illinois cities. This conference center will be structured for optimum use and will contain meeting spaces for parties as large as 377 down to smaller meeting rooms to accommodate break out meetings. In addition, this space will be utilized for community meetings such as family reunions, athletic venues, political meetings, entertainment venues, and weddings. The 6th floor ballroom will contain 4535 square feet of meeting space, including a 1250 square foot terrace overlooking Muscatine's pristine riverfront. The hotel will also contain a luxury spa, fitness and pool venue.

Based on the PKF Economic Impact Study, the Project, in addition to providing returns, would serve as an economic engine for the community, providing ancillary revenues for the state of Iowa as well as Muscatine. State-wise, the project will have an overall employment impact of 548 jobs. Within Muscatine, construction jobs over a 2 year period will be in excess of 100 jobs. The Project will have an overall employment impact from operations of approximately 83 jobs annually, of which 70 will be direct jobs within the project. In addition, while the Project plans to house a small food/bar service area within the lobby of the hotel, the majority of the Project's food service requirements will be pulled from external downtown restaurants. This will include catering for conference space food service requirements. By partnering with the city and taking full advantage of the riverfront park, the Project will bring a significant increase in tourism to the downtown community and in turn aid in the growth of both retail and restaurant dollars within the downtown area as well as increase overall downtown property values.

The Company equity to debt structure is planned at \$20,200,000 in equity/grants and \$21,350,000 in debt funding. The Company's projections for the hotel call for positive EBITDA in year 2 is estimated to have an IRR of 14% as projected in the most current Pro-Forma.

B.4.2: Description

PROJECT TYPE: New Construction. Hotel, Conference Center, Parking Structure

- Muscatine Iowa is a historic city beautifully located on the Mississippi River, strategically located next to the Quad Cities of Iowa and Illinois. The downtown area overlooks the river park, which has been completely revitalized to include trails, a boat house, restrooms, playgrounds, a splash park, a ice skating rink, a basketball

court, launching areas, a marina, and several venues for people to gather including activities such as kayaking, canoeing, sailboats, paddle boats, bicycling, running and walking.

- The landscape on the other side of the river in Illinois is a pristine and pastoral view from downtown Muscatine. The view of the river valley includes the Mississippi River, the islands and sandbars on the edges of the channel, and an undeveloped riverbank located on the opposing side of the river. Much of this view is state and/or federally owned with little chance of development in the foreseeable future.
- Downtown Muscatine is the home to many major companies including HNI Industries, Allsteel, Kent Corporation, Monsanto, Stanley Consulting, The Roy S Carver Charitable Trust, Bandag (Bridgestone), Central State Bank, First National Bank, Community Bank of Muscatine, and governmental offices.
- Much of the downtown area has been renovated to honor the old buildings, heritage and culture of the city. This provides an excellent foundation for tourism.
- The city of Muscatine, in conjunction with notable walkability consultant Dan Burden are working together to renovate Mississippi Drive, Iowa Avenue and the river park to enhance the walkability factor of downtown Muscatine. Noted for his involvement in the creation of Seaside, Florida, Dan has also been recognized by the White House as a *Champion of Change* for his efforts to make places more walkable. Dan has also been named the *Top 100 Urban Thinkers* of all time by Planetizen. Dan is co-founder of the WALC Institute, services on the board of advisors for Walkscore, and is Director of Innovation and Inspiration for Blue Zones, LLC. Through the city's work with Dan, a renovation plan has been developed. Iowa Avenue will connect the center of town to the river via a beautiful streetscape including pavers, lighting, and landscaping. Mississippi Drive will be converted to a boulevard with dedicated turn lanes, roundabouts and landscaping. In addition, the city of Muscatine plans to implement additional amenities to the river park, including a band shell. Several other streets and areas of downtown Muscatine are also targeted for further renovation.
- Muscatine earned certification as a Blue Zones Community on July 30, 2014. The Blue Zones Project, based on principles developed by Dan Buettner, author of the books "Blue Zones" and "Thrive," offers research and information targeted at helping people live longer, better lives by changing their environment and lifestyle. The Blue Zones Project is part of Gov. Terry Branstad's Healthiest State Initiative. It is sponsored by Wellmark Blue Cross and Blue Shield and Healthways.
- The Project will include a 6 floor 4 star boutique hotel and conference center with a controlled access parking structure and parking lot.
- The lobby level amenities of the hotel will include the front desk, a sundries shop, a food and beverage court, a bar, executive board room, and luxury lounge seating. In addition, the lobby will house a fitness center, spa and indoor pool. These spa/fitness/pool facilities will be available year round to guests and club members (Muscatine residents will be able to utilize the facilities by joining the fitness club).
- The Hotel Stanley and Conference Center will boast 112 luxury guest rooms, extended stay rooms and 2 two bedroom presidential suites extended over 5 floors.

- The Conference Center will include 12732 feet of state of the art meeting and reception space. The 4353 square foot ballroom will have the ability to hold up to 377 people in a pillar-less environment. Other conference room space strategically divided for 5-200 people will be placed with the 5th and 6th floors. In addition, an executive boardroom will be placed on the lower lobby level. All facilities will include state of the art technology and furnishings. A banquet kitchen and warming room will be placed within the hotel to allow for catered events.
- Parking for the hotel and conference center will be accommodated within a 2.5 level parking garage as well as surface parking, accommodating 189 places. ADA parking will be placed between the Hotel Stanley and Pearlview Condominiums.
- The Hotel Stanley and Conference Center will be connected via a heated and covered walkway system to the Pearlview Condominiums, which currently houses 2 restaurants and 1 bar.
- Outside plans are in process to convert the existing parking lots between the Stanley Hotel and the Pearlview Condominiums into ADA parking and a park-like setting contain a heated covered walkway system, landscaping and sculpture garden. This will allow guests to have easy access to the two restaurants and one bar that are located in the Pearlview Condominiums.
- The project plan includes the use of an affiliate. An affiliate provides guest room night generation through a branded project for marketing and sales. Potential affiliates include Leading Hotels of the World, Preferred Hotels, and Discovery Hotels and Resorts.
- The project plan includes the selection of a management company to provide day to day management of the hotel and conference center. This includes operations, sales, marketing, engineering, housekeeping, accounting, and reporting. The management company will be chosen approximately 1 year in advance of opening and will be through a third party qualified organization such as Innkeepers Hospitality Services, Boutique Hospitality Management, Kimpton Hotels and Resort, Broughton Hotels, and Scottford Hospitality.

B.4.3: Project Impetus

In the summer of 2013, Scottford Enterprises was hired to determine the viability of a hotel and conference center in downtown Muscatine (EXHIBIT G: 2013 SCOTTFORD ENTERPRISES MARKET FEASIBILITY STUDY). The findings of this report show that there is a tremendous amount of leakage (business dollars going to other cities), in the hotel, restaurant, retail and other service sectors. This leakage ranges from 23% to 75% of business dollars leaving the community in the above sectors primarily due to the lack of supporting facilities in Muscatine (EXHIBIT F: BUXTON REPORT - 2014). This information was reconfirmed with a second independent market feasibility study done by PKF (see section B.4.17). Notably, in the hotel sector there is currently only 1 hotel (out of a total of 8) that the corporations of Muscatine are using for corporate travelers, vendors and corporate meetings. The rest of the business demand is leaving Muscatine for better facilities in outlying communities. In addition, many corporations

are concerned by the difficulty they incur recruiting qualified personnel due to lack of amenities. Of the white-collar employees that are recruited, many live outside the city limits of Muscatine, choosing Iowa City or the Quad Cities. For example, of the executive officers of HNI, only two reside in Muscatine proper. Also, amenities such as retail, recreation, and food and beverage establishments have a difficult time establishing footing in the downtown area. Without a steady demand, these establishments cannot survive and because of this, the rate of success for business such as these is very low.

Downtown Muscatine has several critical needs:

- Need to create economic sustainability for the downtown area
- Need to create an economic engine that will provide a foundation to make downtown businesses thrive
- Need to create a capital infusion into the downtown area to invigorate the retail, restaurant and tourism markets
- Need for quality 4-star hotel rooms to service the business and tourist
- Need for quality state of the art conference space to service local and regional businesses
- Need to drive tourism into the downtown community by utilizing the riverfront and historic district.
- Need to improve employment and recruitment percentages
- Need to improve the tax base

Outside independent studies have confirmed that by creating a 4 start luxury boutique hotel and conference center supported by a parking structure and green space, the needs of downtown Muscatine can be met.

The Hotel Stanley and Conference will create a sustainable economic engine for the community in terms of:

- Hotel & Conference Revenue
- Retail Revenue
- Restaurant Revenue
- Tourism Revenue
- Improved Employment Recruitment for White Collar

These revenues will be supported by the estimated 70+ people/day that will be infused into the Muscatine economy via the hotel and conference center. This strengthening of the infrastructure will improve the overall quality of amenities in the downtown area.

The project will gain maximum economic impact by working in concert with the city of Muscatine and the city's ongoing projects. These projects include:

- Additional renovations to the riverfront park to include more recreational amenities including a band shell.

- Renovation of Iowa Ave and Mississippi Drive to improve its walkability and drive demand down to the riverfront.
- Restoration/Renovations of historic buildings including a 2nd Floor project to create livable condo-style space on the second floors of historic buildings in downtown Muscatine.

It is apparent that the time is now to implement this project. It will not only support itself but also aid as an infrastructure to many additional downtown projects in the works.

B.4.4: Sources and Uses

THE HOTEL STANLEY & CONFERENCE CENTER			
Funding Uses⁵		Sourcing Uses	
Land Acquisition ⁴	1,690,000	Equity	
Architectural Design	795,251	HIF ¹	12,000,000
Engineering Design	709,922	Chen Lujun	4,000,000
Interior Design	286,050	MHI Fund LLC	2,000,000
Site Prep	1,244,115	Kent Corporation	2,000,000
Construction Admin	3,471,103		
Building Construction	20,548,115	Grant	
FF&E	1,764,534	HNI Furniture Grant	200,000
OS&E	1,622,668	Debt	
Pre-Opening Costs	1,729,505	USDA Loan ²	21,000,000
Other	3,455,229	MMRLF ³	350,000
Contingency	4,233,508		
Total Project Budget	\$41,550,000	Total Funding Sources	\$41,550,000

¹ HIF = Howe Investment Fund

² USDA loan includes \$7,350,000 commitment split equally between three Muscatine banks (Central State bank, First National Bank, and Community Bank & Trust)

³ MMRLF = Mercer Muscatine Revolving Loan Fund. This loan includes \$25,000 commitment from Muscatine County and \$62,500 commitment from city of Muscatine.

⁴ Land acquisition funds include an allocation of \$150K for the acquisition of the Green Space property. The Company is currently in negotiations over this property. This property acquisition a project and community enhancement and will not affect the project negatively should it not be acquired.

⁵ See EXHIBIT J: BUDGET SUMMARY GROUPED BY IRD SPECIFIC EQUITY ALLOCATION FOR APPLICATION

B.4.5: Project Team

We have been able to assemble an outstanding and creative hospitality oriented construction, design, marketing, and consulting team. All of the individual companies are the top of their respective fields. Our key players include:



B.4.5.1: Project Key Players

Stanley Hotel and Conference Center

- Rebecca Howe, President
- James Howe, CFO
- Andy MacLellan, COO

Scottford Enterprises (Hotel/Hospitality Consultants)

- Scott MacLellan – Account Director
- Jack Knudsten – Development and Project Management Services
- Matt Viglietta – Project Manager

CLO Design (Interior Design)

- Robert Clark, IIDA – Principal
- Hank S. Lo – Principal

Merit Construction Company

- Scott Pantel – Vice President
- Tom Amosson – CEO

Solum Lang (Architect)

- Dale Solum – Founding Partner
- Brad Lang – Founding Partner

HLB Gross Collins (CPA)

- Pauline Reynolds – CPA, CFP, CM&AA

Belin McCormick (Legal)

- Garth Adams – Partner

Carl Walker (Parking Garage Consultants)

- Russ Randall – Partner

Lester & Associates (Marketing Communications)

- T. David Lester – Principal

B.4.5.2: The Hotel Stanley and Conference Center Key Players

Rebecca Howe

Rebecca Howe, until recently was a Managing Partner in Signature Shutters, focusing on the sales, marketing and distribution portions of the business. During her tenure, Rebecca grew sales by expanding the market nationwide via a pack and ship distribution system as well as developing strong distribution ties with several big box retailers across the nation.

Prior to Signature Shutters, Rebecca spent 6 years with Kurt Salmon Associates, a key consultant in retail, health and distribution. During her tenure at KSA, Rebecca managed projects that emphasized the re-engineering of businesses and manufacturing processes. In addition, Rebecca played key roles in developing new manufacturing and marketing strategies for the apparel industry as well as developing and implementing state of the art distribution systems for large retail firms. From her tenure with this firm, Rebecca gained a solid understanding of strategic planning, project management, marketing, distribution, and manufacturing.

Rebecca received her BBA undergraduate degree from Drake University. Rebecca continued her education at the University of Iowa receiving her MBA in international business. During her MBA, Rebecca was chosen to intern with Russia's Finance Ministry in a program driven by the University of Manchester in England.

Rebecca will be devoted full time to the implementation of the project in the capacity of President and will add value to the project through strategic management, project implementation, and marketing.

James Howe

Jim Howe is currently the primary Managing Partner at Signature Shutters. During his tenure at Signature Shutters, James has managed to grow the business throughout the South and the East Coast. James has expanded the company into carrying a full line of window treatments as well as manufacturing custom, made to order wooden shutters sold throughout the United States.

James received his BBA undergraduate degree from the University of Iowa in finance and management information systems. James continued his education at Duke University's Fuqua School of Business, receiving his MBA in Finance.

James spent six years in management at HNI Corporation. During that time, he developed a deep appreciation for all aspects of operations, finance, and business management. He held a variety of positions within the company allowing him to maximize his skills and understanding of business philosophies.

His current interest in this project is to add value through strategic planning and financial management.

James has strong ties to the Muscatine Community through the Howe Foundation.

Andrew MacLellan

Born and raised in Mexico City, Andy has lived and worked in Europe, Latin America and the USA. Andy has an immense multi-cultural background. Andy has extensive experience in hotel management, development, renovation and development of resort communities. The breadth of this experience spans more than 30 years, with three of the industry's leaders. For 18 years, Andy worked his way through the ranks of the Westin Hotels and Resorts to achieve the senior officer position in the management of the Resort Division.

After developing the award winning Westin La Paloma in Tuscan, Arizona, Andy created the Resort Division for Westin by putting together world class resorts such as the Mauna Kea (Hawaii), The Arizona Biltmore (Phoenix), Las Brisas (Acapulco), Las Hadas (Manzanillo, Mexico), and the Westin Kauai to name a few.

In 1990, Andy accepted the position of Vice President and Managing Director of company owned, managed, and leased properties for Holiday Inn Worldwide (now Intercontinental Hotels and Resorts).

In 1993, he founded the Austin Lomas Group (ALG) for the purpose of acquiring and managing hotels to take advantage of the rebound in the hotel industry. ALG owned and managed 11 hotels and was a partner with Robert Redford in the Sundance Resort in Sundance, Utah.

In 1995, Andy founded Scottford Enterprises, LLC. Scottford Enterprises was contracted by the Atlanta Committee for the Olympic Games to provide accommodation services for the HOST Campus Network at residence facilities that included Georgia colleges and universities, the Georgia International Horse Park and the Atlanta Union Mission. Scottford converted these facilities to accommodate approximately 13,000 officials, press, staff, volunteers and other guest during the Olympic Games period.

In 1998, Andy was named President and Chief Operation Officer of Dolce International, the global leader in the Conference Center Hotels & Resort business. After joining Dolce, the company grew from 10 hotels to 27 hotels, resorts and conference centers and was represented in 8 countries with revenues topping \$300MM annually. In 2001, Andy was named Vice Chairman and Chief Operation Officer and in 2002, he moved to Paris to further the growth of Dolce International in Europe. During his tenure, Dolce established itself as the premier

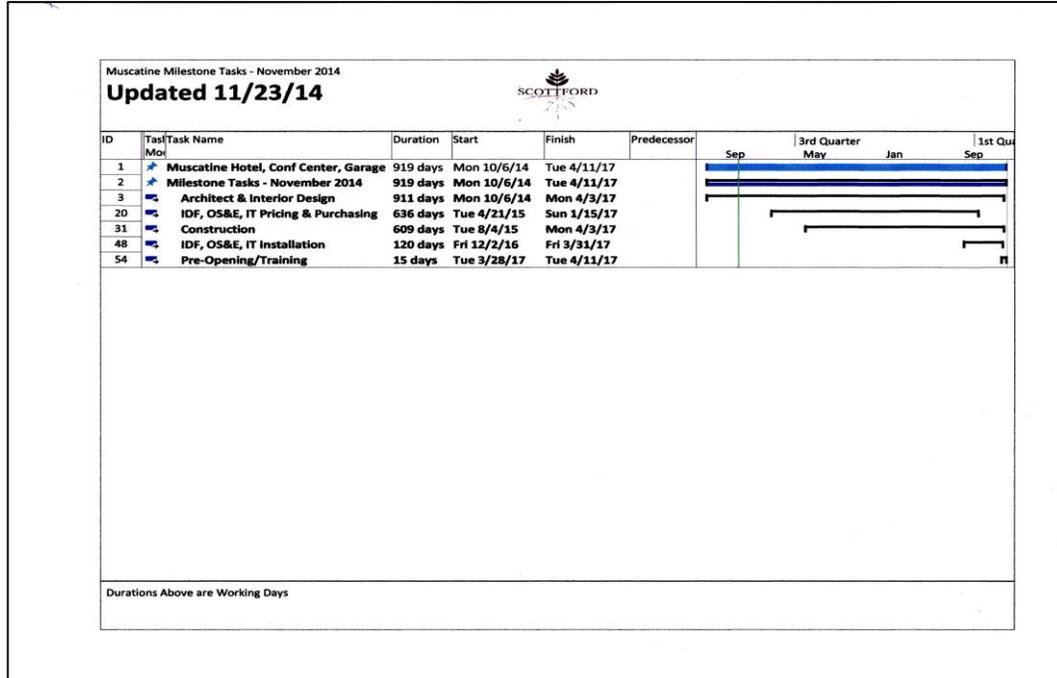
conference and resort destination company in Europe. Dolce is the only international company that specifically targets the large multi-national corporations for conference business.

Most recent project include:

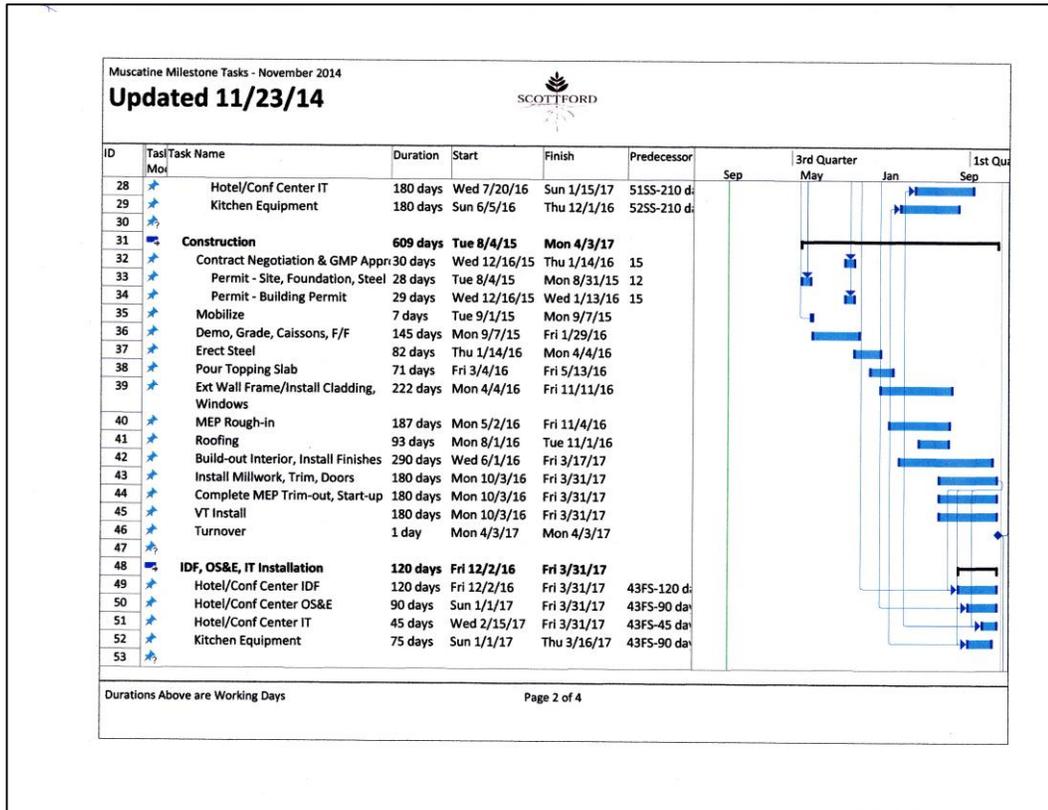
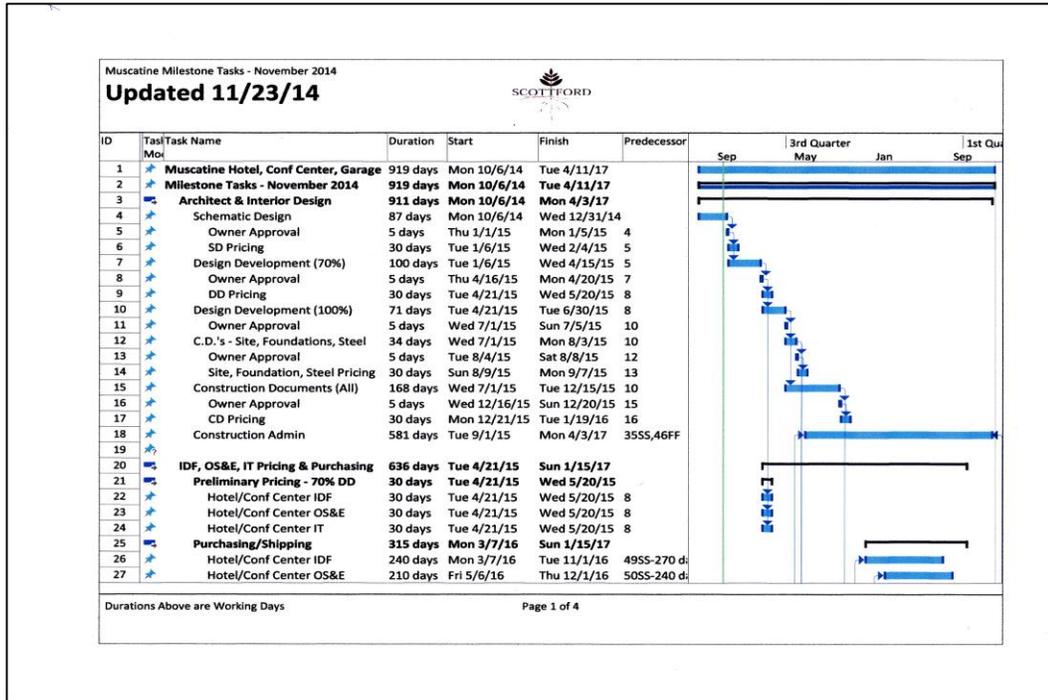
- Predevelopment for the JetBlue Lodge, Orlando, FL
- Development Plan for Domaine de la Brie, Euro-Disney, Paris
- Development Plan for mixed use development in the French Quarter, New Orleans
- Development Plan for the University of Kentucky Hotel and Conference Center
- Development Plan for Prescott Resort and Resort Community
- Development of Cinnamon Shore (www.cinnamonshore.com), a new urbanism beachside community
- Repositioning Plan for Makaha Resort and Golf Club, Oahu
- Repositioning Plan for Lake Okanagan Resort, Kelowna, BC
- Management of the Makaha Resort and Golf Club
- Management of the Lake Okanagan Resort
- Develop of Atlanta Airport Hotel

B.4.6: Expected Milestone Timeline

B.4.6.1: Summary Milestone Timeline



B.4.6.2: Detailed Milestone Timeline



Updated 11/23/14



ID	Task Name	Duration	Start	Finish	Predecessor	Sep	3rd Quarter	Jan	1st Qu
54	Pre-Opening/Training	15 days	Tue 3/28/17	Tue 4/11/17					
55	Pre-Opening/Training	14 days	Tue 3/28/17	Mon 4/10/17	46FS-7 days				
56	Soft Opening	1 day	Tue 4/11/17	Tue 4/11/17	55				

Durations Above are Working Days

Page 3 of 4

Updated 11/23/14



Date: Fri 1/9/15	Task		Inactive Task	Start-only	
	Split		Inactive Milestone	Finish-only	
	Milestone		Inactive Summary	Deadline	
	Summary		Manual Task	Progress	
	Project Summary		Duration-only	Manual Progress	
	External Tasks		Manual Summary Rollup		
External Milestone		Manual Summary			

Durations Above are Working Days

B.4.7: Project Detailed Construction Budget

B.4.7.1: Summary Construction Budget

	Hotel & CC	Garage	Total
	Building SF	105,750 SF	
	Hotel Budget 12/13/14	Garage Budget 12/13/14	Hotel & Garage
Construction			
Building Construction			
Substructure	2,394,429	-	2,394,429
Shell	3,688,595	-	3,688,595
Interiors	8,163,146	-	8,163,146
Services	6,757,953	-	6,757,953
Parking Garage			
Substructure	-	742,487	742,487
Shell		1,130,485	1,130,485
Interiors		45,076	45,076
Services		227,000	227,000
Subtotal Merit Budget Estimate	21,024,124	2,145,048	23,169,172
Contractor Markup	2,160,597	232,712	2,393,309
Subtotal Construction	23,184,721	2,377,760	25,562,481
Construction Cost/SF	\$219/SF	\$22,106/Stall	
Site/Landscaping			
Greenspace & Surface Level Parking	-	497,015	497,015
Subtotal Site/Landscaping	-	497,015	497,015
Total Construction	23,184,721	2,874,775	26,059,496
Construction Costs/SF	\$219/SF	\$22,016/Stall	
Interior Design Furnishings (IDF)			
Interior Design IDF Budget			
Guestroom IDF	826,754	-	826,754
Public Areas IDF	210,022	-	210,022
Meeting Rooms IDF	361,430	-	361,430
Owner IDF Budget			
Public Areas IDF	35,000	-	35,000
Meeting Rooms IDF	47,344	-	47,344
Back of the House IDF	75,000	-	75,000
Site Areas IDF	25,000	-	25,000
IDF Reserve	183,985	-	183,985
IDF Supplements	368,964	-	368,964
Total IDF	2,133,498	-	2,133,498

	IDF Cost/SF	\$20/SF	\$0/stall	
Operating Supplies & Equip. (OS&E)				
Interior Designer OS&E Budget				
Guestroom OS&E		328,073	-	328,073
Public Areas OS&E		20,160	-	20,160
Back of the House OS&E		58,408	-	58,408
Owner OS&E Budget				
Guestroom OS&E		158,000	-	158,000
Public Areas (PA) OS&E		288,670	-	288,670
Back of the House (BOH) Areas OS&E		595,500	-	595,500
OS&E Reserve		173,857	-	173,857
OS&E Supplements		261,168	-	261,168
Total OS&E		1,883,837	-	1,883,837
	OS&E Costs S/F	\$18/SF	\$0/Stall	
Information Technology & Signage				
Information Technology		459,624	-	459,624
Interior & Exterior Signage		100,000	-	100,000
Total IT & Signage		559,624	-	559,624
	IT & Signage Cost/SF	\$5/SF	\$0/Stall	
Soft Costs				
Professional Fees		1,816,650	107,252	1,923,903
Project Management		997,644	102,316	1,099,960
Building Permits (in Construction)				
Legal & Accounting		25,000	-	25,000
Sales & Use Tax		211,670	-	211,670
Total Soft Costs		3,050,965	209,568	3,260,533
	Soft Costs/SF	\$29/SF	\$1,940/Stall	
Subtotal Budget		30,812,645	3,084,343	33,896,988
	Subtotal Budget Costs/SF	\$291/SF	\$28,559/Stall	
Contingency				
Project Contingency (10%)		3,082,292	431,216	4,233,508
Total Contingency		3,802,292	431,216	4,233,508
Total Budget + Contingency		33,893,910	4,236,587	38,130,497
	Total Budget Cost/SF	\$327/SF	\$39,551 Stall¹	
Other Project Costs				
Land Acquisition		530,000	1,160,000	1,690,000
Pre-Opening Costs		1,179,504	-	1,729,503
Total Other Project Costs		1,709,504	1,160,000	3,329,503
Total Project Costs Budget				\$41,550,000

¹ Total surface parking spaces + parking garage stalls = 189 spaces. Total Budget Cost/Space Pre-Contingency (including Land Allocation) = \$22,457/space. Total Budget Cost/Space Post-Contingency (including Land Allocation) = \$28,553/space.

Assumptions:

1. Merit has made the following assumption within their Hotel and Conference Center Schematic Design Budget Estimate.
 - A. Alley Surface replacement is included from the North edge of the new Parking Facility with a partial concrete pour past the garage structure to the new Hotel structure
 - B. STC 42 Glazing has been priced for all Guest Rooms and Ballroom windows only. The balance of the windows will be standard 1" insulated glass.
 - C. A material cost of \$20/2'x2' pavers has been used in pricing the 6th Floor Terrace of the Ballroom
 - D. A 30" parapet wall and 6' high corner structure was priced as a screening feature for the roof-top Mechanical Equipment.
 - E. One layer of drywall in all Guestrooms was used at the ceiling and two layers in the Rooms under the Ballroom for noise abatement.

Exclusions:

1. Merit has excluded the following from the current budget:
 - A. Performance Bond
 - B. All Kitchen Equipment including 6th floor Banquet Pantry. Cost to run hook-up lines and connect equipment is included. An allowance for Kitchen Equipment is being carried in OS&E.
 - B. Tests indicate that no hazardous materials are on-site and therefore no costs have been included to remove or dispose of hazardous waste
 - C. Costs to bury current overhead pole-run utilities will be installed underground by MWPS, and therefore no cost for this work has been included in this budget.
 - D. No front desk pod, sundry or business center millwork has been included in budget
2. The following additional scope is not within our budget estimate, but has been priced:
 - A. Green space and walkway between new Hotel and Pearview Condos - \$475,789
 - B. Button Factory Parking Lot Minor Site Work - \$21,226

Costing Guidelines:

1. Merit used the Schematic Design Documents dated 11/26/14 of Solum/Lang and CLO in producing the budget. They obtained initial budget estimates from Sub-Trades for the following Construction Divisions: Demolition and Site Work, Caissons, Concrete Foundations and Flatwork, Masonry, Structural Steel, Finish Carpentry, Sprayed Fireproofing, Aluminum, Glass and Glazing, Doors and Hardware, Painting, Operable Partitions, Pool, Elevator. Solum/Lang MEP Consultants provided a budget estimate for their related services.
2. Scottford Project Management took into consideration the economics of a Bided GMP Process and a dedicated design program to cost evaluate the design process moving into the Design Development Phase to ensure budget integrity.
3. IDF and OS&E pricing is a combination of CLO Design, Hatch Procurement and Scottford Project Management current pricing and past Project actual costs for these product categories.
4. Consultant Costs are based on accepted Fee Proposals for Interior Design, Contract Purchasing, and Project Management. The Architectural Tee Fees are still in negotiation and have been carried as a percentage of the unburdened Construction Costs from 3/14/14.
5. Sales and Use tax for Consultants is being carried at 7%, in addition to the base professional fees.
6. Sales tax was calculated at 6.0% State + 1.0% Muscatine County = 7.0% total, per the following website: http://www.tax-rates.org/iowa/muscatine_county_sales_tax

B.4.7.2: Detailed Construction Budget

**Muscatine Hotel Building New Construction
6-Story Hotel, Conference Center & Garage - Budget Detail**



Updated 1/12/15

**Schematic Design
Project Budget Estimate**

	Budget		Total
	QTY	Unit \$	
I. CONSTRUCTION			
Building Construction			
Substructure	105,750 SF	22.64	2,394,429
Shell	105,750 SF	34.88	3,688,595
Interiors	105,750 SF	77.38	8,183,146
Services	105,750 SF	63.90	6,757,953
Subtotal Building Construction	105,750 SF	198.81	21,024,124
Contractor Markups			
General Conditions	4.47%	21,024,123.91	940,655
OH & P	4.99%	21,964,779.08	1,096,441
Builder's Risk	0.17%	21,964,779.08	37,069
Performance Bond	0.00%	21,964,779.08	-
Building Permits	0.35%	21,964,779.08	76,874
SWPPP Permit	0.00%	21,964,779.08	233
Plan Printing Costs	0.04%	21,964,779.08	9,326
Tax (Included in Construction per Merit)	0.00%	21,964,779.08	-
Subtotal Contractor Markups	105,750 SF	20.43	2,160,597
Total Building Construction	105,750 SF	219.24	23,184,721
Parking Garage (Merit 11/18/14)			
Substructure	108 Stall	6,874.88	742,487
Shell	108 Stall	10,467.45	1,130,485
Interiors	108 Stall	417.37	45,076
Services	108 Stall	2,101.85	227,000
Subtotal Parking Garage (Merit 11/18/14)	108 Stall	19,861.56	2,145,048
Contractor Markups			
General Conditions	5.00%	2,145,048.00	107,255
OH & P	5.03%	2,252,303.00	113,277
Builder's Risk	0.10%	2,252,303.00	2,297
Performance Bond	0.00%	2,252,303.00	-
Building Permits	0.35%	2,252,303.00	7,883
SWPPP Permit	0.00%	2,252,303.00	-
Plan Printing Costs	0.09%	2,252,303.00	2,000
Tax (Included in Construction per Merit)	0.00%	2,252,303.00	-
Subtotal Contractor Markups	108 Stall	2,154.74	232,712
Total Parking Garage (Merit 11/18/14)	108 Stall	22,016.30	2,377,760
Site/Landscaping Added Scope			
Green Space/Walkway Hotel to Condo Building	Allowance	475,789.00	475,789
Button Factory Parking Lot Minor Site Work	Allowance	21,226.00	21,226
Total Site/Landscaping Added Scope	Allowance	497,015.00	497,015
Total Construction	105,750 SF	246.43	26,059,496
II. IDF, OS&E, IT & SIGNAGE			
Interior Design Furnishings (IDF)			
CLO IDF Budget			
Guestroom IDF			
Typical Guestroom (King x 47)	47	5,532.50	260,028
Typical Guestroom (Queen x 45)	45	5,302.00	238,590

Muscatine Hotel Building New Construction
6-Story Hotel, Conference Center & Garage - Budget Detail



Updated 1/12/15

Schematic Design
Project Budget Estimate

	Budget		Total
	QTY	Unit \$	
Extended Stay (King x 18)	18	9,581.95	172,475
Presidential Suite (King x 2)	2	26,354.52	52,709
Subtotal Guestroom IDF	112	6,462.51	723,802
Guestroom Corridors IDF			
Guestroom Corridor (x 4)	4	25,738.00	102,952
Subtotal Guestroom Corridors IDF	4	25,738.00	102,952
Subtotal Guestroom IDF	112	7,381.73	826,754
Public Areas (PA) IDF			
Lobby	1	163,084.00	163,084
Corridor / Hallway #100	1	24,600.00	24,600
Spa	1	17,566.00	17,566
Restrooms (Level 6)	1	4,772.00	4,772
Subtotal Public Areas (PA) IDF			210,022
Meeting Rooms IDF			
Prefunction (Level 6)	1	28,334.00	28,334
Ballroom (Level 6)	1	148,314.00	148,314
Meeting Room #604 (Level 6)	1	61,842.00	61,842
Meeting Room #609 (Level 6)	1	61,842.00	61,842
Meeting Room #605 (Level 6)	1	16,342.00	16,342
Meeting Room #606 (Level 6)	1	7,330.00	7,330
Meeting Room #607 (Level 6)	1	7,330.00	7,330
Boardroom	1	30,096.00	30,096
Subtotal Meeting Rooms IDF	8	45,178.75	361,430
Subtotal CLO IDF Budget	112	12,483.98	1,398,206
Owner IDF Allowances			
Public Areas (PA) IDF			
Fitness Allowance	1	25,000.00	25,000
Pool Area Allowance	1	10,000.00	10,000
Subtotal Public Areas (PA) IDF	2	17,500.00	35,000
Meeting Rooms IDF			
Meeting Room #532 (Level 5)	1	16,342.00	16,342
Meeting Room #534 (Level 5)	1	7,330.00	7,330
Meeting Room #535 (Level 5)	1	7,330.00	7,330
Meeting Room #536 (Level 5)	1	16,342.00	16,342
Subtotal Meeting Rooms IDF	4	11,836.00	47,344
Back of House (BOH) Areas IDF			
BOH Allowance	1	75,000.00	75,000
Subtotal Back of House (BOH) Areas IDF	1	75,000.00	75,000
Site Areas IDF			
Site IDF Allowance	1	25,000.00	25,000
Subtotal Site Areas IDF	1	25,000.00	25,000
IDF Reserve			
IDF Reserve	12.0%	1,533,205.64	183,985
Subtotal IDF Reserve			183,985

Muscatine Hotel Building New Construction
6-Story Hotel, Conference Center & Garage - Budget Detail



Updated 1/12/15

Schematic Design
Project Budget Estimate

	Budget		Total
	QTY	Unit \$	
Subtotal Owner IDF Allowances	112	3,270.79	366,329
Subtotal IDF	112	15,754.77	1,764,534
IDF Supplements			
IDF Freight & Handling	8.0%	1,764,534.32	141,163
IDF Receiving, Warehousing, Installation	5.0%	1,764,534.32	88,227
IDF Sales & Use Tax	7.0%	1,993,923.78	139,575
Subtotal IDF Supplements	112	3,294.32	368,964
Total Interior Design Furnishings (IDF)	112	19,049.09	2,133,498
Operating Supplies & Equipment (OS&E)			
Hatch OS&E Budget			
Guestroom OS&E			
Bedsets (King x 1, Queen x 2)	157	909.00	142,713
Guestroom Linen	112	405.00	45,360
Guestroom Amenities	112	535.00	59,920
Guestroom Supplies	112	70.00	7,840
Extended Stay Kitchen Packs (Owner Allow)	112	0.00	-
Televisions	112	645.00	72,240
Subtotal Guestroom OS&E	112	2,929.22	328,073
Public Areas OS&E			
Front Office/Back Office	1	20,160.00	20,160
China, Glass & Silver (Owner Allow)	1	0.00	-
Banquet Items (Owner Allow)	1	0.00	-
Pool & Spa (Owner Allow)	1	0.00	-
Fitness Center (Owner Allow)	1	0.00	-
Food & Beverage Equipment (Owner Allow)	1	0.00	-
Subtotal Public Areas OS&E	1	20,160.00	20,160
Back of House OS&E			
Maintenance OS&E	1	7,280.00	7,280
Uniforms	1	10,640.00	10,640
Employee Break Room	1	4,480.00	4,480
Laundry Equipment (Owner Allow)	1	0.00	-
Radios/Communication	1	5,040.00	5,040
Housekeeping	1	24,640.00	24,640
Office Equipment	1	1,288.00	1,288
Printing	1	5,040.00	5,040
Subtotal Back of House OS&E	1	58,408.00	58,408
Subtotal Hatch OS&E Budget	157	2,590.07	406,641
Owner OS&E Allowances			
Guestroom OS&E			
Extended Stay Kitchen Packs	20	500.00	10,000
Extended Stay Kitchenette	20	5,250.00	105,000
Extended Stay Kitchenette Installation	20	500.00	10,000
Extended Stay Washer/Dryer, Stackable	20	900.00	18,000
Corridor OS&E Allowance	1	15,000.00	15,000
Subtotal Guestroom OS&E			158,000

Muscatine Hotel Building New Construction
6-Story Hotel, Conference Center & Garage - Budget Detail
 Updated 1/12/15



Schematic Design
Project Budget Estimate

	Budget		Total
	QTY	Unit \$	
Public Areas (PA) OS&E			
Public Areas Allowance	1	10,000.00	10,000
China, Glass & Silver	1	70,560.00	70,560
Banquet Items	1	77,000.00	77,000
Spa Allowance	1	45,000.00	45,000
Fitness Allowance (Excl. Fitness Equipment)	1	6,110.00	6,110
Fitness Equipment Allowance	1	65,000.00	65,000
Pool Area Allowance	1	5,000.00	5,000
Site Allowance	1	10,000.00	10,000
Subtotal Public Areas (PA) OS&E			288,670
Back of House (BOH) Areas OS&E			
Employee Lockers	1	11,000.00	11,000
Engineering Equipment/R&M	1	27,500.00	27,500
Kitchen Equipment Allowance (Buffet/Holding)	1	427,000.00	427,000
Linen Carts	1	15,000.00	15,000
Laundry Equipment	1	115,000.00	115,000
Subtotal Back of House (BOH) Areas OS&E			595,500
OS&E Reserve			
OS&E Reserve	12.0%	1,448,811.00	173,857
Subtotal OS&E Reserve			173,857
Subtotal Owner OS&E Allowances			1,216,027
Subtotal OS&E			1,622,668
OS&E Supplements			
OS&E Freight & Handling	7.0%	1,622,668.32	113,587
OS&E Receiving, Warehousing, Installation	1.5%	1,622,668.32	24,340
OS&E Sales & Use Tax	7.0%	1,760,595.13	123,242
Subtotal OS&E Supplements			261,168
Total Operating Supplies & Equipment (OS&E)	157	11,998.96	1,883,837
Information Technology (IT)			
Guestroom Telephones	112	100.00	11,200
Administrative Telephones	30	180.00	5,400
Business Center Equipment	2	5,000.00	10,000
Employee Workstations	30	1,500.00	45,000
PBX System	1	120,000.00	120,000
PMS System	1	75,000.00	75,000
Cable TV Equipment Allowance	1	50,000.00	50,000
Surveillance TV Cameras	1	20,000.00	20,000
Network Equipment	1	50,000.00	50,000
Printers	15	1,500.00	22,500
IT Reserve	1	0.00	-
IT Freight	5%	409,100.00	20,455
IT Sales Tax	7%	429,555.00	30,069
Total Information Technology (IT)	105,750 SF	4.35	459,624
Signage			
Interior/Exterior Signage Reserve	1	100,000.00	100,000

Muscatine Hotel Building New Construction
6-Story Hotel, Conference Center & Garage - Budget Detail



Updated 1/12/15

Schematic Design
Project Budget Estimate

	Budget		Total
	QTY	Unit \$	
Total Signage	105,750 SF	0.95	100,000
Total IDF, OS&E, IT & SIGNAGE	105,750 SF	43.28	4,576,959
III. SOFT COSTS			
Professional Fees			
Architect Fees (Hotel)	7.0%	19,970,309	1,397,922
Architect Fees (Garage)	5.0%	2,145,048	107,252
Mechanical	0	0.00	-
Electrical	0	0.00	-
Structural	0	0.00	-
Civil Engineer	0	0.00	-
Landscape Architect	0	0.00	-
Food Service Equipment	0	0.00	-
Pool & Water Features	0	0.00	-
Architect Expenses	3.0%	1,505,174	45,155
Interior Design Fees (CLO)	1	163,000	163,000
IDF/OS&E Purchasing Fee (CLO)	1	123,050	123,050
Interior Design Expenses	7.0%	286,050	20,024
Project Management Fees	1	1,028,000	1,028,000
Project Management Expenses (Estimate)	7.0%	1,028,000	71,960
ADA Consultant	0	0.00	-
Lighting Consultant	0	0.00	-
Spa Consultant	0	0.00	-
Signage Consultant	0	0.00	-
A/V Consultant	0	0.00	-
Surveys & Inspections	1	35,000	35,000
Reprographics	1	15,000	15,000
Consultant Reimbursables (Included Above)	0	0.00	-
Consultant Reserve	1	17,500	17,500
Subtotal Professional Fees	105,750 SF	28.59	3,023,863
Building Permits			
Building Permits (in Construction)	0.0%	23,169,172	-
Subtotal Building Permits	105,750 SF	-	0
Legal & Accounting			
Legal & Accounting Reserve	1	25,000	25,000
Subtotal Legal & Accounting	105,750 SF	0.24	25,000
Sales & Use Tax			
Sales & Use Tax	7.0%	3,023,863	211,670
Subtotal Sales & Use Tax	105,750 SF	2.00	211,670
Total Soft Costs	105,750 SF	30.83	3,260,533
IV. CONTINGENCY			
Project Contingency	11.2%	33,896,988	3,802,292
Parking Garage Contingency	15.0%	2,874,775	431,216
Total Contingency	105,750 SF	40.03	4,233,508
TOTAL BUDGET	105,750 SF	360.57	38,130,497

B.4.7.3: Pre-opening Costs Detail

**THE HOTEL STANLEY AND CONFERENCE CENTER
TOTAL LABOR & EXPENSES BUDGET
Monday, February 2, 2015**

	2015				2016											
	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
Rooms Department																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
Total												0	0	0	0	0
Food & Beverage																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
Total												0	0	0	0	0
Conference																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
Total												0	0	0	0	0
Golf																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
Total												0	0	0	0	0
Spa																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
Total												0	0	0	0	0
Rental Management																
Payroll & Related	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Other	33,600	600	3,600	600	600	600	600	600	600	600						
Total																
Sale & Marketing																
Payroll & Related												0	0	5,962	5,759	7,212
Other												0	0	0	1,000	1,800
Total												0	0	5,962	6,759	9,012
Administrative & General																
Payroll & Related												900	18,537	18,537	58,437	18,537
Other												0	0	0	0	15,000
Total												900	18,537	18,537	70,437	33,812
Engineering																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
Total												0	0	0	0	0
Total																
Payroll & Related	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	24,462	24,269	28,712
Other	33,600	600	3,600	600	600	600	600	600	600	600	900	18,537	18,537	58,437	19,537	20,612
Total	40,100	7,100	10,100	7,100	7,400	25,037	25,037	82,899	43,806	49,324						

THE HOTEL STANLEY AND CONFERENCE CENTER
TOTAL LABOR & EXPENSES BUDGET
Monday, February 2, 2015

	2017									TOTAL
	January	February	March	April	May	June	July	August	September	
Rooms Department										
Payroll & Related	0	0	0	0	0	10,368	13,824	16,008	79,368	117,728
Other	0	7,000	0	0	0	7,000	1,000	6,000	15,700	36,700
Total	0	7,000	0	0	0	17,368	14,824	22,008	95,068	154,428
Food & Beverage										
Payroll & Related	0	0	0	0	0	15,543	20,724	20,724	43,261	100,252
Other	0	0	0	0	0	16,000	0	25,050	27,550	68,600
Total	0	0	0	0	0	31,543	20,724	45,774	70,811	168,852
Conference										
Payroll & Related	0	0	0	0	0	0	0	0	9,360	9,360
Other	0	0	0	0	0	3,000	0	7,450	7,600	18,050
Total	0	0	0	0	0	3,000	0	7,450	16,960	27,410
Golf										
Payroll & Related	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0
Spa										
Payroll & Related	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	3,600	3,600
Total	0	0	0	0	0	0	0	0	3,600	3,600
Rental Management										
Payroll & Related	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	162,500
Other	600	600	600	600	600	600	600	600	600	47,400
Total	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	209,900
Sale & Marketing										
Payroll & Related	5,769	5,769	7,212	10,962	10,962	13,702	10,962	10,962	13,702	108,942
Other	44,500	13,130	16,130	41,880	48,380	44,880	53,880	58,180	66,880	390,640
Total	50,269	18,899	23,342	52,842	59,342	58,582	64,842	69,142	80,582	499,582
Administrative & General										
Payroll & Related	12,000	12,000	15,000	20,500	20,500	31,241	27,988	27,988	41,225	247,442
Other	18,812	20,312	19,812	52,512	37,012	19,075	20,575	24,575	26,825	372,370
Total	30,812	32,312	34,812	73,012	57,512	50,316	48,563	52,563	68,050	619,812
Engineering										
Payroll & Related	0	0	0	0	0	2,625	3,500	12,470	19,325	37,920
Other	0	0	0	0	0	0	500	3,250	4,250	8,000
Total	0	0	0	0	0	2,625	4,000	15,720	23,575	45,920
Total										
Payroll & Related	24,269	24,269	28,712	37,962	37,962	79,979	83,498	94,652	212,741	784,145
Other	63,912	41,042	36,542	94,992	85,992	90,555	76,555	125,105	153,005	945,360
Total	88,181	65,311	65,254	132,954	123,954	170,534	160,053	219,757	365,746	1,729,505

B.4.8: Project Construction Cash Flows

B.4.8.1: Construction Cash Flow Summary

Muscatine Hotel Building New Construction
Cash Flow Summary
 Updated 1/12/15

	Hotel & CC	Parking Garage	Hotel + Garage
Total Construction	23,185	2,875	26,059
Total IDF	2,133	-	2,133
Total OS&E	1,884	-	1,884
Total IT & Signage	560	-	560
Total Soft Costs	3,051	210	3,261
Subtotal Budget	30,813	3,084	33,897
Total Contingency	3,802	431	4,234
Total Budget + Contingency	34,615	3,516	38,130



Year	Month	Cash Flow	Cumulative	Comments
2014	November	71,350	71,350	PM & Design Team (SD)
	December	306,195	377,545	
2015	January	21,963	399,508	
	February	129,684	529,192	Begin DD (See Assumptions)
	March	216,044	745,237	
	April	216,044	961,281	
	May	216,044	1,177,325	
	June	216,044	1,393,370	
	July	216,044	1,609,414	
	August	119,301	1,728,716	Begin CD
	September	545,935	2,274,650	Begin Hotel Construction
	October	588,806	2,863,457	
	November	582,002	3,445,459	
	December	582,002	4,027,461	
2016	January	921,570	4,949,032	
	February	921,570	5,870,602	
	March	898,637	6,769,238	
	April	1,662,032	8,431,271	Begin IDF Purchasing
	May	1,940,904	10,372,175	
	June	2,528,142	12,900,317	Begin Garage Construction
	July	2,861,972	15,762,288	Begin OS&E Purchasing
	August	2,959,615	18,721,903	Begin IT & Signage
	September	2,973,675	21,695,579	Begin Contingency Usage
	October	3,344,483	25,040,062	
	November	3,048,637	28,088,699	
	December	2,603,740	30,692,439	End Garage Construction
2017	January	2,398,810	33,091,249	End IDF Purchasing
	February	2,037,350	35,128,599	End OS&E Purchasing
	March	1,592,456	36,721,055	End IT & Signage
	April	1,409,442	38,130,497	Project Closeout
Total		38,130,497	38,130,497	

Assumptions:
 1. This Cash Flow assumes that payments will be made 30 days after activities begin.
 2. This Cash Flow also assumes that the December 2014 Scottford PM fee will be paid in December.

Notes:

1. Cash flow does not include land acquisition costs of \$1,690,000. Cash flow expected 1st qtr 2015
2. Cash flow does not include pre-opening costs of \$1,747,505. Cash flow expected 1&2 Qtr 2017.

B.4.8.2: Construction Cash Flows Detail

**Muscatine Hotel Building New Construction
Cash Flow (1,000's)
Updated 1/12/15**



	Hotel & CC	Parking Garage	Hotel + Garage
Total Construction	23,185	2,875	26,059
Total IDF	2,133	-	2,133
Total OS&E	1,884	-	1,884
Total IT & Signage	560	-	560
Total Soft Costs	3,051	210	3,261
Subtotal Budget	30,813	3,084	33,897
Total Contingency	3,802	431	4,234
Total Budget + Contingency	34,615	3,516	38,130

Construction	Month	Predevelopment												Construction												IDF/OS&E Install				Total		
		Schematic Design (SD)			Design Development (DD)				Construction Documents (CD)					Construction												IDF/OS&E Install						
		Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17		Mar-17	Apr-17
Hotel + Conference Center											426.6	469.5	462.7	462.7	855.7	855.7	832.7	1,267.8	1,275.8	1,805.6	1,760.5	1,842.7	1,907.5	1,776.6	1,641.9	1,436.6	1,371.9	1,307.1	842.1	583.1	23,184.8	
%											1.8%	2.0%	2.0%	2.0%	3.7%	3.7%	3.8%	5.5%	5.5%	7.8%	7.8%	7.9%	8.2%	7.7%	7.1%	6.2%	5.9%	5.6%	3.6%	2.5%	100.0%	
Parking Garage																		115.0	172.5	230.0	287.5	345.0	402.5	431.2	373.7	287.5	230.0				2,874.8	
%																		4.0%	6.0%	8.0%	10.0%	12.0%	14.0%	15.0%	13.0%	10.0%	8.0%				100.0%	
Total											426.6	469.5	462.7	462.7	855.7	855.7	832.7	1,382.8	1,448.3	2,035.5	2,048.0	2,187.7	2,310.0	2,207.8	2,015.6	1,724.1	1,601.9	1,307.1	842.1	583.1	26,059.6	
%											1.6%	1.8%	1.8%	1.8%	3.3%	3.3%	3.2%	5.3%	5.6%	7.8%	7.9%	8.4%	8.9%	8.3%	7.7%	6.6%	6.1%	5.0%	3.2%	2.2%	100.0%	
Interior Design Furnishings (IDF)																																2,133
Hotel + Conference Center																		213.3	426.7	426.7	426.7	320.0	85.3	85.3	85.3	84.0						2,133
%																		10.0%	20.0%	20.0%	20.0%	15.0%	4.0%	4.0%	4.0%	3.0%						100.0%
Parking Garage																																0
%																																0.0%
Total																		213.3	426.7	426.7	426.7	320.0	85.3	85.3	85.3	84.0						2,133
%																			10.0%	20.0%	20.0%	20.0%	15.0%	4.0%	4.0%	4.0%	3.0%					100.0%
Operating Supplies & Equipment (OS&E)																																1,883.8
Hotel + Conference Center																					282.6	282.6	376.8	471.0	282.6	131.9	56.5					1,883.8
%																					15.0%	15.0%	20.0%	25.0%	15.0%	7.0%	3.0%					100.0%
Parking Garage																																0.0
%																																0.0%
Total																					282.6	282.6	376.8	471.0	282.6	131.9	56.5					1,883.8
%																					15.0%	15.0%	20.0%	25.0%	15.0%	7.0%	3.0%					100.0%
Information Technology (IT) & Signage																																559.6
Hotel + Conference Center																						66.0	83.9	111.9	111.9	83.9	56.0	56.0				559.6
%																						10.0%	15.0%	20.0%	20.0%	15.0%	10.0%	10.0%				100.0%
Parking Garage																																0.0
%																																0.0%
Total																						66.0	83.9	111.9	111.9	83.9	56.0	56.0				559.6
%																						10.0%	15.0%	20.0%	20.0%	15.0%	10.0%	10.0%				100.0%

B.4.9: Operating Financials

B.4.9.1: Operating Financials Summary Years 1-5

Summary Operating Proforma		Years 1-5				CONFIDENTIAL				Revised 01/10/2014	
# of Rooms 112		Year		Year		Year		Year		Year	
		Y-1	%	Y-2	%	Y-3	%	Y-4	%	Y-5	%
Assumptions - Hotel											
Rooms Available		40,880		40,880		40,880		40,880		40,880	
Occupancy %		66%		70%		74%		74%		74%	
Occ. Rooms		26,981		28,616		30,251		30,251		30,251	
ADR		\$138.00		\$142.00		\$146.00		\$151.00		\$155.00	
REVPAR		91.08		99.40		108.04		111.74		114.70	
Revenue											
Rooms		3,723,350	60.8%	4,063,472	61.1%	4,416,675	61.8%	4,567,931	61.5%	4,688,936	61.0%
Rooms Other		186,168	3.0%	203,174	3.1%	220,834	3.1%	228,397	3.1%	234,447	3.0%
Telephone		4,317	0.1%	4,579	0.1%	4,807	0.1%	5,048	0.1%	5,300	0.1%
Food and Beverage		2,211,000	36.1%	2,382,840	35.8%	2,501,982	35.0%	2,627,081	35.4%	2,758,435	35.9%
Total Revenue		6,124,835	100.0%	6,654,064	100.0%	7,144,298	100.0%	7,428,457	100.0%	7,687,118	100.0%
Operating Expenses											
Rooms		731,345	19.6%	777,455	19.1%	800,779	18.1%	824,802	18.1%	849,546	18.1%
Telephone		20,639	0.3%	22,526	0.3%	22,000	0.3%	23,000	0.3%	24,000	0.3%
Food and Beverage		1,507,000	68.2%	1,606,000	67.4%	1,710,000	68.3%	1,761,000	67.0%	1,814,000	65.8%
Total Expenses		2,258,984	36.9%	2,405,981	36.2%	2,532,779	35.5%	2,608,802	35.1%	2,687,546	35.0%
GOI		3,865,851	63.1%	4,248,083	63.8%	4,611,520	64.5%	4,819,655	64.9%	4,999,572	65.0%
Undistributed Expenses											
A&G		485,382	7.9%	460,738	6.9%	474,560	6.6%	488,797	6.6%	503,461	6.5%
Sales-Marketing		375,200	6.1%	359,200	5.4%	369,976	5.2%	381,075	5.1%	392,508	5.1%
Engineering		266,280	4.3%	279,852	4.2%	288,248	4.0%	296,895	4.0%	305,802	4.0%
Utilities		244,993	4.0%	266,163	4.0%	274,147	3.8%	282,372	3.8%	290,843	3.8%
Total Undist.		1,371,856	22.4%	1,365,953	20.5%	1,406,931	19.7%	1,449,139	19.5%	1,492,613	19.4%
GOP		2,493,995	40.7%	2,882,131	43.3%	3,204,589	48.2%	3,370,516	50.7%	3,506,959	52.7%
Management Fee		244,993	4.0%	266,163	4.0%	285,772	4.0%	297,138	4.0%	307,485	4.0%
Income Before Fixed		2,249,002	36.7%	2,615,968	39.3%	2,918,817	40.9%	3,073,377	41.4%	3,199,474	41.6%
Fixed Expenses											
Insurance		38,000	0.6%	39,900	0.6%	41,097	0.6%	42,330	0.6%	43,600	0.6%
Taxes		404,004	6.6%	404,004	6.1%	416,124	5.8%	428,608	5.8%	441,466	5.7%
Total Fixed Expense		442,004	7.2%	443,904	6.7%	457,221	6.4%	470,938	6.3%	485,066	6.3%
EBITDA		1,806,998	29.5%	2,172,064	32.6%	2,461,596	34.5%	2,602,440	35.0%	2,714,408	35.3%
Incentive Management Fee		180,700	3.0%	217,206	3.3%	246,160	3.4%	260,244	3.5%	271,441	3.5%
Net Income		1,626,298	26.6%	1,954,858	29.4%	2,215,436	31.0%	2,342,196	31.5%	2,442,968	31.8%

B.4.9.2: Operating Proforma – Year 1 Summary

Muscatine															
Y-1	31	28	31	30	31	30	31	31	30	31	30	31	30	365	
Summary	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL		
Rooms Available	3,472	3,196	3,472	3,360	3,472	3,360	3,472	3,472	3,360	3,472	3,360	3,472	3,360	40,880	
Occupancy %	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%
Occ. Rooms	2,292	2,070	2,292	2,218	2,292	2,218	2,292	2,292	2,218	2,292	2,218	2,292	2,218	26,981	
ADR	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00	\$ 138.00
REVPAR	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08	\$ 91.08
Revenue															
Rooms	316,230	285,627	316,230	306,029	316,230	306,029	316,230	316,230	306,029	316,230	306,029	316,230	306,029	3,723,350	60.8%
Rooms Other	15,811	14,281	15,811	15,301	15,811	15,301	15,811	15,811	15,301	15,811	15,301	15,811	15,301	186,168	3.0%
Telephone	367	331	367	355	367	355	367	367	355	367	355	367	355	4,317	0.1%
Food and Beverage	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	2,211,000	36.1%
Total Revenue	616,658	484,489	616,658	606,936	616,658	606,936	616,658	616,658	606,936	616,658	606,936	616,658	606,936	6,124,835	100.0%
Product Cost															
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total Product Cost	-	0.0%													
Operational Labor															
Rooms	34,447	31,517	35,005	34,011	35,563	34,551	35,563	35,563	34,551	35,005	33,471	34,447	34,447	413,696	6.8%
Total Labor	34,447	31,517	35,005	34,011	35,563	34,551	35,563	35,563	34,551	35,005	33,471	34,447	34,447	413,696	6.8%
Operating Expenses															
Rooms	27,618	24,124	26,818	26,287	26,818	25,837	27,318	26,868	26,187	27,368	25,787	26,618	26,618	317,649	5.2%
Telephone	1,722	1,710	1,722	1,718	1,722	1,718	1,722	1,722	1,718	1,722	1,718	1,722	1,722	20,639	0.3%
Food and Beverage	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	1,507,000	24.6%
Total Operating Expenses	164,924	151,418	164,124	163,589	164,124	163,139	164,624	164,174	163,489	164,674	163,089	163,924	163,924	1,846,288	30.1%
GOP	327,287	301,564	327,829	318,336	326,971	318,246	326,471	326,921	317,896	326,979	319,376	326,287	326,287	3,666,661	63.1%
Undistributed Expenses															
A&G	41,607	38,934	40,607	40,049	40,607	40,049	40,607	40,607	40,049	40,607	40,049	41,607	41,607	485,382	7.9%
Sales and Marketing	40,025	34,025	34,525	30,525	29,525	29,025	30,675	28,525	29,025	30,175	29,025	30,125	30,125	375,200	6.1%
Engineering	22,190	22,190	22,190	22,190	22,190	22,190	22,190	22,190	22,190	22,190	22,190	22,190	22,190	266,280	4.3%
Utilities	20,666	19,380	20,666	20,237	20,666	20,237	20,666	20,666	20,237	20,666	20,237	20,666	20,237	244,983	4.0%
Total Undistributed Expenses	124,489	114,529	117,989	113,002	112,989	111,502	114,139	111,989	111,502	113,639	111,502	114,589	114,589	1,371,866	22.4%
GOP	202,798	187,026	209,540	205,334	213,982	206,744	212,332	214,932	206,394	213,340	207,874	213,698	213,698	2,493,995	40.7%
Management Fee	20,666.32	19,379.58	20,666.32	20,237.40	20,666.32	20,237.40	20,666.32	20,666.32	20,237.40	20,666.32	20,237.40	20,666.32	20,237.40	244,993	4.0%
Income Before Fixed	182,132	167,646	188,874	185,097	193,316	186,507	191,666	194,266	186,157	192,674	187,637	193,032	193,032	2,249,002	36.7%
Fixed Expenses															
Insurance, Business Umbrella	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	38,000	0.6%
Property Taxes	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	404,004	6.6%
Total Fixed Expenses	36,834	442,004	7.2%												
Net Profit/Loss	145,298	130,812	162,040	148,263	156,482	149,673	154,832	157,432	149,323	155,840	150,803	156,198	156,198	1,806,998	29.5%

B.4.9.3: Operating ProForma - Year 2 Summary

Muscatine															
Year 2	31	28	31	30	31	30	31	31	30	31	30	31	30	365	
Summary	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL		
Rooms Available	3,472	3,136	3,472	3,360	3,472	3,360	3,472	3,472	3,360	3,472	3,360	3,472	3,360	40,880	
Occupancy %	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Occ. Rooms	2,430	2,195	2,430	2,352	2,430	2,352	2,430	2,430	2,352	2,430	2,352	2,430	2,352	28,616	
ADR	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00	\$ 142.00
REVPAR	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40	\$ 99.40
Revenue															
Rooms	345,117	311,718	345,117	333,984	345,117	333,984	345,117	345,117	333,984	345,117	333,984	345,117	333,984	4,063,472	61.1%
Rooms Other	17,256	15,586	17,256	16,699	17,256	16,699	17,256	17,256	16,699	17,256	16,699	17,256	16,699	203,174	3.1%
Telephone	389	351	389	376	389	376	389	389	376	389	376	389	376	4,579	0.1%
Meeting Space	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	2,382,840	35.8%
Total Revenue	561,332	526,226	561,332	549,630	561,332	549,630	561,332	561,332	549,630	561,332	549,630	561,332	549,630	6,654,064	100.0%
Product Cost															
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total Product Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Operational Labor															
Rooms	36,176	33,213	36,062	35,777	36,708	36,366	37,278	37,354	36,366	37,278	35,777	36,138	36,138	434,494	6.5%
Total Labor	36,176	33,213	36,062	35,777	36,708	36,366	37,278	37,354	36,366	37,278	35,777	36,138	36,138	434,494	6.5%
Operating Expenses															
Rooms	29,960	26,016	28,910	28,387	28,910	28,062	29,460	28,960	28,262	29,310	27,812	28,910	28,910	342,961	5.2%
Telephone	1,880	1,867	1,880	1,875	1,880	1,875	1,880	1,880	1,875	1,880	1,875	1,880	1,875	22,526	0.3%
Meeting Space	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	1,606,000	81.5%
Total Operating Expenses	165,673	161,716	164,623	164,096	164,623	163,771	165,173	164,673	163,971	165,023	163,521	164,623	163,521	1,971,487	29.6%
GOP	359,482	331,297	360,646	349,766	360,000	349,492	368,880	369,304	349,292	369,030	360,331	360,570	360,570	4,248,063	63.8%
Undistributed Expenses															
A&G	41,874	39,160	28,874	40,303	40,874	26,303	40,874	40,874	40,303	40,874	40,303	42,124	40,303	460,738	6.9%
Sales and Marketing	33,275	28,775	29,275	30,275	29,275	28,775	30,925	28,775	29,275	30,925	29,275	30,375	30,375	359,200	5.4%
Engineering	23,321	23,321	23,321	23,321	23,321	23,321	23,321	23,321	23,321	23,321	23,321	23,321	23,321	279,662	4.2%
Utilities	22,453	21,049	22,453	21,985	22,453	21,985	22,453	22,453	21,985	22,453	21,985	22,453	21,985	266,163	4.0%
Total Operating	120,923	112,305	101,923	115,884	115,923	100,384	117,573	115,423	114,884	117,573	114,884	118,273	114,884	1,365,953	20.5%
GOP	238,559	218,991	258,723	233,873	244,077	249,109	241,307	243,881	234,409	241,457	236,448	242,297	242,297	2,882,131	43.3%
Management Fee	22,453.26	#####	#####	21,985.18	22,453.26	21,985.18	22,453.26	22,453.26	21,985.18	22,453.26	21,985.18	22,453.26	21,985.18	266,163	4.0%
Income Before Fixed	216,106	197,942	236,270	211,887	221,624	227,123	218,864	221,428	212,423	219,004	213,462	219,844	219,844	2,615,968	39.3%
Fixed Expenses															
Insurance, Business Umbrella	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,325	39,900	0.6%
Insurance, Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Property Taxes	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	404,004	6.1%
Total Fixed Expenses	36,992	36,992	36,992	36,992	36,992	36,992	36,992	36,992	36,992	36,992	36,992	36,992	36,992	443,904	6.7%
Net Profit/Loss	179,114	160,950	199,278	174,895	184,632	190,131	181,862	184,436	175,431	182,012	176,470	182,852	182,852	2,172,064	32.8%

B.4.9.4: Operating Proforma – Year 1 Detail

LABOR (YR1)

Muscatine Labor Worksheet		Rate /	31	28	31	30	31	30	31	31	30	31	30	31	Total
Y-1 Position		Salary	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Rooms															
Front Desk Manager		50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
	hours per day		8	8	8	8	8	8	8	8	8	8	8	8	
Bell Staff		\$ 9.00	1,116	1,008	1,674	1,620	2,232	2,160	2,232	2,232	2,160	1,674	1,080	1,116	20,304
	hours per day		4	4	6	6	8	8	8	8	6	4	4	4	
Front Desk Staff		\$ 12.00	5,952	5,376	5,952	5,760	5,952	5,760	5,952	5,952	5,760	5,952	5,760	5,952	70,080
	hours per day		16	16	16	16	16	16	16	16	16	16	16	16	
Housekeeping 1		\$ 12.00	14,880	13,440	14,880	14,400	14,880	14,400	14,880	14,880	14,400	14,880	14,400	14,880	175,200
	hours per day		40	40	40	40	40	40	40	40	40	40	40	40	
Housekeeping 2		\$ 12.00	-	-	-	-	-	-	-	-	-	-	-	-	-
	hours per day		-	-	-	-	-	-	-	-	-	-	-	-	-
Night Attendant 1		\$ 14.00	3,472	3,136	3,472	3,360	3,472	3,360	3,472	3,472	3,360	3,472	3,360	3,472	40,880
	hours per day		8	8	8	8	8	8	8	8	8	8	8	8	
Night Attendant Relief			-	-	-	-	-	-	-	-	-	-	-	-	-
	hours per day		-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Rooms		29,587	27,127	30,145	29,307	30,703	29,847	30,703	30,703	29,847	30,145	28,767	29,587	356,464
Food and Beverage															
Food and Beverage Manager		60,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
	hours per day		8	8	8	8	8	8	8	8	8	8	8	8	
Year 1 Labor															
HR Manager		50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
	hours per day		8	8	8	8	8	8	8	8	8	8	8	8	
Servers		\$ 12.00	6,324	5,712	6,324	6,120	6,324	6,120	6,324	6,324	6,120	6,324	6,120	6,324	74,460
	hours per day		17	17	17	17	17	17	17	17	17	17	17	17	
Houseman		\$ 12.00	4,092	3,696	4,092	3,960	4,092	3,960	4,092	4,092	3,960	4,092	3,960	4,092	48,180
	hours per day		11	11	11	11	11	11	11	11	11	11	11	11	
	Total Food and Beverage		19,583	18,575	19,583	19,247	19,583	19,247	19,583	19,583	19,247	19,583	19,247	19,583	232,640
Sales and Marketing															
Sales Manager Rooms		50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Sales Manager Conf and Food		100,000	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Conference Center Advertising & PR		80,000	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
	Total Labor	230,000	19,167	230,000											
ADMIN															
General Manager		90,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
Accounting		50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
	Admin Total		11,667	140,000											
Engineering and Grounds															
Maintenance Staff		192,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	192,000
	hours per day		8	8	8	8	8	8	8	8	8	8	8	8	
	Engineering Subtotal		16,008	192,000											
	Total Property Labor		96,011	92,543	96,569	95,395	97,127	95,935	97,127	97,127	95,935	96,569	94,855	96,011	1,151,104
Assumptions:															

ROOM (YR1)

Muscatine													
Y-1													
Rooms	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
REVENUE													
Rooms	316,230	285,627	316,230	306,029	316,230	306,029	316,230	316,230	306,029	316,230	306,029	316,230	3,723,350
Rooms Other (Resort Fee)	15,811	14,281	15,811	15,301	15,811	15,301	15,811	15,811	15,301	15,811	15,301	15,811	186,168
Parking	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	332,041	299,908	332,041	321,330	332,041	321,330	332,041	332,041	321,330	332,041	321,330	332,041	3,909,518
PAYROLL													
Front Desk Manager	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Bell Staff	1,116	1,008	1,674	1,620	2,232	2,160	2,232	2,232	2,160	1,674	1,080	1,116	20,304
Front Desk Staff	5,952	5,376	5,952	5,760	5,952	5,760	5,952	5,952	5,760	5,952	5,760	5,952	70,080
Housekeeping	14,880	13,440	14,880	14,400	14,880	14,400	14,880	14,880	14,400	14,880	14,400	14,880	175,200
Night Attendant	3,472	3,136	3,472	3,360	3,472	3,360	3,472	3,472	3,360	3,472	3,360	3,472	40,880
<i>subtotal</i>	29,587	27,127	30,145	29,307	30,703	29,847	30,703	30,703	29,847	30,145	28,767	29,587	356,464
Payroll Taxes and Benefits	4,861	4,390	4,861	4,704	4,861	4,704	4,861	4,861	4,704	4,861	4,704	4,861	57,232
TOTAL PAYROLL	34,447	31,517	35,005	34,011	35,563	34,551	35,563	35,563	34,551	35,005	33,471	34,447	413,696
OTHER EXPENSES													
PMS Maintenance Fee	500	-	-	-	-	-	-	-	-	-	-	-	500
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Equip Maint/Leases	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Guest Supplies	9,166	8,279	9,166	8,870	9,166	8,870	9,166	9,166	8,870	9,166	8,870	9,166	107,923
Linen	-	-	-	250	-	-	500	-	-	500	-	-	1,250
Cleaning Supplies	200	-	200	-	200	200	200	200	200	200	-	-	1,400
Laundry Supplies	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Office Supplies	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Postage & Shipping	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Travel Agent Commission	16,602	14,995	16,602	16,067	16,602	16,067	16,602	16,602	16,067	16,602	16,067	16,602	195,476
Computer Supplies	100	-	-	50	-	50	-	50	-	50	-	-	300
Uniforms	200	-	-	200	-	-	-	-	200	-	-	-	600
Cashier over/short	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER EXPENSES	27,618	24,124	26,818	26,287	26,818	25,837	27,318	26,868	26,187	27,368	25,787	26,618	317,649
Net Profit / Loss	269,976	244,267	270,218	261,033	269,660	260,943	269,160	269,610	260,593	269,668	262,073	270,976	3,178,173
Assumptions													
Payroll Taxes and Benefits at 20% per Bev.													
Trim staff in off season													

TELEPHONE (YR1)

Muscatine													
Year 1													
TELEPHONE	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
REVENUE													
Local Telephone	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Distance	367	331	367	355	367	355	367	367	355	367	355	367	4,317
Misc Revenue													0
TOTAL REVENUE	367	331	367	355	367	355	367	367	355	367	355	367	4,317
COST OF GOODS													
Local													0
Long Distance	122	110	122	118	122	118	122	122	118	122	118	122	1,439
TOTAL COST OF GOODS	122	110	122	118	122	118	122	122	118	122	118	122	1,439
OTHER EXPENSES													
Maintenance/ Leases	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Maintenance Contracts	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Adds/Moves/Changes	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other													0
TOTAL OTHER EXPENSES	1,600	19,200											
DEPARTMENT PROFIT	-1,356	-1,379	-1,356	-1,363	-1,356	-1,363	-1,356	-1,356	-1,363	-1,356	-1,363	-1,356	-16,322
Assumptions													

A&G (YRI)

Muscatine													
Y-1													
A&G	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
PAYROLL													
Executive Office	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
Accounting	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Payroll Taxes and Benefits	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	28,000
TOTAL PAYROLL	14,000	168,000											
OTHER EXPENSES													
Association Dues	-	-	-	-	-	-	-	-	-	-	-	-	0
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	0
Entertainment meals	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Staff Appreciation	-	-	-	-	-	-	-	-	-	-	-	-	0
Equip Rental/Lease	-	-	-	-	-	-	-	-	-	-	-	-	0
Direct Supplies	-	-	-	-	-	-	-	-	-	-	-	-	0
Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	0
Audit Fees	-	-	-	-	-	-	-	-	-	-	-	-	0
Contract Accounting													
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	0
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	0
Credit Card Commission	6,875	6,209	6,875	6,653	6,875	6,653	6,875	6,875	6,653	6,875	6,653	6,875	80,942
Bank Service Charge	-	-	-	-	-	-	-	-	-	-	-	-	0
Postage & Shipping	-	-	-	-	-	-	-	-	-	-	-	-	0
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	0
Travel - Air/Car/Mileage	-	-	-	-	-	-	-	-	-	-	-	-	0
License & Permits	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
General Misc Expense	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	0
Internet	-	-	-	-	-	-	-	-	-	-	-	-	0
Security	-	-	-	-	-	-	-	-	-	-	-	-	0
Cashier over/short	-	-	-	-	-	-	-	-	-	-	-	-	0
Donations	-	-	-	-	-	-	-	-	-	-	-	-	0
Bad Debts Expense	-	-	-	-	-	-	-	-	-	-	-	-	0
Option Lease	-	-	-	-	-	-	-	-	-	-	-	-	0
Other	-	-	-	-	-	-	-	-	-	-	-	-	0
TOTAL OTHER EXPENSES	8,025	6,359	7,025	6,803	7,025	6,803	7,025	7,025	6,803	7,025	6,803	8,025	84,742
TOTAL EXPENSES	22,025	20,359	21,025	20,803	21,025	20,803	21,025	21,025	20,803	21,025	20,803	22,025	252,742
Assumptions													
Credit card commission .65 per occ room													

FOOD & BEVERAGE (YR1)

Muscatine													
Y-1													
Food and Beverage													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
REVENUE													
Food and Beverage	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	184,250	2,211,000
TOTAL REVENUE	184,250	2,211,000											
EXPENSE													
Food and Beverage	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	125,583	1,507,000
subtotal	125,583	1,507,000											
TOTAL EXPENSE	125,583	1,507,000											
Net Profit / Loss	58,667	704,000											
Assumptions													

SALES AND MARKETING (YR1)

Muscatine													
Y-1													
Sales and Marketing	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Labor													
Sales and Revenue Manager	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Sales Staff	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and Benefits	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Total Labor	5,000	60,000											
Marketing Materials													
Directories	1,000											600	1,600
Photography	2,000												2,000
T&L Rack Brochures	500												500
E-Marketing													
Web-Site	250	250	250	250	250	250	250	250	250	250	250	250	3,000
SEM	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Maint./Enhancement							150			150		500	300
CRM	25	25	25	25	25	25	25	25	25	25	25	25	300
Email Marketing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Advertising													
Group Advertising													
T & L	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
F & B / Catering													
Creative	500		500		500		500		500		500		3,000
Direct Mail / Creative Postcard (Seas	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Public Relations													
Opening Campaign	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Property Opening	5,000	5,000	5,000										15,000
Spring Article												500	500
Customer Events/Rec./Tours	1,500			1,500			1,500			1,500			6,000
Sales and Marketing Consulting	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Trade Shows													
Meetings (Bravo - Portland)													
Dues & Subs.	500												500
Miscellaneous													
Client Gifts	50	50	50	50	50	50	50	50	50	50	50	50	600
Business Meals													
FAM's	500	500	500	500	500	500	500						3,000
Office Supplies	30	30	30	30	30	30	30	30	30	30	30	330	660
Postage	20	20	20	20	20	20	20	20	20	20	20	220	440
Telephone													
Miscellaneous	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Total Expenses	20,025	14,025	14,525	10,525	9,525	9,025	10,675	8,525	9,025	10,175	9,025	10,125	135,200
Net Profit / Loss	(25,025)	(19,025)	(19,525)	(15,525)	(14,525)	(14,025)	(15,675)	(13,525)	(14,025)	(15,175)	(14,025)	(15,125)	(195,200)
Assumptions													
Sales manager must have solid hotel revenue management experience													
Budgeted for PR and opening events in year 1													

MAINTENANCE (YR1)

Muscatine													
Y-1													
Maintenance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Payroll													
Maintenance Staff	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	192,000
Taxes and Benefits	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	38,400
Total Salaries and Wages	19,200	230,400											
OTHER EXPENSES													
Grounds/Landscaping	150	150	150	150	150	150	150	150	150	150	150	150	1,800
R&M Hotel	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Contract Fees/Svc	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Equipment Repair	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Maintenance Supplies	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Pest Control	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Cable TV	540	540	540	540	540	540	540	540	540	540	540	540	6,480
License Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Misc Expenses	200	200	200	200	200	200	200	200	200	200	200	200	2,400
OTHER EXPENSES	2,990	35,880											
Net Profit / Loss	(22,190)	(266,280)											
Assumptions													
Budgeting \$15.00 per occ room per month for cable TV													

UTILITIES (YR1)

Muscatine													
Y-1													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
UTILITIES													
Electricity	13,433	12,597	13,433	13,154	13,433	13,154	13,433	13,433	13,154	13,433	13,154	13,433	159,246
Propane/Natural Gas	4,133	3,876	4,133	4,047	4,133	4,047	4,133	4,133	4,047	4,133	4,047	4,133	48,999
Water - Regular	2,067	1,938	2,067	2,024	2,067	2,024	2,067	2,067	2,024	2,067	2,024	2,067	24,499
Water - Sewer	1,033	969	1,033	1,012	1,033	1,012	1,033	1,033	1,012	1,033	1,012	1,033	12,250
Total Operating Exp.	20,666	19,380	20,666	20,237	20,666	20,237	20,666	20,666	20,237	20,666	20,237	20,666	244,993
Net Profit	(20,666)	(19,380)	(20,666)	(20,237)	(20,666)	(20,237)	(20,666)	(20,666)	(20,237)	(20,666)	(20,237)	(20,666)	244,993
	20,666	19,380	20,666	20,237	20,666	20,237	20,666	20,666	20,237	20,666	20,237	20,666	244,993
Assumptions													

FIXED EXPENSES (YR1)

Muscatine													
Y-1													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
FIXED EXPENSES													
Insurance	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	38,000
Real Property Taxes	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	404,004
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Exp.	36,834	442,004											
Net Profit	(36,834)	(442,004)											
Assumptions													

B.4.9.5: Operating Proforma – Year 2 Detail

LABOR (YR2)

Muscatine Labor Worksheet															
Year 2															
Position	Rate / Salary	31 Jan	28 Feb	31 Mar	30 Apr	31 May	30 Jun	31 Jul	31 Aug	30 Sep	31 Oct	30 Nov	31 Dec	Total	
Rooms															
Front Desk Manager	52,500	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	52,500
		8	8	8	8	8	8	8	8	8	8	8	8	8	
Bell Staff	\$ 9.50	1,178	1,064	1,767	1,710	2,356	2,280	2,356	2,356	2,280	1,767	1,140	1,178	21,432	
		4	4	6	6	8	8	8	8	8	6	4	4		
Front Desk Staff	\$ 12.60	6,250	5,645	6,250	6,048	6,250	6,048	6,250	6,250	6,048	6,250	6,048	6,250	73,584	
		16	16	16	16	16	16	16	16	16	16	16	16		
Housekeeping 1	\$ 12.60	15,624	14,112	15,624	15,120	15,624	15,120	15,624	15,624	15,120	15,624	15,120	15,624	183,960	
		40	40	40	40	40	40	40	40	40	40	40	40		
Housekeeping / Laundry	\$ 12.60	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	
Night Attendant 1	\$ 14.70	3,646	3,293	3,646	3,528	3,646	3,528	3,646	3,646	3,528	3,646	3,528	3,646	42,924	
		8	8	8	8	8	8	8	8	8	8	8	8		
Night Attendant Relief	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Rooms		31,072	28,489	31,661	30,781	32,250	31,351	32,250	32,250	31,351	31,661	30,211	31,072	374,400	
Food and Beverage															
Food and Beverage Manager	60,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000	
		8	8	8	8	8	8	8	8	8	8	8	8		
HR Manager	50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000	
		8	8	8	8	8	8	8	8	8	8	8	8		
Servers	\$ 12.00	6,324	5,712	6,324	6,120	6,324	6,120	6,324	6,324	6,120	6,324	6,120	6,324	74,460	
		17	17	17	17	17	17	17	17	17	17	17	17		
Houseman	\$ 12.00	4,092	3,696	4,092	3,960	4,092	3,960	4,092	4,092	3,960	4,092	3,960	4,092	48,180	
		11	11	11	11	11	11	11	11	11	11	11	11		
Total Food and Beverage		19,583	18,575	19,583	19,247	19,583	19,247	19,583	19,583	19,247	19,583	19,247	19,583	232,640	
Sales and Marketing															
Sales and Revenue Manager	52,500	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	52,500	
		8	8	8	8	8	8	8	8	8	8	8	8		
Sales Manager Conf and Food	100,000	FALSE	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	91,667	
			8	8	8	8	8	8	8	8	8	8	8		
Conference Center Advertising & PR	80,000	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000	
		8	8	8	8	8	8	8	8	8	8	8	8		
Total Labor		241,500	11,042	19,375	224,167										
ADMIN															
General Manager	90,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000	
		8	8	8	8	8	8	8	8	8	8	8	8		
Accounting															
Admin Total		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000	
Engineering and Grounds															
Maintenance Staff	201,600.00	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	201,600	
		8	8	8	8	8	8	8	8	8	8	8	8		
Engineering Subtotal		16,808	16,808	16,808	16,808	16,808	16,808	16,808	16,808	16,808	16,808	16,808	16,808	201,600	
Total Property Labor		86,005	90,746	94,927	93,711	95,516	94,281	95,516	95,516	94,281	94,927	93,141	94,338	1,122,903	
Assumptions:															
		0													
		0													
		0													
		0													

ROOM (YR2)

Muscatine Labor Worksheet															
<i>Year 2</i>															
	Position	Rate / Salary	31 Jan	28 Feb	31 Mar	30 Apr	31 May	30 Jun	31 Jul	31 Aug	30 Sep	31 Oct	30 Nov	31 Dec	Total
Rooms															
	Front Desk Manager	52,500	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	52,500
	<i>hours per day</i>		8	8	8	8	8	8	8	8	8	8	8	8	
	Bell Staff	\$ 9.50	1,178	1,064	1,767	1,710	2,356	2,280	2,356	2,356	2,280	1,767	1,140	1,178	21,432
	<i>hours per day</i>		4	4	6	6	8	8	8	8	8	6	4	4	
	Front Desk Staff	\$ 12.60	6,250	5,645	6,250	6,048	6,250	6,048	6,250	6,250	6,048	6,250	6,048	6,250	73,584
	<i>hours per day</i>		16	16	16	16	16	16	16	16	16	16	16	16	
	Housekeeping 1	\$ 12.60	15,624	14,112	15,624	15,120	15,624	15,120	15,624	15,624	15,120	15,624	15,120	15,624	183,960
	<i>hours per day</i>		40	40	40	40	40	40	40	40	40	40	40	40	
	Housekeeping / Laundry	\$ 12.60	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>hours per day</i>		-	-	-	-	-	-	-	-	-	-	-	-	
	Night Attendant 1	\$ 14.70	3,646	3,293	3,646	3,528	3,646	3,528	3,646	3,646	3,528	3,646	3,528	3,646	42,924
	<i>hours per day</i>		8	8	8	8	8	8	8	8	8	8	8	8	
	Night Attendant Relief	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>hours per day</i>		-	-	-	-	-	-	-	-	-	-	-	-	
	Total Rooms		31,072	28,489	31,661	30,781	32,250	31,351	32,250	32,250	31,351	31,661	30,211	31,072	374,400
Food and Beverage															
	Food and Beverage Manager	60,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
	<i>hours per day</i>		8	8	8	8	8	8	8	8	8	8	8	8	
	HR Manager	50,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
	<i>hours per day</i>		8	8	8	8	8	8	8	8	8	8	8	8	
	Servers	\$ 12.00	6,324	5,712	6,324	6,120	6,324	6,120	6,324	6,324	6,120	6,324	6,120	6,324	74,460
	<i>hours per day</i>		17	17	17	17	17	17	17	17	17	17	17	17	
	Houseman	\$ 12.00	4,092	3,696	4,092	3,960	4,092	3,960	4,092	4,092	3,960	4,092	3,960	4,092	48,180
	<i>hours per day</i>		11	11	11	11	11	11	11	11	11	11	11	11	
	Total Food and Beverage		19,583	18,575	19,583	19,247	19,583	19,247	19,583	19,583	19,247	19,583	19,247	19,583	232,640
Sales and Marketing															
	Sales and Revenue Manager	52,500	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	52,500
	Sales Manager Conf and Food	100,000	FALSE	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	91,667
	Conference Center Advertising & PR	80,000	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
	Total Labor	241,500	11,042	19,375	19,375	19,375	19,375	19,375	19,375	19,375	19,375	19,375	19,375	19,375	224,167
ADMIN															
	General Manager	90,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
	Accounting														
	Admin Total		7,500	90,000											
Engineering and Grounds															
	Maintenance Staff	201,600.00	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	201,600
	<i>hours per day</i>		8	8	8	8	8	8	8	8	8	8	8	8	
	Engineering Subtotal		16,808	201,600											
	Total Property Labor		86,005	90,746	94,927	93,711	95,516	94,281	95,516	95,516	94,281	94,927	93,141	94,338	1,122,903
Assumptions:															
	0														
	0														
	0														
	0														

TELEPHONE (YR3)

Muscatine													
Year 2													
TELEPHONE	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
REVENUE													
Local Telephone	0	0	0	0	0	0	0	0	0	0	0	0	0
Long Distance	389	351	389	376	389	376	389	389	376	389	376	389	4,579
Misc Revenue													0
TOTAL REVENUE	389	351	389	376	389	376	389	389	376	389	376	389	4,579
COST OF GOODS													
Local													0
Long Distance	130	117	130	125	130	125	130	130	125	130	125	130	1,526
TOTAL COST OF GOODS	130	117	130	125	130	125	130	130	125	130	125	130	1,526
OTHER EXPENSES													
Maintenance/ Leases	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
Maintenance Contracts	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Adds/Moves/Changes	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other													0
TOTAL OTHER EXPENSES	1,750	21,000											
DEPARTMENT PROFIT	-1,491	-1,516	-1,491	-1,499	-1,491	-1,499	-1,491	-1,491	-1,499	-1,491	-1,499	-1,491	-17,948

A&G (YR2)

Muscatine													
Y-2													
A&G	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
PAYROLL													
Executive Office	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
Accounting	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Payroll Taxes and Benefits	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	28,000
TOTAL PAYROLL	14,000	14,000		14,000	14,000		14,000	14,000	14,000	14,000	14,000	14,000	140,000
OTHER EXPENSES													
Association Dues	-	-	-	-	-	-	-	-	-	-	-	-	0
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	0
Entertainment meals	-	-	-	-	-	-	-	-	-	-	-	1,250	1,250
Staff Appreciation	-	-	-	-	-	-	-	-	-	-	-	-	0
Equip Rental/Lease	-	-	-	-	-	-	-	-	-	-	-	-	0
Direct Supplies	-	-	-	-	-	-	-	-	-	-	-	-	0
Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	0
Audit Fees	-	-	-	-	-	-	-	-	-	-	-	-	0
Contract Accounting	-	-	-	-	-	-	-	-	-	-	-	-	0
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	0
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	0
Credit Card Commission	7,291	6,586	7,291	7,056	7,291	7,056	7,291	7,291	7,056	7,291	7,056	7,291	85,848
Bank Service Charge	-	-	-	-	-	-	-	-	-	-	-	-	0
Postage & Shipping	-	-	-	-	-	-	-	-	-	-	-	-	0
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	0
Travel - Air/Car/Mileage	-	-	-	-	-	-	-	-	-	-	-	-	0
License & Permits	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
General Misc Expense	-	-	-	-	-	-	-	-	-	-	-	-	0
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	0
Internet	-	-	-	-	-	-	-	-	-	-	-	-	0
Security	-	-	-	-	-	-	-	-	-	-	-	-	0
Cashier over/short	-	-	-	-	-	-	-	-	-	-	-	-	0
Donations	-	-	-	-	-	-	-	-	-	-	-	-	0
Bad Debts Expense	-	-	-	-	-	-	-	-	-	-	-	-	0
Option Lease	-	-	-	-	-	-	-	-	-	-	-	-	0
Other	-	-	-	-	-	-	-	-	-	-	-	-	0
TOTAL OTHER EXPENSES	8,291	6,586	7,291	7,056	7,291	7,056	7,291	7,291	7,056	7,291	7,056	8,541	88,098
TOTAL EXPENSES	22,291	20,586	7,291	21,056	21,291	7,056	21,291	21,291	21,056	21,291	21,056	22,541	228,098

FOOD AND BEVERAGE (YR2)

Muscatine														
Y-2														
Food and Beverage														
REVENUE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Food and Beverage	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	198,570	2,382,840
TOTAL REVENUE	198,570	2,382,840												
EXPENSE														
Setup	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	133,833	1,606,000
<i>subtotal</i>	<i>133,833</i>	<i>1,606,000</i>												
TOTAL EXPENSE	133,833	1,606,000												
Net Profit / Loss	64,737	776,840												
Assumptions														

SALES AND MARKETING (YR2)

Muscatine		Y-2												
Sales and Marketing		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Labor														
Sales and Revenue Manager		4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	52,500
Sales Staff		-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and Benefits		875	875	875	875	875	875	875	875	875	875	875	875	10,500
Total Labor		5,250	63,000											
Marketing Materials														
Directories		1,000											600	1,600
Photography		1,000												1,000
T&L Rack Brochures											500			500
E-Marketing														
Web-Site		250	250	250	250	250	250	250	250	250	250	250	250	3,000
SEM		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Maint./Enhancement								150			150			300
CRM		25	25	25	25	25	25	25	25	25	25	25	25	300
Email Marketing		150	150	150	150	150	150	150	150	150	150	150	150	1,800
Advertising														
Group Advertising														
T & L		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
F & B / Catering		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Creative		500		500		500		500		500		500		3,000
Direct Mail / Creative Postcard (Seas		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Public Relations														
Opening Campaign														
Property Opening													500	500
Spring Article													500	500
Customer Events/Rec./Tours		1,500			1,500			1,500			1,500			6,000
Sales and Marketing Consulting		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Trade Shows														
Meetings (Bravo - Portland)														
Dues & Subs.		500												500
Miscellaneous														
Client Gifts		50	50	50	50	50	50	50	50	50	50	50	50	600
Business Meals														
FAM's														
Office Supplies		30	30	30	30	30	30	30	30	30	30	30	330	660
Postage		20	20	20	20	20	20	20	20	20	20	20	220	440
Telephone														
Miscellaneous		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Total Operating Expenses		13,025	8,525	9,025	10,025	9,025	8,525	10,675	8,525	9,025	10,675	9,025	10,125	116,200
Net Profit / Loss		(18,275)	(13,775)	(14,275)	(15,275)	(14,275)	(13,775)	(15,925)	(13,775)	(14,275)	(15,925)	(14,275)	(15,375)	(179,200)

MAINTENANCE (YR2)

Muscatine													
Y-2													
Maintenance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Payroll													
Maintenance Staff	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	201,600
Taxes and Benefits	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	40,320
Total Salaries and Wages	20,160	241,920											
OTHER EXPENSES													
Grounds/Landscaping	160	160	160	160	160	160	160	160	160	160	160	160	1,920
R&M Hotel	775	775	775	775	775	775	775	775	775	775	775	775	9,300
Contract Fees/Svc	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Equipment Repair	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Maintenance Supplies	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Pest Control	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Cable TV	576	576	576	576	576	576	576	576	576	576	576	576	6,912
License Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Misc Expenses	200	200	200	200	200	200	200	200	200	200	200	200	2,400
OTHER EXPENSES	3,161	37,932											
Net Profit / Loss	(23,321)	(279,852)											

UTILITIES (YR2)

Muscatine													
Y-2													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
UTILITIES													
Electricity	14,595	13,682	14,595	14,290	14,595	14,290	14,595	14,595	14,290	14,595	14,290	14,595	173,006
Propane/Natural Gas	4,491	4,210	4,491	4,397	4,491	4,397	4,491	4,491	4,397	4,491	4,397	4,491	53,233
Water - Regular	2,245	2,105	2,245	2,199	2,245	2,199	2,245	2,245	2,199	2,245	2,199	2,245	26,616
Water - Sewer	1,123	1,052	1,123	1,099	1,123	1,099	1,123	1,123	1,099	1,123	1,099	1,123	13,308
Total Operating Expense	22,453	21,049	22,453	21,985	22,453	21,985	22,453	22,453	21,985	22,453	21,985	22,453	266,163
TOTAL UTILITY EXPENSE	(22,453)	(21,049)	(22,453)	(21,985)	(22,453)	(21,985)	(22,453)	(22,453)	(21,985)	(22,453)	(21,985)	(22,453)	(266,163)
	22,453	21,049	22,453	21,985	22,453	21,985	22,453	22,453	21,985	22,453	21,985	22,453	266,163

FIXED EXPENSES (YR2)

Muscatine													
Y-1													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
FIXED EXPENSES													
Insurance	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	38,000
Real Property Taxes	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	33,667	404,004
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Exp.	36,834	442,004											
Net Profit	(36,834)	(442,004)											
Assumptions													

B.4.9.6: Occupancy and Rate Projections Used in Operating Proforma – Years 1-5

Muscatine

Muscatine Occ. And Rate Projections.

	Y-1		Y-2		Y-3		Y-4		Y-5	
	Occ	ADR								
Jan	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Feb	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Mar	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Apr	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
May	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Jun	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Jul	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Aug	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Sep	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Oct	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Nov	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00
Dec	66.0%	\$ 138.00	70.0%	\$ 142.00	74.0%	\$ 146.00	74.0%	\$ 151.00	74.0%	\$ 155.00

Muscatine

112	Y-1		Y-2		Y-3		Y-4		Y-5	
	Occ Rms.	Rev.								
31 Jan	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
28 Feb	2,070	\$ 285,626.88	2,195	\$ 311,718.40	2,321	\$ 338,813.44	2,321	\$ 350,416.64	2,321	\$ 359,699.20
31 Mar	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
30 Apr	2,218	\$ 306,028.80	2,352	\$ 333,984.00	2,486	\$ 363,014.40	2,486	\$ 375,446.40	2,486	\$ 385,392.00
31 May	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
30 Jun	2,218	\$ 306,028.80	2,352	\$ 333,984.00	2,486	\$ 363,014.40	2,486	\$ 375,446.40	2,486	\$ 385,392.00
31 Jul	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
31 Aug	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
30 Sep	2,218	\$ 306,028.80	2,352	\$ 333,984.00	2,486	\$ 363,014.40	2,486	\$ 375,446.40	2,486	\$ 385,392.00
31 Oct	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
30 Nov	2,218	\$ 306,028.80	2,352	\$ 333,984.00	2,486	\$ 363,014.40	2,486	\$ 375,446.40	2,486	\$ 385,392.00
31 Dec	2,292	\$ 316,229.76	2,430	\$ 345,116.80	2,569	\$ 375,114.88	2,569	\$ 387,961.28	2,569	\$ 398,238.40
Ttl Occ	26,981	3,723,350	28,616	4,063,472	30,251	4,416,675	30,251	4,567,931	30,251	4,688,936
TTI Avail	40,880	138.00	40,880	142.00	40,880	146.00	40,880	151.00	40,880	155.00
Occ %	66.0%		70.0%		74.0%		74.0%		74.0%	

Assumptions

B.4.10: Sensitivity Analysis – Best and Worst Case Scenarios

December 16, 2014

Mr. Andy MacLellan
Riverview Hotel Development LLC
720 Burning Tree Drive SE
Marietta, Georgia 30067



Re: Sensitivity Analyses for the Proposed 112-room Hotel Stanley & Conference Center in Muscatine, Iowa

Dear Mr. MacLellan:

In accordance with PKF Consulting's proposal letter dated December 10, 2014, we have completed the additional analyses to assist you with the financial package for the proposed Hotel Stanley and Conference Center in Muscatine, Iowa. PKF recently completed a market study for the proposed Hotel Stanley and Conference Center in Muscatine, Iowa. The projections presented in the final report dated December 9, 2014 are considered reasonable or average estimates of the potential cash flows from the operation of the proposed Hotel Stanley and Conference Center.

Subsequent to the completion of the market study, PKF Consulting was engaged to complete two additional financial projections for the proposed 112-room Hotel Stanley and Conference Center: a Worst Case Scenario and a Best Case Scenario. The first two pages, which are attached to this letter, represent the 10-year financial projections for the Worst Case Scenario, while the second two pages represent the 10-year financial projections for the Best Case Scenario. The Worst and Best Case Scenarios were estimated by lowering or raising the occupancy and ADR levels to the worst or best levels that PKF believes could be achieved based on the current market conditions described in the final market study report.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant change in the competitive position of the project from that as set forth in the final market study report. Although they have been conscientiously prepared using information obtained during the course of the market study and our experience in the industry, the proposed property's future performance is based on estimates and assumptions, which are subject to uncertainty and variation, and we do not represent them as results that will actually be achieved.

We would be pleased to hear from you if we may be of further assistance in the interpretation and application of our findings and conclusions.

Respectfully submitted,

PKF Consulting USA
A Subsidiary of CBRE, Inc.

A handwritten signature in black ink that reads 'G. Randle McCaslin'.

G. Randle McCaslin, CRE
Senior Vice President

PKF Consulting USA | 1010 Lamar, Suite 400 | Houston, TX 77002
TEL: 713 621 5252 | FAX: 713 621 9494 | www.pkfc.com

112-Room Hotel Stanley - Best Case
 Projected Operating Results
 Calendar Years

	2017		2018		2019		2020		2021	
Number of Units:	112		112		112		112		112	
Number of Annual Rooms Available:	40,880		40,880		40,880		40,880		40,880	
Number of Rooms Occupied:	27,800		29,430		31,070		31,070		31,070	
Annual Occupancy:	68%		72%		76%		76%		76%	
Average Daily Rate:	\$143.00		\$148.00		\$152.00		\$157.00		\$161.00	
Revenue Per Available Room:	\$97.24		\$106.56		\$115.52		\$119.32		\$122.36	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	\$3,975,000	60.6%	\$4,356,000	60.7%	\$4,723,000	60.7%	\$4,878,000	60.7%	\$5,002,000	60.6%
Food & Beverage	2,278,000	34.7%	2,484,000	34.6%	2,701,000	34.7%	2,782,000	34.6%	2,866,000	34.7%
Other Operated Departments	228,000	3.5%	248,000	3.5%	270,000	3.5%	278,000	3.5%	287,000	3.5%
Rentals and Other Income	76,000	1.2%	83,000	1.2%	90,000	1.2%	93,000	1.2%	96,000	1.2%
Total Revenues	6,557,000	100.0%	7,171,000	100.0%	7,784,000	100.0%	8,031,000	100.0%	8,251,000	100.0%
Departmental Expenses										
Rooms	927,000	23.3%	983,000	22.6%	1,038,000	22.0%	1,071,000	22.0%	1,101,000	22.0%
Food & Beverage	1,551,000	68.1%	1,651,000	66.5%	1,756,000	65.0%	1,809,000	65.0%	1,863,000	65.0%
Other Operated Departments	148,000	64.9%	161,000	64.9%	176,000	65.2%	181,000	65.1%	186,000	64.8%
Total Departmental Expenses	2,626,000	40.0%	2,795,000	39.0%	2,970,000	38.2%	3,061,000	38.1%	3,150,000	38.2%
Departmental Profit	3,931,000	60.0%	4,376,000	61.0%	4,814,000	61.8%	4,970,000	61.9%	5,101,000	61.8%
Undistributed Expenses										
Administrative & General	491,000	7.5%	522,000	7.3%	545,000	7.0%	562,000	7.0%	578,000	7.0%
Marketing	425,000	6.5%	452,000	6.3%	467,000	6.0%	482,000	6.0%	495,000	6.0%
Property Operation and Maintenance	279,000	4.3%	286,000	4.0%	296,000	3.8%	305,000	3.8%	314,000	3.8%
Utility Costs	260,000	4.0%	263,000	3.7%	270,000	3.5%	278,000	3.5%	287,000	3.5%
Total Undistributed Operating Expenses	1,455,000	22.2%	1,523,000	21.2%	1,578,000	20.3%	1,627,000	20.3%	1,674,000	20.3%
Gross Operating Profit	2,476,000	37.8%	2,853,000	39.8%	3,236,000	41.6%	3,343,000	41.6%	3,427,000	41.5%
Base Management Fee	197,000	3.0%	215,000	3.0%	234,000	3.0%	241,000	3.0%	248,000	3.0%
Fixed Expenses										
Property Taxes	122,000	1.9%	126,000	1.8%	130,000	1.7%	134,000	1.7%	138,000	1.7%
Insurance	49,000	0.7%	50,000	0.7%	52,000	0.7%	53,000	0.7%	55,000	0.7%
Total Fixed Expenses	171,000	2.6%	176,000	2.5%	182,000	2.3%	187,000	2.3%	193,000	2.3%
Net Operating Income	2,108,000	32.1%	2,462,000	34.3%	2,820,000	36.2%	2,915,000	36.3%	2,986,000	36.2%
FF&E Reserve	131,000	2.0%	215,000	3.0%	311,000	4.0%	321,000	4.0%	330,000	4.0%
Net Operating Income After Reserve	\$1,977,000	30.2%	\$2,247,000	31.3%	\$2,509,000	32.2%	\$2,594,000	32.3%	\$2,656,000	32.2%
Source: PKF Consulting USA	Full Year of Operation									

112-Room Hotel Stanley - Worst Case
 Projected Operating Results
 Calendar Years

	2017		2018		2019		2020		2021	
Number of Units:	112		112		112		112		112	
Number of Annual Rooms Available:	40,880		40,880		40,880		40,880		40,880	
Number of Rooms Occupied:	25,350		26,980		28,620		28,620		28,620	
Annual Occupancy:	62%		66%		70%		70%		70%	
Average Daily Rate:	\$132.00		\$136.00		\$140.00		\$145.00		\$149.00	
Revenue Per Available Room:	\$81.84		\$89.76		\$98.00		\$101.50		\$104.30	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	\$3,346,000	58.7%	\$3,669,000	58.7%	\$4,007,000	58.7%	\$4,150,000	58.8%	\$4,264,000	58.8%
Food & Beverage	2,078,000	36.4%	2,277,000	36.4%	2,488,000	36.4%	2,563,000	36.3%	2,640,000	36.4%
Other Operated Departments	208,000	3.6%	228,000	3.6%	249,000	3.6%	256,000	3.6%	264,000	3.6%
Rentals and Other Income	69,000	1.2%	76,000	1.2%	83,000	1.2%	85,000	1.2%	88,000	1.2%
Total Revenues	5,701,000	100.0%	6,250,000	100.0%	6,827,000	100.0%	7,054,000	100.0%	7,256,000	100.0%
Departmental Expenses										
Rooms	784,000	23.4%	832,000	22.7%	882,000	22.0%	911,000	22.0%	938,000	22.0%
Food & Beverage	1,420,000	68.3%	1,516,000	66.6%	1,617,000	65.0%	1,666,000	65.0%	1,716,000	65.0%
Other Operated Departments	135,000	64.9%	148,000	64.9%	162,000	65.1%	167,000	65.2%	172,000	65.2%
Total Departmental Expenses	2,339,000	41.0%	2,496,000	39.9%	2,661,000	39.0%	2,744,000	38.9%	2,826,000	38.9%
Departmental Profit	3,362,000	59.0%	3,754,000	60.1%	4,166,000	61.0%	4,310,000	61.1%	4,430,000	61.1%
Undistributed Expenses										
Administrative & General	427,000	7.5%	455,000	7.3%	478,000	7.0%	494,000	7.0%	508,000	7.0%
Marketing	369,000	6.5%	394,000	6.3%	410,000	6.0%	423,000	6.0%	435,000	6.0%
Property Operation and Maintenance	243,000	4.3%	247,000	4.0%	259,000	3.8%	268,000	3.8%	276,000	3.8%
Utility Costs	229,000	4.0%	233,000	3.7%	241,000	3.5%	248,000	3.5%	255,000	3.5%
Total Undistributed Operating Expenses	1,268,000	22.2%	1,329,000	21.3%	1,388,000	20.3%	1,433,000	20.3%	1,474,000	20.3%
Gross Operating Profit	2,094,000	36.7%	2,425,000	38.8%	2,778,000	40.7%	2,877,000	40.8%	2,956,000	40.7%
Base Management Fee	171,000	3.0%	188,000	3.0%	205,000	3.0%	212,000	3.0%	218,000	3.0%
Fixed Expenses										
Property Taxes	122,000	2.1%	126,000	2.0%	130,000	1.9%	134,000	1.9%	138,000	1.9%
Insurance	49,000	0.9%	50,000	0.8%	52,000	0.8%	53,000	0.8%	55,000	0.8%
Total Fixed Expenses	171,000	3.0%	176,000	2.8%	182,000	2.7%	187,000	2.7%	193,000	2.7%
Net Operating Income	1,752,000	30.7%	2,061,000	33.0%	2,391,000	35.0%	2,478,000	35.1%	2,545,000	35.1%
FF&E Reserve	114,000	2.0%	188,000	3.0%	273,000	4.0%	282,000	4.0%	290,000	4.0%
Net Operating Income After Reserve	\$1,638,000	28.7%	\$1,873,000	30.0%	\$2,118,000	31.0%	\$2,196,000	31.1%	\$2,255,000	31.1%
Source: PKF Consulting USA	Full Year of Operation									

B.4.11: Debt Associated with Project

This project will have \$21.35 million debt associated with the project of which \$21 million will be attributed to a USDA loan with the remaining \$350K associated to the Mercer Muscatine Rolling Loan Fund. \$7.35 million of the USDA loan will be backed in equal portions (\$2.45 million each) by the 3 Muscatine banks: 1st National Bank of Muscatine, Central State Bank, and Community Bank and Trust.

B.4.11.1: USDA \$21 Million Loan

Status: Sent to Federal Office awaiting final approval.

See next page for loan details.



January 5, 2015

Ms. Rebecca Howe, President
The Stanley Hotel and Conference Center LLC
119 Mississippi Drive West
Muscatine, IA 52761

Dear Rebecca:

On behalf of Cedar Rapids Bank and Trust Company ("Bank" or "CRBT"), we are pleased to offer this financing proposal for The Stanley Hotel and Conference Center LLC. (Borrower). This letter is intended to initiate discussion of final loan terms and is not a binding commitment.

USDA Real Estate Term Loan Facility

Borrower:	The Stanley Hotel and Conference Center LLC
Amount:	\$21,000,000 or 75% of appraised value, whichever is less
Purpose:	Construct new hotel and conference center in Muscatine Iowa
Interest Rate:	5 Year reset fixed – 4.28% (estimated as of today), the rate will reset every 5 years based on a 3.00% spread over the current Des Moines FHLB 5 year fixed rate advance index.
Documentation Fee:	\$1,500
USDA Loan Fee:	3.00% on the USDA guaranteed portion of the loan only. This fee can be financed. 0.50% annual renewal fee will be based on the USDA guaranteed loan balance portion only as of 12/31 each year.
Maturity Date:	25 years (2 years interest only payments followed by 23 years of principal and interest payments)
Repayment Terms:	Monthly principal and interest payments in an amount sufficient to amortize the loan over 23 years.
Prepayment:	<u>Prepayments will be subject to a hard prepayment penalty of 10% per year for 5 years. Prepayment of any kind during the pre-payment penalty period will be subject to the penalty as referenced above.</u>
Guarantors:	Any and all shareholders with an ownership interest greater than 20% will be required to provide a pro-rata guarantee equal to their ownership interest.

Collateral: 1st lien on real property in Muscatine Iowa

Additional Terms and Requirements

Collateral: All loans will be cross-collateralized by a first lien in all the Borrowers' and Guarantors' assets as follows:

- 1) First mortgage on the real property located at 119 Mississippi Drive West, Muscatine, IA and an assignment of rents, leases and profits of the real property.

Reporting: **Borrower**

- 1) Annual CPA-Audited or Reviewed financial statements of the Borrower within 120 days of fiscal year end.
- 2) Monthly company prepared financial statements of the Borrower within 30 days of month end.
- 3) Annual financial financial statements and or tax returns on all guarantors.

Covenants: The loan documents evidencing the financing will contain terms and conditions satisfactory to Bank and will include financial covenants that will include but not be limited to the following:

Minimum Tangible Net Worth of: **To Be Determined**

Ratio shall be measured annually and defined as:
as: (Total Assets - Intangible Assets- Receivables from Related Parties-Total Liabilities+ subordinated debt).

Minimum Debt Service Coverage Ratio of: **To Be Determined**

Ratio shall be measured annually and defined as:
(Net Income – Dividends + Depreciation Expense+ Amortization Expense+ Interest Expense) divided by (required principal and interest payments for the same period)

Conditions Precedent: The Borrower will provide the Bank, prior to closing, with the following information to be reviewed by Bank at its sole discretion for acceptability:

- A \$15,000 non-refundable commitment fee must accompany this signed proposal and will be unconditionally retained by the Bank in the event the Borrower cancels this proposal after signing for any reason. In the event the transaction is closed and funded by the Bank, the commitment fee will be applied to the Borrowers closing costs. In the event the Bank declines the loan, the commitment fee will be returned to the Borrower.
- Approval & documented formal commitment of both the TIF & IRD prior to the USDA loan closing.
- Formal loan participation credit approval from First National Bank of Muscatine, Central State Bank, & Community Bank for a combined total of \$7,350,000 (\$2,450,000 pro rata participation by each bank).
- All owner cash equity and participation loan funds must be received by CRBT prior closing of the USDA loan.
- Appraisal of the real property pledged as collateral. If the appraisal is ordered by another bank, the appraisal

must be assigned to CRBT. Such appraisal must be acceptable to CRBT and will comply with the minimum appraisal standards of the Uniform Standards of Professional Appraisal Practice, and any additional standards adopted by federal regulators, including but not limited to FIRREA guidelines.

- A Phase I Environmental Report on the real property pledged as collateral.
- Preliminary and final attorney's opinions of title prepared by an attorney of the Bank's choice (or applicable process if title insurance is required in Wisconsin).
- Evidence of sufficient insurance coverage, with Bank named as Lenders Loss Payee on the personal property pledged and as Mortgagee on the real property pledged as collateral.
- Conditional Commitment from the USDA with a 60% loan note guarantee and funds attached must be received for this loan. A USDA minimum 20% tangible balance sheet equity (or higher if required by the USDA) must be met along with any other requirements as determined by the USDA.
- Acceptable credit and background checks of the corporations.
- Interim consolidated balance sheet and income statement for the Borrower and Affiliates as of the month-end preceding the date of loan closing.

Closing Costs:

The Borrower will reimburse the Bank for all expenses and legal fees incurred in connection with the documentation, negotiation and closing of the proposed credit facilities, including but not limited to attorney's fees, appraisal fees, environmental assessment fees and title fees.

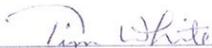
This proposal letter outlines the basic structure and terms of the credit facilities requested by the Borrower. It is not a commitment letter. The terms contained herein are subject to formal credit underwriting and approval. This proposal is subject to satisfaction of all loan terms and conditions as specified, including delivery of all necessary loan and closing documents. In addition, this proposal is subject to there being no material adverse change in the Borrower's or Guarantor's financial condition or other information that has been relied upon by the Bank.

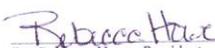
If you agree with the foregoing terms and conditions, please sign in the space below and return the proposal to my attention at Cedar Rapids Bank and Trust Company, P.O. Box 789, Cedar Rapids, IA 52406 on or before January 12, 2015. The proposal will expire if not funded by August 31, 2015.

Thank you again for allowing Cedar Rapids Bank and Trust Company the opportunity to present a banking proposal. If you have any questions or need additional information regarding the contents of this proposal, please let us know.

Cedar Rapids Bank & Trust Co.

The Stanley Hotel and Conference Center LLC


By: Tim White, Senior Vice President


By: Rebecca Howe, President

Date: 1/5/15

Date: 1/5/15



300 EAST SECOND STREET • MUSCATINE, IOWA 52761
PHONE (563) 263-4221 • FAX (563) 262-4213 • MEMBER F.D.I.C.
www.fnbmusc • info@fnbmusc.com

Timothy M. Nelson
Exec. Vice President

January 5, 2015

Rebecca Howe, President
Stanley Hotel and Conference Center, LLC
Muscatine, Iowa

Via: Email

Dear Rebecca,

We are very glad to be considered to be a part of the financial package to finance the successful building of the new Stanley Hotel on the Riverfront in downtown Muscatine! This will be a significantly positive economic incentive for Muscatine, providing a very attractive option for corporate travelers, a much needed meeting/entertainment venue, as well as offering additional employment opportunities not only at the Hotel but at supporting businesses.

Two very significant pieces of economic incentives that will be critical for the success of this project and necessary for loan approvals will be final approval of the IRD State Rebate Program at \$10,000,000 for both Sales and Hotel/Motel taxes as well as the TIF designation at \$6,000,000 which we understand is now in place. These combine to provide much needed financial inducements to make the forecast results for this project successful.

First National Bank has a strong level of interest in participating along with Community Bank and Trust and Central State Bank, all in Muscatine, in 1/3 of the unguaranteed portion of a proposed \$21 Million 25-year USDA loan to be led by Cedar Rapids Bank and Trust. This level of involvement is very significant at \$2,450,000 per Bank or \$7,350,000 overall. Our final approval for this commitment to lend will be subject to your finalizing the equity investments as planned, verification of all costs, as well as our Board of Directors approval anticipated by January 23, 2015. In addition, our approval will also be subject to Cedar Rapids Bank and Trust's and USDA's approval of their portions of the total financing package.

Again, thank you for the opportunity to assist you with this project and we will be in contact with you as the project progresses.

Yours truly,

A handwritten signature in black ink, appearing to read 'Timothy M. Nelson', is written over a horizontal line.

Timothy M. Nelson
Exec. Vice President



Main Bank
301 Iowa Avenue in Downtown Muscatine
P.O. Box 146, Muscatine, IA 52761 • (563) 263-3131

January 5, 2015

Stanley Hotel and Conference Center, LLC
Attention: Rebecca Howe
119 Mississippi Dr.
Muscatine, Iowa 52761

Re: Credit Request

Dear Rebecca,

Please accept this correspondence as an indication of Central State Bank's intent to participate in a credit facility for the purpose of funding the proposed hotel and conference center in Muscatine, Iowa. As we have discussed in recent weeks, it is contemplated that Cedar Rapids Bank & Trust will originate a \$21 million USDA guaranteed loan. It is further contemplated that Central State Bank, Community Bank and Trust and First National Bank, all local banks based in Muscatine, will purchase pro rata participations in the unguaranteed portion of the credit facility in an amount not to exceed \$2,450,000, respectively. In total, the local banks propose to lend \$7,350,000 to your company demonstrating the local bank commitment to this important development project. Our formal commitment is subject to final underwriting approval and the commitment of Cedar Rapids Bank & Trust and the USDA.

The proposed hotel and conference center is an extremely important element in the redevelopment of downtown Muscatine, Iowa. I believe the project will provide a significant benefit to the community in the form of economic activity in our historic riverfront area and will serve as the catalyst to drive forward additional downtown development and investment. It is widely anticipated that there will be substantial advances in employment and retail activity due to this project. The IRD and TIF district elements are critical to bringing the project to fruition.

Finally, as a long-time resident of Muscatine, I want to thank you and the other project investors for your community leadership. The timing is right for Muscatine to move forward on this project. This hotel will fill a void in our community which will benefit the residents and the local businesses large and small.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel P. Stein".

Daniel P. Stein
Senior Vice President

www.centralstate.com
Member FDIC



Monday, January 05, 2015

Stanley Hotel and Conference Center, LLC
Attention: Rebecca Howe
119 Mississippi Dr.
Muscatine, IA 52761

Re: Credit Request

Dear Rebecca,

Please accept this correspondence as an indication of Community Bank and Trust Company's intent to participate in a credit facility for the purpose of funding the proposed hotel and conference center in Muscatine, Iowa. It is contemplated that Cedar Rapids Bank & Trust will originate a \$21 million USDA guaranteed loan. It is further contemplated that Community Bank & Trust, Central State Bank and First National Bank will purchase pro rata participations in the unguaranteed portion of the credit facility in an amount not to exceed \$2,450,000 respectively. In total, the local banks propose to lend \$7,350,000 to your company, showing a high level of interest in the project. Suffice to say our indication of interest is subject to final approval and the commitment of Cedar Rapids Bank & Trust and the USDA.

The proposed hotel and conference center is an extremely important element in the redevelopment of downtown Muscatine, Iowa. It is our firm conviction that the project will provide a significant benefit to the community in the form of economic activity in our historic riverfront area. It is widely anticipated that there will be substantial advances in employment and retail activity. Based upon that anticipation, an integral part of the project are the incentives afforded by the IRD and TIF districts; effectively both inducements are an important element of debt repayment capacity for the project.

On a personal note, as a sitting member of the Muscatine City Council, I have twice voted in support of the project, first to create the IRD and second to approve the TIF benefit. I believe it is fair to say that the project has the support of City and County government, retailers, major industry and the public at large. Community Bank and Trust is pleased to participate and is fully supportive of the project.

Sincerely,

Tom R. Spread
Executive Vice President

229 Main Street
P.O. Box 268
Columbus Junction, Iowa 52738
(319) 728-2226

615 Cedar Street
P.O. Box 500
Muscatine, Iowa 52761
(563) 263-1122

2506 Park Avenue
Muscatine, Iowa 52761
(563) 263-1057

206 Hwy. 61 N
P.O. Box 96
Wapello, Iowa 52653
(319) 523-8390

210 W. 4th Street
P.O. Box 1120
Wilton, Iowa 52778
(563) 732-2077

B.4.11.2: Mercer Muscatine Revolving Loan Fund

Amount: \$350,000 of which \$25K is county funded and \$62,500 is city funded.

Interest Rate: 2.44%

Term: 10 year max

Prepayment

Penalty: None

Amortization: Straight Line

Other: 10% equity required
Max. 1/3 of public monies in project as whole
Personal guarantee required (see following page for guarantee)

Status: Provisionary Approval – Awaiting Final Board Approval.
(EXHIBIT K: MMRLF PROVISIONARY APPROVAL).

GUARANTY

I Howe Investment Fund I.L.C, an Iowa limited liability company ("Guarantor"), hereby:

(a) unconditionally and absolutely guarantees to [Muscatine County, Iowa] (the "Lender"), the prompt and full payment (including any interest and without deduction for any claim of set-off or counterclaim) when due and the performance of each and every obligation, liability, and agreement (collectively, the "Obligations") of The Stanley Hotel and Conference Center LLC, an Iowa limited liability company (the "Hotel"), under those certain loan arrangements made with Lender for a \$350,000 loan to the Hotel by Lender; and

(b) agrees that the Lender shall be entitled to recover all reasonable costs and reasonable expenses with respect to the default of the Hotel or the enforcement of this Guaranty, including, but not limited to, court costs and reasonable attorneys' fees. In the event that the Hotel shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or similar law now or hereinafter in effect, or seeking the appointment of a trustee or receiver, liquidator, custodian, or other similar official, Guarantor agrees that the Lender shall not be required to seek recovery from the Hotel or to exhaust its remedies against the Hotel before enforcing the provisions of this Guaranty.

If the Hotel shall default in the payment or performance of any Obligation, when and as the same shall become due and, if applicable, after the expiration of any applicable cure periods, then the Lender shall be entitled to make a demand upon Guarantor in writing, specifying in reasonable detail in what manner and what amount the Hotel has failed to pay or perform an Obligation and an explanation of why such payment or performance is due, with a specific statement by an officer of the Lender calling upon Guarantor to pay or perform, as applicable, under this Guaranty (hereinafter referred to as a "Demand"). Guarantor shall, within five business days following receipt of a Demand in compliance with this Agreement, fully satisfy such Obligations then due and owing as set forth in the Demand.

Without impairing or releasing the obligation of Guarantor, the Lender may, at any time without the consent of, or notice to, Guarantor, (a) amend the terms of the Obligations in accordance with its terms or applicable law, in which case this Guaranty shall apply to the Hotel's Obligations, as so amended, (b) exercise, delay in exercising, or refrain from exercising any rights under the Obligations, or (c) settle or compromise any Obligation of the Hotel, with or without consideration.

Guarantor hereby waives notice of acceptance of this Guaranty and notice of any obligation to which this Guaranty may apply, and further waives notice of default, non-payment, demand, and all other notices to which Guarantor may otherwise be entitled or which might be required by law to be given by the Lender other than any notice expressly provided for herein or in the Obligations.

This Guaranty shall for all purposes be deemed to be made in, and shall be governed by, the laws of the State of Iowa, without reference to the choice of law principles thereof. This Guaranty shall be binding upon the Guarantor in the United States and worldwide. The U.S. District Court for the Southern District of Iowa located in Polk County or the State Courts of the State of Iowa located in Des Moines, Iowa have exclusive jurisdiction to adjudicate any dispute arising out of or relating to this Guaranty or in connection with the matters contemplated hereby and the parties hereto consent to the exclusive jurisdiction of such courts and submits to the personal jurisdiction of such courts. Each Party hereto agrees to irrevocably and unconditionally waive any objection to the placing of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process hereunder may be served upon a party anywhere in the world.

This Guaranty is effective as of the date set forth below and shall continue in effect until the satisfaction of any and all outstanding Obligations of the Hotel to the Lender and of the undersigned pursuant to this Guaranty, whichever comes latest.

Guarantor hereby agrees and acknowledges that the Lender is relying on this Guaranty as an inducement to entering into the Obligations. This Guaranty shall be binding upon the Guarantor and its successors and assigns, and shall inure to the Lender's benefit and to the benefit of the Lender's successors and assigns.

IN WITNESS WHEREOF, this Guaranty has been executed by a duly authorized officer of Guarantor, as of the date set forth below.

HOWE INVESTMENT FUND LLC

By: 
Name: James Howe
Title: Manager
Date: 1/20/15

B.4.11.3: Project Support for Debt

Expected Case

Muscatine Proforma							
Proforma #1 112 Room Model	Y-1	Y-2	Y-3	Y-4	Y-5		Total
Room Nights Available	40,880	40,880	40,880	40,880	40,880		
Occupancy %	66%	70%	74%	74%	74%		
ADR	\$ 138.00	\$ 142.00	\$ 146.00	\$151.00	\$155.00		
Revenue:							
Rooms	3,723,350	4,063,472	4,416,675	4,567,931	4,688,936		21,460,365
Rooms Other	186,168	203,174	220,834	228,397	234,447		1,073,018
Telephone	4,317	4,579	4,807	5,048	5,300		24,051
Food and Beverage	2,211,000	2,382,840	2,501,982	2,627,081	2,758,435		12,481,338
Total Revenue:	6,124,835	6,654,064	7,144,298	7,428,457	7,687,118		35,038,772
Departmental Expenses:							
Rooms	731,345	777,455	800,779	824,802	849,546		3,983,926
Food and Beverage	1,507,000	1,606,000	1,710,000	1,761,000	1,814,000		8,398,000
Telephone	20,639	22,526	22,000	23,000	24,000		112,165
Total Expenses	2,258,984	2,405,981	2,532,779	2,608,802	2,687,546		12,494,091
Departmental Profit:	3,865,851	4,248,083	4,611,520	4,819,655	4,999,572		22,544,681
Undistributed Expenses:							
A&G	485,382	460,738	474,560	488,797	503,461		2,412,938
Sales-Marketing	375,200	359,200	369,976	381,075	392,508		1,877,959
Engineering	266,280	279,852	288,248	296,895	305,802		1,437,076
Utilities	244,993	266,163	274,147	282,372	290,843		1,358,518
Undistributed Subtotal:	1,371,856	1,365,953	1,406,931	1,449,139	1,492,613		7,086,492
Management Fees, Property Taxes and Insurance							
Management Fee	244,993	266,163	285,772	297,138	307,485		1,401,551
Total Fixed Expense	442,004	443,904	457,221	470,938	485,066		2,299,133
Total Management Fees and Fixed Exp.	686,997	710,067	742,993	768,076	792,551		3,700,684
NET OPERATING PROFIT (LOSS):	1,806,998	2,172,064	2,461,596	2,602,440	2,714,408		11,757,505
Incentive Management Fee	180,700	217,206	246,160	260,244	271,441		1,175,751
Government Incentives (TIF +IRD)	827,542	865,026	901,580	920,197	936,342		4,450,686
FF&E Reserve	244,993	266,163	285,772	297,138	307,485		1,401,551
NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:	\$ 2,208,846	\$ 2,553,721	\$ 2,831,244	\$ 2,965,255	\$ 3,071,824	\$	13,630,890
TOTAL INVESTMENT CASH FLOWS:							INVESTOR
Total Initial Equity Investment							IRR
							14%
Net Operating Cash Flow b/4 tax	2,208,846	2,553,721	2,831,244	2,965,255	3,650,750	\$	14,209,816
Debt Service						\$	-
USDA Guaranteed Debt	12,000,000	861,001	861,001	861,001	861,001	\$	4,305,007
Non-USDA Guaranteed Debt	9,350,000	639,590	639,590	639,590	639,590	\$	3,197,952
Total Debt Service	21,350,000	1,500,592	1,500,592	1,500,592	1,500,592		7,502,959
Max Possible Dividend Payout after Debt Service	708,254	1,053,129	1,330,652	1,464,663	2,150,158		6,706,857
Return to investor	4%	5%	7%	7%	11%		
Sale of Property (8% Cap Rate) Terminal Value					45,634,376	\$	45,634,376
Subtract Loan Payoff from Terminal Value					18,398,209		18,398,209
Total Investment Cash Flow	(19,291,746)	1,053,129	1,330,652	1,464,663	27,236,166	\$	27,236,166
							\$ 33,943,023

Worst Case Scenario

Muscatine Proforma						
Proforma #1 112 Room Model	Y-1	Y-2	Y-3	Y-4	Y-5	Total
Room Nights Available	40,880	40,880	40,880	40,880	40,880	40,880
Occupancy %	62%	66%	70%	70%	70%	
ADR	\$ 132.00	\$ 136.00	\$ 140.00	\$145.00	\$149.00	
Revenue:						
Rooms	3,345,619	3,669,389	4,006,240	4,149,320	4,263,784	19,434,352
Rooms Other	167,281	183,469	200,312	207,466	213,189	971,718
Telephone	4,055	4,317	4,533	4,759	4,997	22,662
Food and Beverage	2,211,000	2,382,840	2,501,982	2,627,081	2,758,435	12,481,338
Total Revenue:	5,727,955	6,240,015	6,713,067	6,988,627	7,240,406	32,910,070
Departmental Expenses:						
Rooms	704,973	750,225	772,731	795,913	819,791	3,843,634
Food and Beverage	1,507,000	1,606,000	1,710,000	1,761,000	1,814,000	8,398,000
Telephone	20,552	22,439	22,000	23,000	24,000	111,991
Total Expenses	2,232,525	2,378,664	2,504,731	2,579,913	2,657,791	12,353,624
Departmental Profit:	3,495,430	3,861,351	4,208,335	4,408,713	4,582,615	20,556,445
Undistributed Expenses:						
A&G	480,477	455,832	469,507	483,593	498,100	2,387,510
Sales-Marketing	375,200	359,200	369,976	381,075	392,508	1,877,959
Engineering	266,280	279,852	288,248	296,895	305,802	1,437,076
Utilities	229,118	249,601	257,089	264,801	272,745	1,273,354
Undistributed Subtotal:	1,351,075	1,344,485	1,384,820	1,426,364	1,469,155	6,975,899
Management Fees, Property Taxes and Insurance						
Management Fee	229,118	249,601	268,523	279,545	289,616	1,316,403
Total Fixed Expense	442,004	443,904	457,221	470,938	485,066	2,299,133
Total Management Fees and Fixed Exp.	671,122	693,505	725,744	750,483	774,682	3,615,536
NET OPERATING PROFIT (LOSS):	1,473,233	1,823,362	2,097,772	2,231,866	2,338,778	9,965,011
Incentive Management Fee	147,323	182,336	209,777	223,187	233,878	996,501
Government Incentives (TIF +IRD)	793,546	829,559	864,641	882,522	898,078	4,268,345
FF&E Reserve	229,118	249,601	268,523	279,545	289,616	1,316,403
NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:	\$ 1,890,337	\$ 2,220,984	\$ 2,484,113	\$ 2,611,657	\$ 2,713,362	\$ 11,920,452

TOTAL INVESTMENT CASH FLOWS:							INVESTOR
							IRR
Total Initial Equity Investment	20,000,000.00						7%
Net Operating Cash Flow b/4 tax	1,890,337	2,220,984	2,484,113	2,611,657	3,236,856	\$	12,443,946
Debt Service						\$	-
USDA Guaranteed Debt	12,000,000	861,001	861,001	861,001	861,001	\$	4,305,007
Non-USDA Guaranteed Debt	9,350,000	639,590	639,590	639,590	639,590	\$	3,197,952
Total Debt Service	21,350,000	1,500,592	1,500,592	1,500,592	1,500,592	\$	7,502,959
Max Possible Dividend Payout after Debt Service	389,745	720,392	983,521	1,111,065	1,736,264		4,940,987
Return to investor	2%	4%	5%	6%	9%		
Sale of Property (8% Cap Rate) Terminal Value					40,460,697	\$	40,460,697
Subtract Loan Payoff from Terminal Value					18,398,209		18,398,209
Total Investment Cash Flow	(19,610,255)	720,392	983,521	1,111,065	22,062,487	\$	27,003,474

B.4.12: Equity Structure

Equity	Amount
Howe Investment Fund	12,000,000
Chen Lujun	4,000,000
Kent Feed Corporation	2,000,000 ¹
MHI Fund LLC	2,000,000
TOTAL EQUITY	20,000,000

Note: Subscription Documents are located in EXHIBIT I: EQUITY SUBSCRIPTION DOCUMENTS

¹ Kent Feed Corporation subscription is currently in processing within their corporate legal department. HIF guarantees an addition \$2M as backing until Kent Feed Corporation processes subscription through legal department.

B.4.13: Grant Structure

The Stanley Hotel and Conference Center has obtained a grant from HNI of \$200,000 to be used toward the purchase of conference furniture for the conference center.

See following page for HNI commitment letter.



December 5, 2014

Mr. Andy MacLellan
Scottford Enterprises, LLC

Dear Andy:

HNI Corporation is very supportive of the project to construct the Hotel Stanley and Conference Center in downtown Muscatine.

Upon successful financing and construction of the project, HNI is willing to support the project with up to \$200,000 worth of HNI furniture products to be utilized in the hotel and conference areas.

Sincerely,

A handwritten signature in black ink that reads "Gary L. Carlson". The signature is written in a cursive style.

Gary L. Carlson
VP, Community Relations

B.4.14: Hotel/Motel & State Sales Tax Table

Accumulated from Room Revenue (20 yr span)

Room Tax Forecast									
Year	Rooms	Occupancy	ADR	Room Revenue	Sales Tax Rate	Hotel Tax Rate	Total Tax Rate	Tax Dollars	
1	40880	66%	\$ 138	\$ 3,723,350	4%	5%	9%	\$ 335,102	\$ 335,102
2	40880	70%	\$ 142	\$ 4,063,472	4%	5%	9%	\$ 365,712	\$ 700,814
3	40880	74%	\$ 146	\$ 4,416,675	4%	5%	9%	\$ 397,501	\$ 1,098,315
4	40880	74%	\$ 151	\$ 4,567,931	4%	5%	9%	\$ 411,114	\$ 1,509,429
5	40880	74%	\$ 155	\$ 4,688,936	4%	5%	9%	\$ 422,004	\$ 1,931,433
6	40880	74%	\$ 160	\$ 4,840,192	4%	5%	9%	\$ 435,617	\$ 2,367,050
7	40880	74%	\$ 165	\$ 4,991,448	4%	5%	9%	\$ 449,230	\$ 2,816,280
8	40880	74%	\$ 170	\$ 5,142,704	4%	5%	9%	\$ 462,843	\$ 3,279,124
9	40880	74%	\$ 175	\$ 5,293,960	4%	5%	9%	\$ 476,456	\$ 3,755,580
10	40880	74%	\$ 180	\$ 5,445,216	4%	5%	9%	\$ 490,069	\$ 4,245,650
11	40880	74%	\$ 185	\$ 5,596,472	4%	5%	9%	\$ 503,682	\$ 4,749,332
12	40880	74%	\$ 191	\$ 5,777,979	4%	5%	9%	\$ 520,018	\$ 5,269,350
13	40880	74%	\$ 197	\$ 5,959,486	4%	5%	9%	\$ 536,354	\$ 5,805,704
14	40880	74%	\$ 203	\$ 6,140,994	4%	5%	9%	\$ 552,689	\$ 6,358,393
15	40880	74%	\$ 209	\$ 6,322,501	4%	5%	9%	\$ 569,025	\$ 6,927,419
16	40880	74%	\$ 215	\$ 6,504,008	4%	5%	9%	\$ 585,361	\$ 7,512,779
17	40880	74%	\$ 221	\$ 6,685,515	4%	5%	9%	\$ 601,696	\$ 8,114,476
18	40880	74%	\$ 228	\$ 6,897,274	4%	5%	9%	\$ 620,755	\$ 8,735,230
19	40880	74%	\$ 235	\$ 7,109,032	4%	5%	9%	\$ 639,813	\$ 9,375,043
20	40880	74%	\$ 242	\$ 7,320,790	4%	5%	9%	\$ 658,871	\$ 10,033,914
								\$ 10,033,914	

Accumulated from Sales Tax Associated with Food and Beverage (20 year span)

Sales Tax Forecast on F&B				
Year	F&B Revenue	Sales Tax Rate	Tax Dollars	Cumulative Tax Dollars
1	\$ 2,211,000	4%	\$ 88,440	\$ 88,440
2	\$ 2,382,840	4%	\$ 95,314	\$ 183,754
3	\$ 2,501,982	4%	\$ 100,079	\$ 283,833
4	\$ 2,627,081	4%	\$ 105,083	\$ 388,916
5	\$ 2,758,435	4%	\$ 110,337	\$ 499,254
6	\$ 2,896,357	4%	\$ 115,854	\$ 615,108
7	\$ 3,041,175	4%	\$ 121,647	\$ 736,755
8	\$ 3,193,233	4%	\$ 127,729	\$ 864,484
9	\$ 3,352,895	4%	\$ 134,116	\$ 998,600
10	\$ 3,520,540	4%	\$ 140,822	\$ 1,139,422
11	\$ 3,696,567	4%	\$ 147,863	\$ 1,287,284
12	\$ 3,881,395	4%	\$ 155,256	\$ 1,442,540
13	\$ 4,075,465	4%	\$ 163,019	\$ 1,605,559
14	\$ 4,279,238	4%	\$ 171,170	\$ 1,776,728
15	\$ 4,493,200	4%	\$ 179,728	\$ 1,956,456
16	\$ 4,717,860	4%	\$ 188,714	\$ 2,145,171
17	\$ 4,953,753	4%	\$ 198,150	\$ 2,343,321
18	\$ 5,201,441	4%	\$ 208,058	\$ 2,551,378
19	\$ 5,461,513	4%	\$ 218,461	\$ 2,769,839
20	\$ 5,734,589	4%	\$ 229,384	\$ 2,999,222
			\$ 2,999,222	

B.4.15: Land Acquisition

The Stanley Hotel and Conference Center currently has options for purchase on all required land. (See EXHIBIT A: PROPERTY APPRAISALS; EXHIBIT B: LAND PURCHASE OPTIONS; AND EXHIBIT C: ENVIRONMENTAL REPORTS). A fourth piece of property to be used as ADA parking and green space is currently in negotiations. The properties are as follows:

119 W Mississippi Drive

This land is location of the hotel and conference center. Purchase option is for \$380,000. All environmental testing has been completed and the land is determined to be free of any environmental hazards outside EPA standards. Abstracts for this property have been pulled and reviewed.

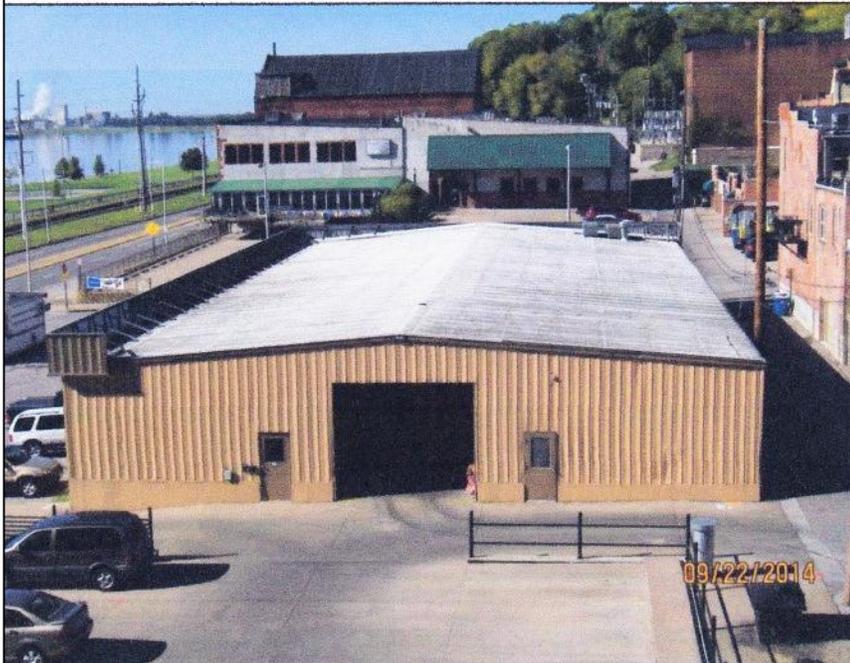
This property lies within a blighted area of downtown Muscatine and overlooks the renovated river park and the Mississippi River. The hotel and conference center will replace the run down metal building and parking lot and will match the historic nature of the surroundings buildings and architecture adding to the beautification of the downtown area.

Current views of the property:





Front



Aerial View

112 2nd Street

This land is the location for the 1.5 story parking garage. Purchase option is for \$350,000. All environmental testing has been completed and the land is determined to be free of any environmental hazards outside EPA standards. Abstracts for this property have been pulled and reviewed.

This property lies within a blighted area of downtown Muscatine and has views of the renovated river park and the Mississippi River. The controlled access parking structure will match the historic nature of the surroundings buildings and architecture adding to the beautification of the downtown area.

Current views of the property:





215 W. Mississippi Drive

This land is location of the hotel's control access parking lot. It will be across the street from the hotel and will provide ancillary guest parking for both the hotel and conference center. Purchase option is for \$810,000. No environmental testing or abstract look-ups have been completed to date. However, based on the environmental testing that has been done in the area as well as the history of the property, it is expected that the property will be free of hazards. Environmental testing and abstract review is scheduled for first quarter 2015.

This property lies within a blighted area of downtown Muscatine and overlooks the renovated river park and the Mississippi River. The current parking lot will be resurfaced and landscaped to match the downtown river park. Control access equipment will be added at access points within the lot. Also on this lot is a 8000 sq foot building which currently contains a restaurant. Future plans will be to renovate the building as an adapt and reuse project taking advantage of the historic tax credits available to the building.



East Side Front (Entrance & Parking Lot)



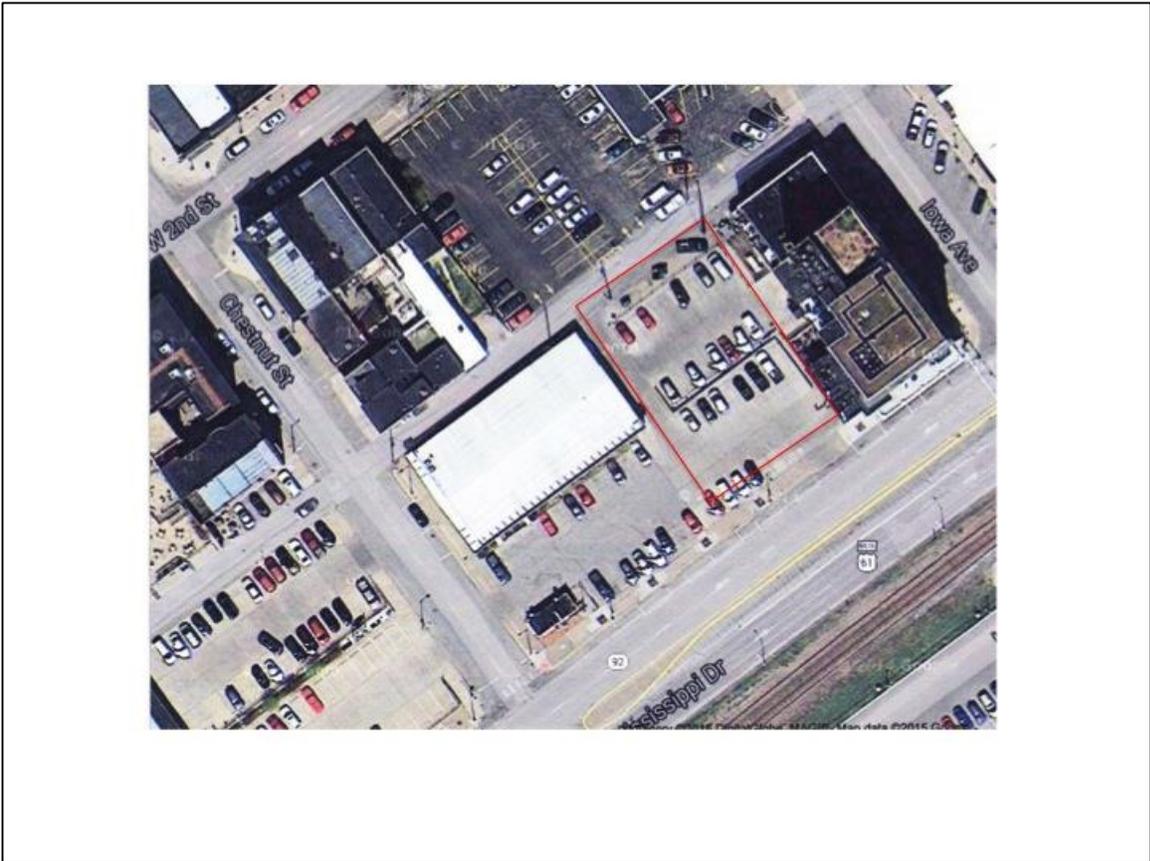
East Side Looking Southwest

Property between New Hotel Site and Pearlview Condos

This optional land that will aid in the beautification of both the hotel project and the downtown. Located between the hotel site and Pearlview Condos, it will provide convenient access to the restaurants and bars of the condo building as well as provide ADA parking and lawn, sitting area and sculpture garden overlooking the river park and the Mississippi River. The current property is blighted and in need of repairs. The elevated parking area will be devoted to ADA parking and the lot will be resurfaced and landscaped. In addition, a covered heated walkway between the new hotel and conference center and the Pearlview Condos will be added. The bottom parking area will be converted into greenspace and landscaped for a sitting garden area and sculpture park.

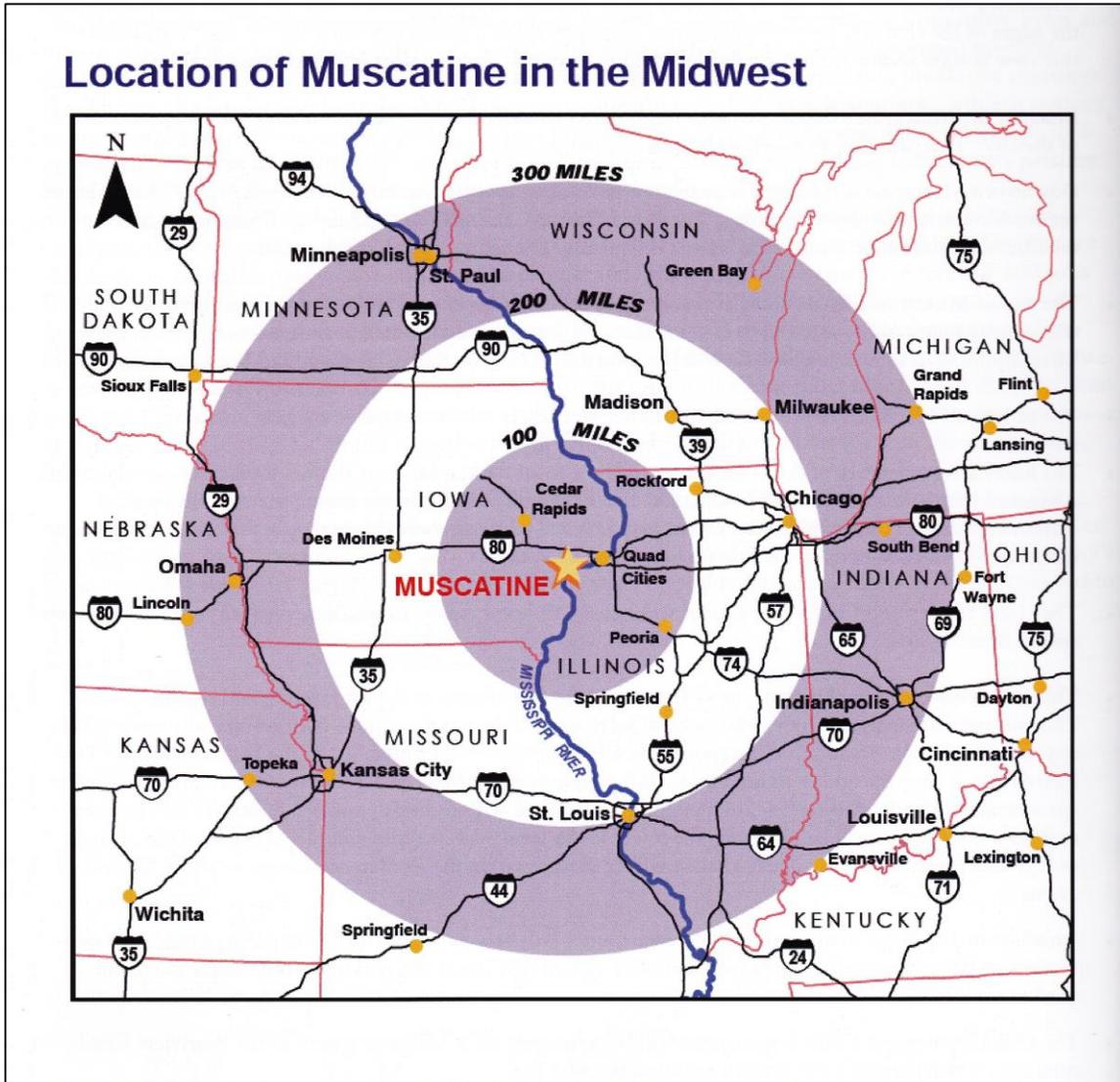
We are currently in negotiations with the condo association concerning this property. Maximum price of the property is estimated at \$150,000.

Overview of proposed property:



B.4.16: Visual Aids

B.4.16.1: Location

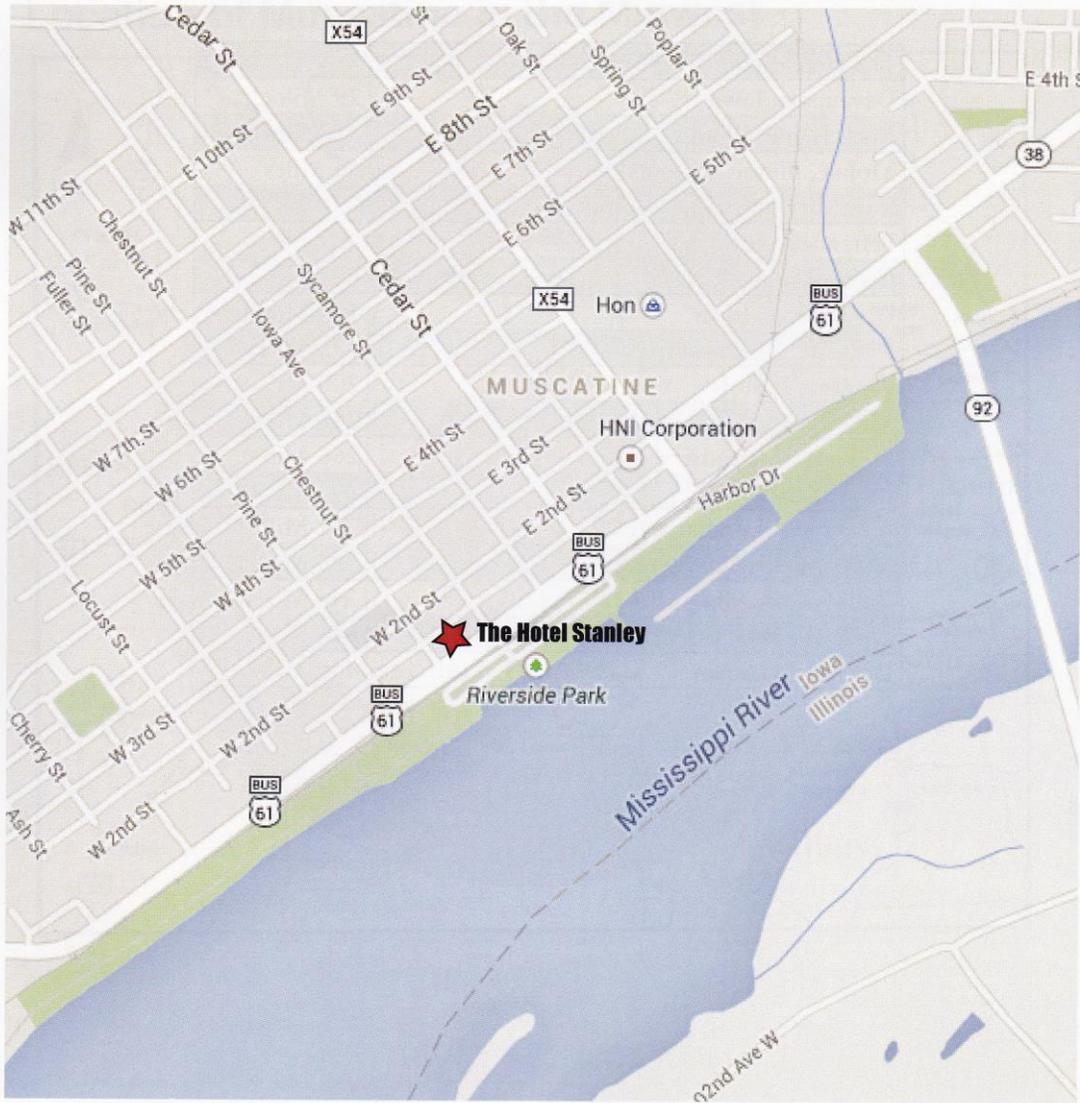


MAJOR CITIES WITHIN 6.5 MILE DRIVE OF THE HOTEL STANLEY	
Davenport, Iowa	29 Miles
Rock Island, Illinois	32 Miles
Moline, Illinois	34 Miles
Iowa City, Iowa	36 Miles
Bettendorf, Iowa	42 Miles
Cedar Rapids, Iowa	67 Miles
Des Moines, Iowa	150 Miles
Madison, Wisconsin	193 Miles
Chicago, Illinois	200 Miles
Milwaukee, Wisconsin	242 Miles
St. Louis, Missouri	266 Miles
Omaha, Nebraska	292 Miles
Indianapolis, Indiana	331 Miles
Minneapolis, Minnesota	343 Miles
Kansas City, Missouri	346 Miles
Louisville, Kentucky	446 Miles
Detroit Michigan	459 Miles



MUSCATINE, IOWA

Site Map



B.4.16.2: Project Overview – Aerial Views





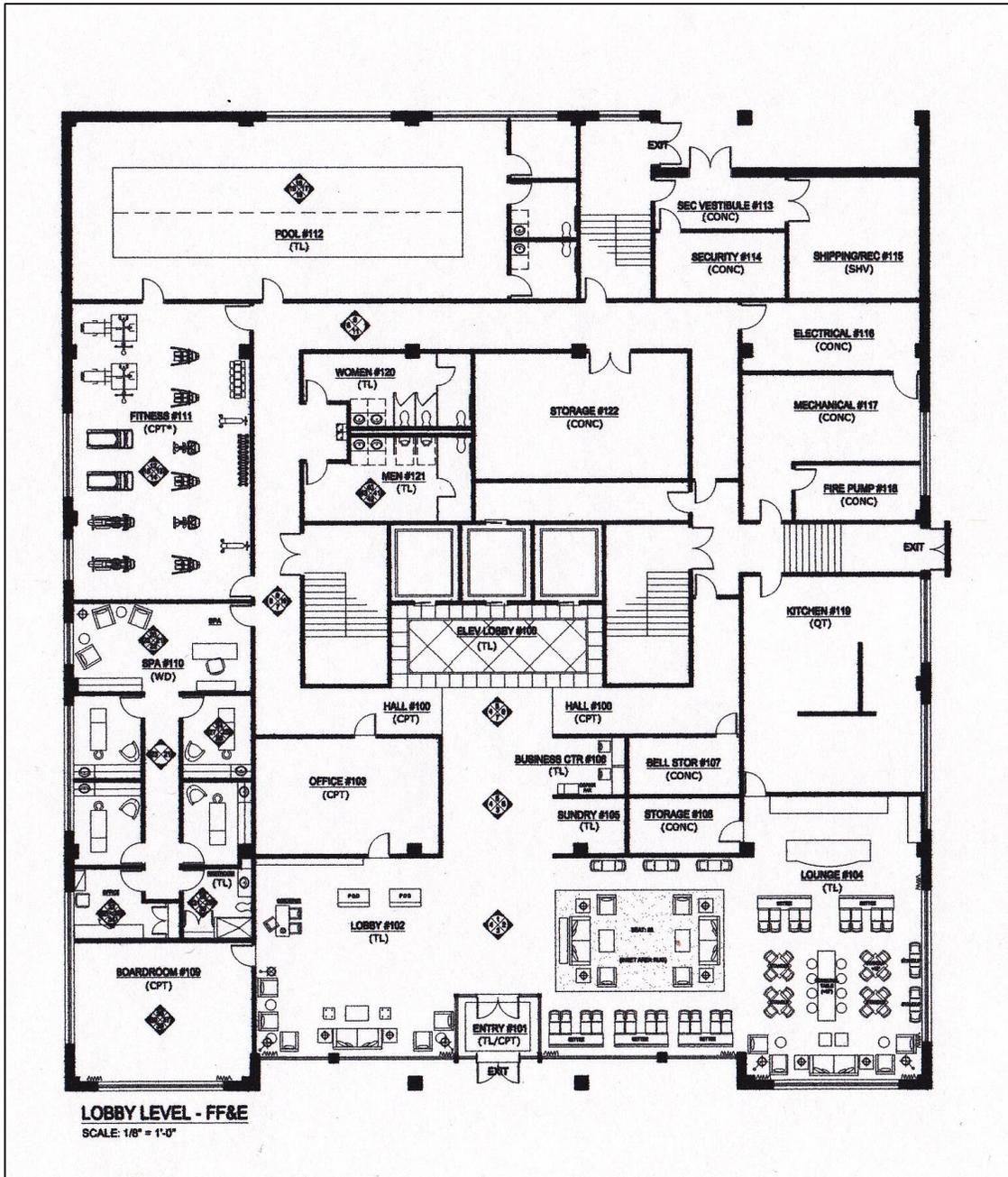
B.4.16.3: Riverview Perspective



Riverview Perspective of Hotel



B.4.16.4: Lobby





1 ELEVATION - LOBBY





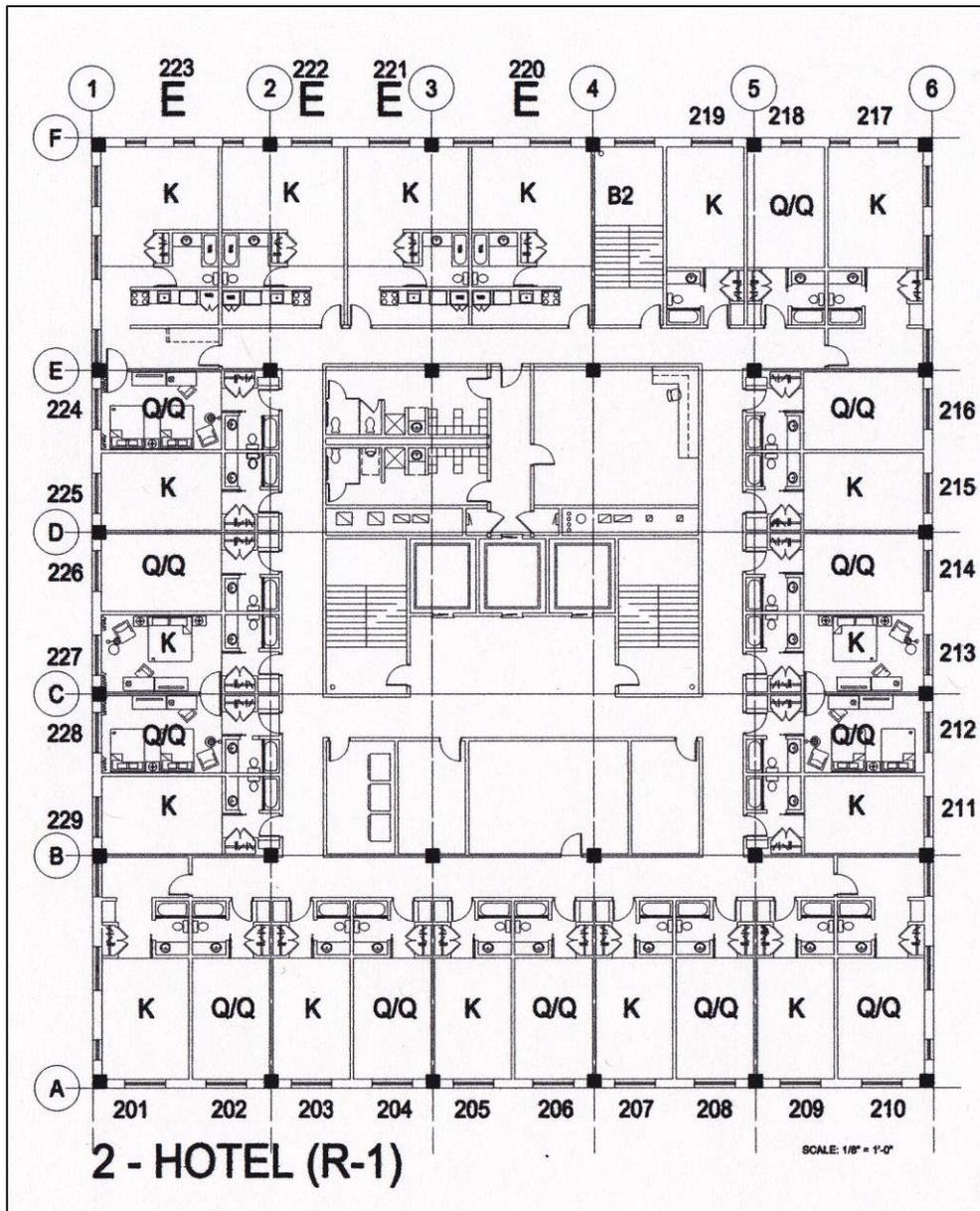
B.4.16.5: Executive Boardroom

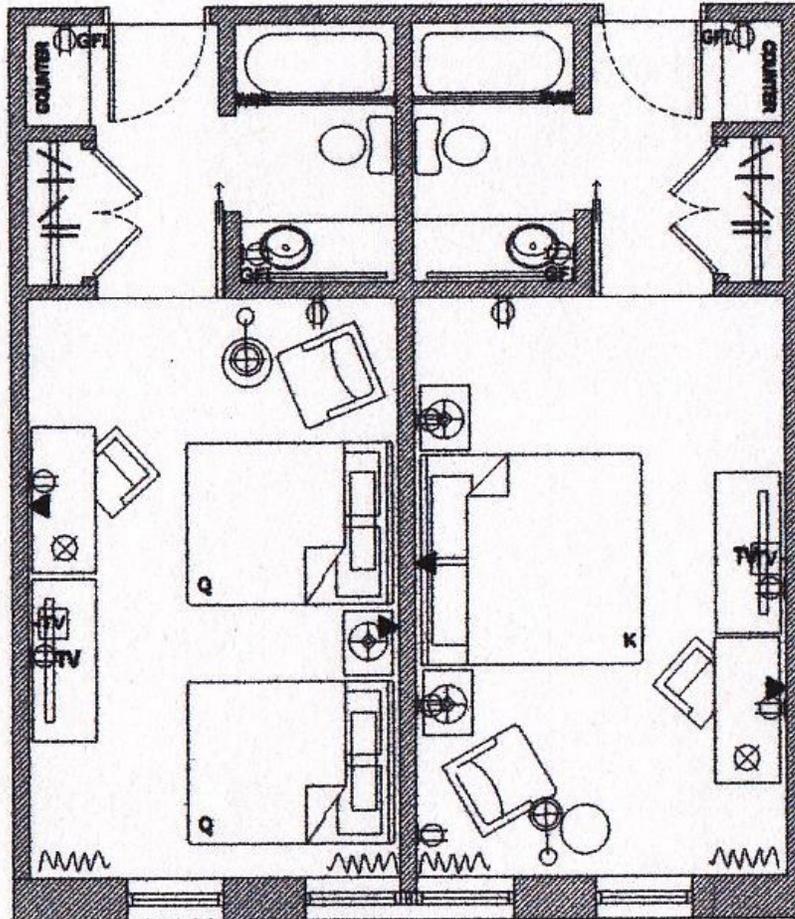


B.4.16.6: Spa

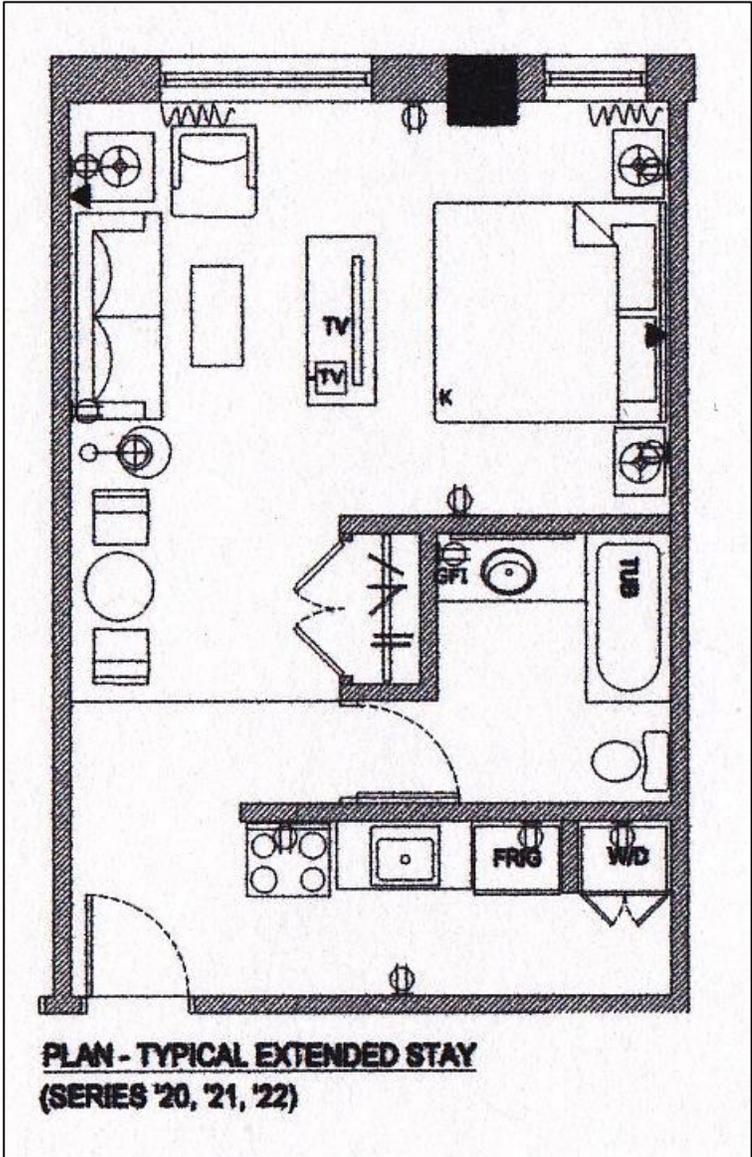


B.4.16.7: Typical Guest Room Floor

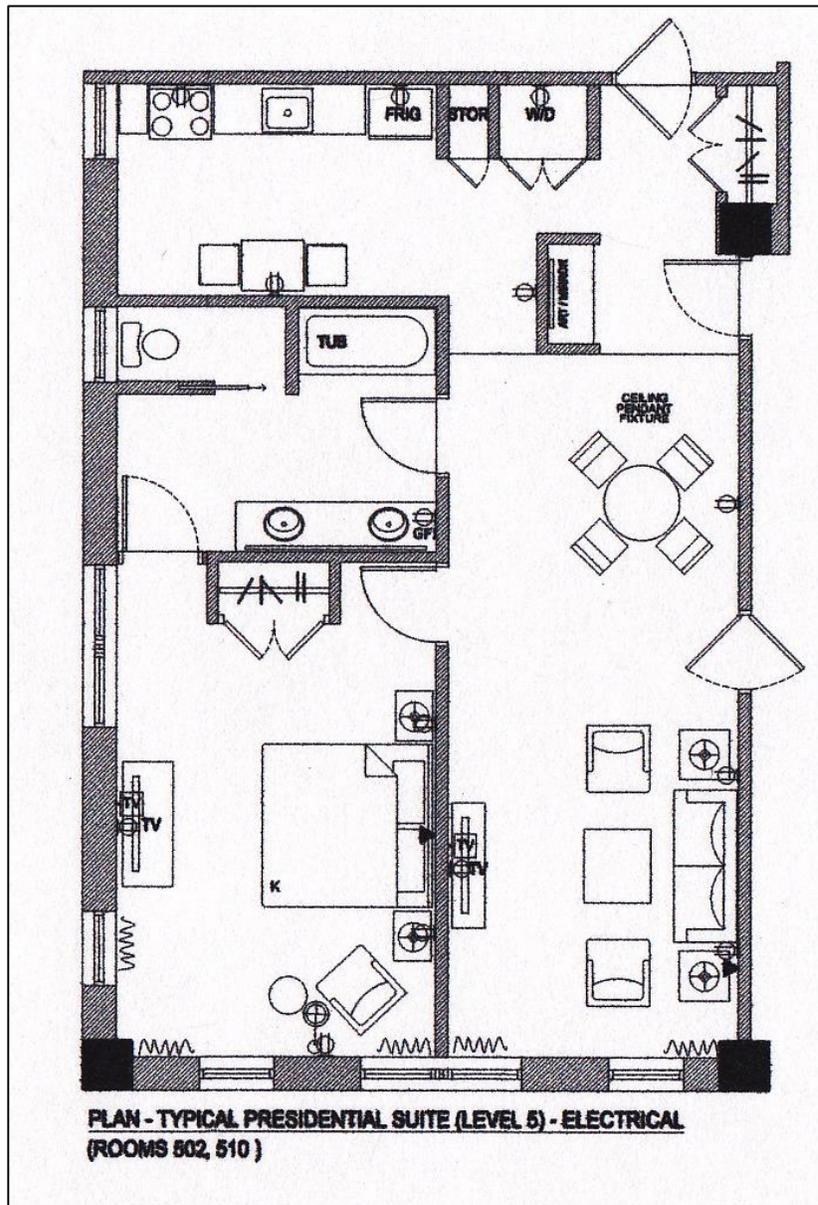




PLAN - TYPICAL GUESTROOM
(Q/Q & K)



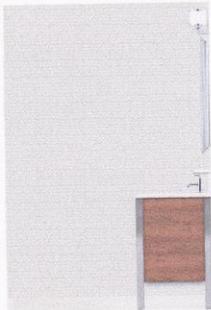
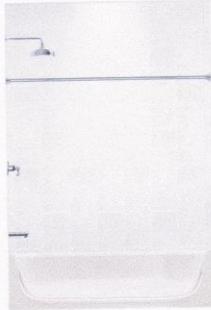
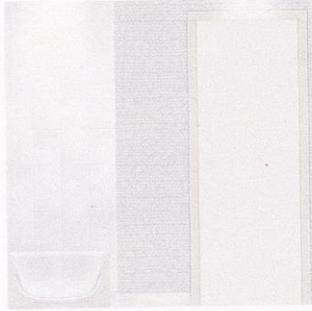
**PLAN - TYPICAL EXTENDED STAY
(SERIES '20, '21, '22)**



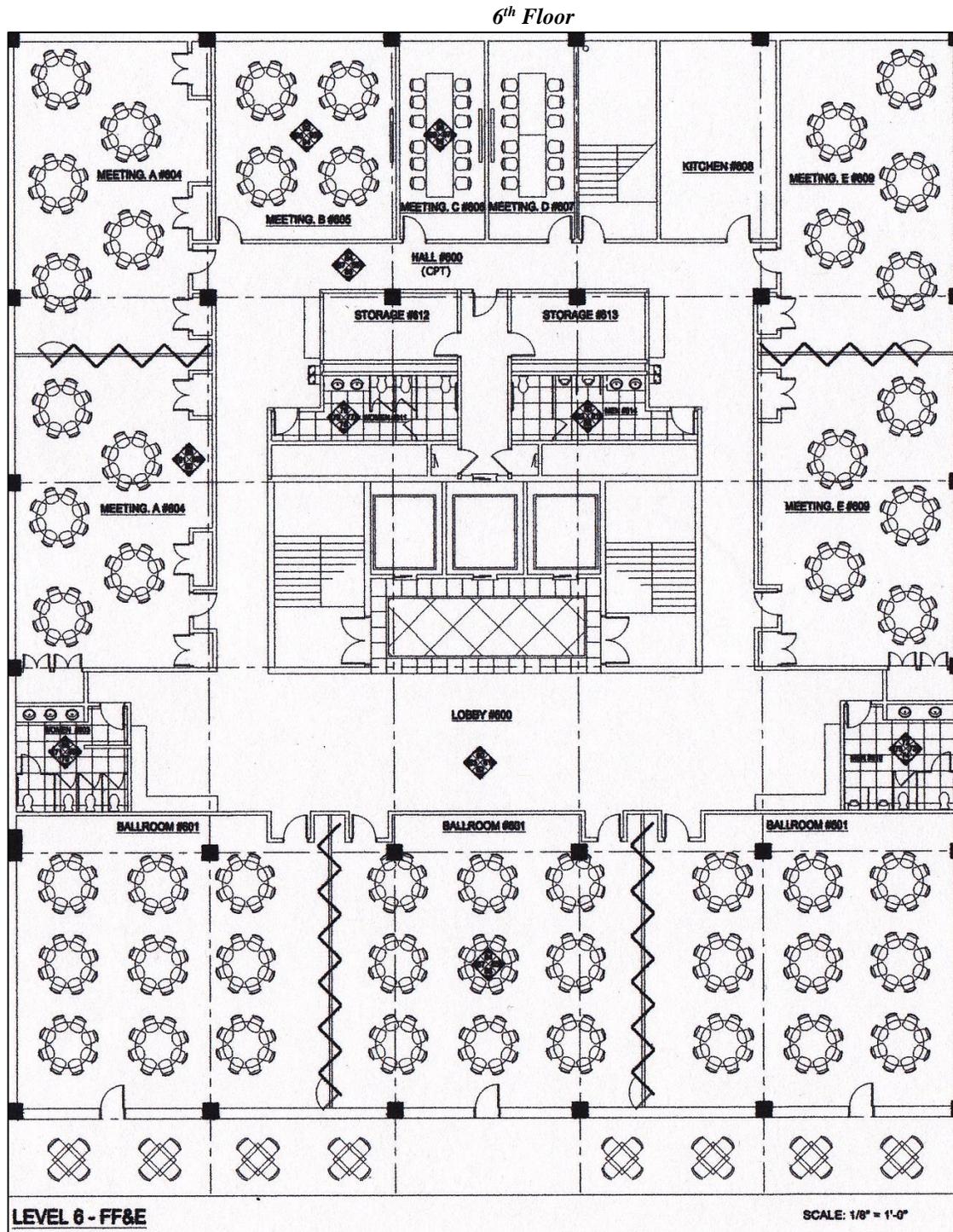
NOTE: Pres. Suite has the ability to attach to standard room to create 2 bedroom suite.



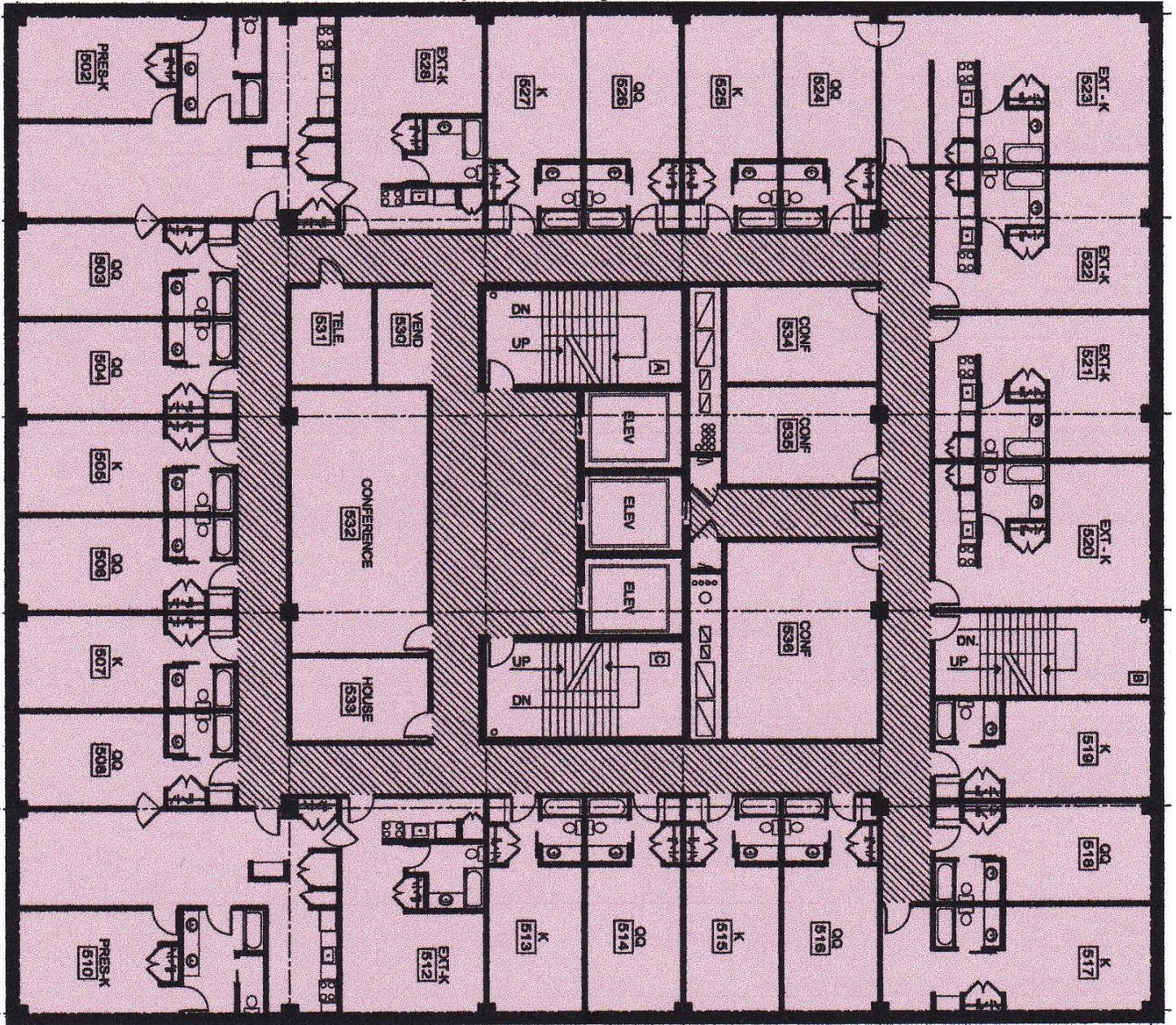
BATHROOM ELEVATIONS



B.4.16.8: Conference Center (5th & 6th Floor)

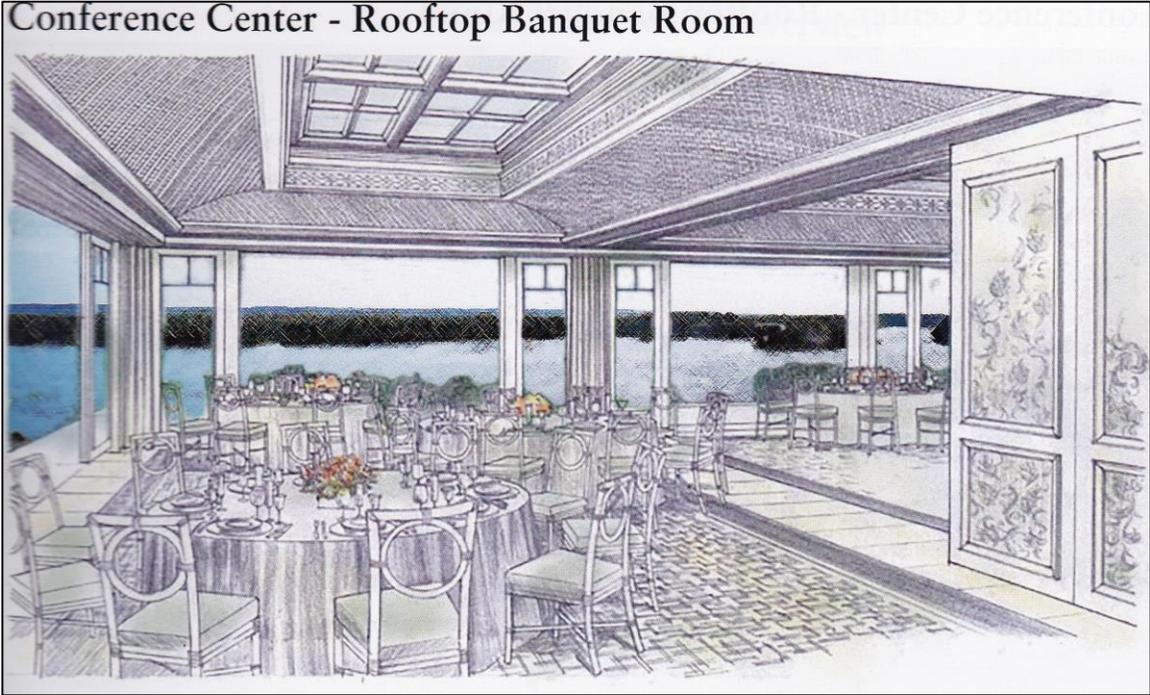


5th Floor Ancillary Conference Spaces Located within 5th Floor



	Total Sq. Footage
LEVEL 5	
Conference 5A	220
Conference 5B	220
Conference 5C	450
Conference 5D	540
LEVEL 6	
Banquet	4535
Meeting A	1922
Meeting B	603
Meeting C	285
Meeting D	285
Meeting E	1922
Prefunction	1264
Balcony	1250

Conference Center - Rooftop Banquet Room



Conference Center - Rooftop Banquet Room



Conference Center - Rooftop Terrace with Riverview



B.4.17: Independent Feasibility Study

PKF Consulting USA is active throughout the hospitality marketplace, performing financial and market studies and valuations involving hotels, resorts, golf courses, and a variety of mixed-use developments and other hospitality-oriented land uses.

Clients rely on PKF for advice on a broad range of issues, the most common of which include:

- Asset Management, Chain and Management Company Selection
- Real Estate Appraisals and Business Valuation
- Market and Financial Feasibility Studies
- Litigation Support, Expert Witness, and Arbitration Services
- Strategic Planning
- Financial Consulting

PKF sets the standard for market and financial feasibility studies. Owners, investors, operators, and lenders have the confidence in PKF's ability to provide them with the highest quality market feasibility studies, whether they are considering investing in a new project, the renovation or repositioning of an existing asset, or the purchase of an operating property.

PKF tailors the scope of its studies to the unique needs of the individual project. In all cases, PKF's market and financial feasibility studies incorporate the following research and analysis:

- Area Review
- Site Analysis
- Supply and Demand Analysis
- Position of the Subject Project in its Market
- Estimated Financial Statements
- Project Recommendations



Market Study

**Proposed Hotel Stanley and Conference Center
in Muscatine, Iowa**

Prepared For:
Mr. Andy MacLellan
Riverview Hotel Development LLC
720 Burning Tree Drive
Marietta, Georgia 30017

Prepared By:
PKF Consulting USA
Houston, Texas

Date of the Report:
December 9, 2014

4-1206

PKF
CONSULTING
USA
A CBRE COMPANY
www.pkfc.com



December 9, 2014

Mr. Andy MacLellan
Riverview Hotel Development LLC
720 Burning Tree Drive
Marietta, Georgia 30017

Dear Mr. MacLellan:

In accordance with our engagement letter dated September 16, 2014, we have completed a market study with estimates of prospective financial performance for the proposed Hotel Stanley and Conference Center to be located in Muscatine, Iowa. The conclusions reached are based upon our present knowledge of the competitive market resulting from our fieldwork completed October 15, 2014.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant change in the competitive position of the project from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise this report to reflect events or conditions that occur subsequent to the date of the completion of our fieldwork. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Although they have been conscientiously prepared using information obtained during the course of this study and our experience in the industry, the proposed property's future performance is based on estimates and assumptions, which are subject to uncertainty and variation, and we do not represent them as results that will actually be achieved.

We would be pleased to hear from you if we may be of further assistance in the interpretation and application of our findings and conclusions. We appreciate the cooperation extended to us by you and your associates during the course of this assignment.

Respectfully submitted,

PKF Consulting USA
A Subsidiary of CBRE, Inc.

A handwritten signature in black ink that reads 'G. Randle McCaslin'.

G. Randle McCaslin, CRE
Senior Vice President

**MARKET STUDY WITH
PROSPECTIVE FINANCIAL ANALYSIS
PROPOSED HOTEL STANLEY AND CONFERENCE CENTER
MUSCATINE, IOWA**

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**MARKET STUDY WITH
PROSPECTIVE FINANCIAL ANALYSIS
PROPOSED HOTEL STANLEY AND CONFERENCE CENTER
MUSCATINE, IOWA**

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ADDENDA

- A. Photographs of Subject Site
- B. Muscatine Chamber of Commerce Member Survey
- C. Muscatine Corporations Survey
- D. Photographs of Competitive Supply
- E. Map of Competitive Supply
- F. Statement of Assumptions and Limiting Conditions
- G. Certification

SECTION I
EXECUTIVE SUMMARY



SCOPE AND METHODOLOGY

In preparing this study, we completed the research and analysis listed below:

- Conducted an inspection and analysis of the site and the surrounding areas for the proposed Hotel Stanley and Conference Center.
- Assembled, reviewed and analyzed economic, demographic and real estate market data pertaining to the Quad Cities area in general and the Muscatine market area in particular to evaluate the present economic climate and to estimate future growth potential, particularly as it relates to lodging and meeting demand.
- Interviewed representatives of City of Muscatine, Muscatine Convention and Visitors Bureau (CVB), Muscatine Chamber of Commerce, Muscatine Economic Development, Quad Cities Convention and Visitors Bureau, Central State Bank, area hotels and businesses to gather data on current and future area growth and the demand for lodging and meeting facilities.
- Conducted a survey of the Muscatine Chamber of Commerce Members and Muscatine Corporations to assess the demand for community and corporate-related use of the proposed Hotel Stanley and Conference Center.
- Toured the existing meeting facilities at the competitive hotels to assess the quality and quantity of available meeting space in the Muscatine and surrounding area.
- Evaluated the survey results, competitive area hotels and comparable hotels (located throughout the US) to determine the recommended facilities and to estimate the performance of the subject Hotel Stanley and Conference Center.
- Prepared a summary of historical market performance, including available rooms, occupied rooms, market occupancy, market segmentation, and average daily room rate for the period 2009 to 2013 and year-to-date September 2014.
- Identified other proposed hotels to assess their probability of completion and the degree to which they will compete with the subject project.
- Recommended the concept, size and type of facilities, and amenities appropriate for the market for the proposed Hotel Stanley and Conference Center.
- Estimated future competitive position and market performance of the subject proposed Hotel and Conference Center with both 112 rooms and 174 rooms for the period 2017 to 2019, the stabilized year.

- Based on the estimated future competitive position of the proposed Hotel Stanley and Conference Center, prepared a schedule of prospective cash flow before debt service and income taxes with both 112 rooms and 174 rooms for the period 2017 to 2026.

CONCLUSIONS

A concise summary of the conclusions of this report follows:

- The proposed Hotel Stanley and Conference Center will be located in Muscatine, Iowa approximately 25 miles southeast of the Quad Cities on State Highway 61. The Subject will be in the historic downtown area along the river front that lines the Mississippi River. The Quad Cities and Muscatine share a high-degree of social and economic integration.

Located in east central Iowa along the picturesque banks of the Mississippi River, Muscatine is a city rich with history and business. Once the "Pearl Button Capital of the World," Muscatine boasts a stable economic base that is appealing even to areas with many times its population. With corporations like HNI Corporation (formerly HON Industries), Kent Foods, Musco, Monsanto, Heinz, Stanley Consultants and Bridgestone, Muscatine has a strong employment base. Moreover, Muscatine's net of employment reaches out to communities on both sides of the Mississippi, making it a strong economic force in the Iowa/Illinois bi-state area.

The steady economic growth within the city is sustainable for the long-term. The presence of significant national manufacturing companies within the city limits demonstrates a strong development opportunity. As the U.S. continues to recover, the industry in Muscatine and neighboring Quad Cities will uplift their local economies. Furthermore, Muscatine's tourism will continue to grow as it invests more into its historic districts and parks while revitalizing the city's infrastructure.

- The proposed Hotel Stanley and Conference Center will be located in the historic downtown of Muscatine, Iowa along the Mississippi Drive and the river front. The Subject site is part of a major revitalization of Muscatine's scenic downtown.

Muscatine, Iowa is a historic Mississippi River town that is nestled in a natural setting with river bluffs and rolling hills. The downtown area overlooks the park which has been completely revitalized to include trails, The Boat House, play grounds, an ice skating rink and a marina. There is also a River Boat directly across from the Subject site that is used for events and excursions on the Mississippi River. Area activities include kayaking, canoeing, sailboats, paddle boats, running and walking. This wide array of outdoor, health-focused venues and activities and the Muscatine lifestyle has earned the City of Muscatine the designation of being a Blue Zone City, which is a place where people live longer.

The downtown area still maintains much of the original architecture that showcases the town's rich history. Adjacent to the Subject site is a 100-year old original hotel that now holds offices, condominiums and restaurant space. Many visitors are attracted to Muscatine because of its historic downtown area which has a vibrant daytime environment and an active nightlife with numerous restaurants, entertainment venues, museums and shops of all kinds. People from the entire region frequent Muscatine for festivals, events and sports events.

- The Subject Hotel is positioned to offer support for the Group, Corporate and Leisure demand within the Muscatine area. The property will feature upscale amenities and meeting space to serve the demand in the area. The following table presents the recommended facilities.

Recommended Facilities		
Proposed Hotel Stanley and Conference Center		
Type of Hotel	Independent, Boutique	
Number of Guestrooms	112 or 174	
Conference Center Space		
Ballroom	5,000	sq. ft. divisible by 3
Two Rooms - 2,000 sf each	4,000	sq. ft. divisible by 2
Additional Meeting Rooms	<u>2,500</u>	sq. ft. various sizes
Total	11,500	sq. ft.
Amenities		
Lobby Outlet	light fare - breakfast & dinner	
Upscale Restaurant	second floor of adjacent tower	
Lounge	first floor of adjacent tower	
Room Service		
Indoor Pool		
Spa	3 to 4 treatment rooms	
Fitness Center		
Business Center		
Source: PKF Consulting USA		

Current plans are to develop a 112-room independent, boutique hotel. The size of the hotel is largely driven by the desire to keep the hotel at six floors due to the higher cost to add additional floors. However, PKF's market research identified both a strong corporate base in Muscatine and a large amount of group demand that is leaving Muscatine due to the lack of a quality hotel with meeting space.

PKF believes that to maximize profitability of the hotel, more rooms are needed. This could be accomplished by either adding two more floors to the hotel structure (incurring the higher cost) or adding two floors on top of the parking garage. The developer estimated that two more floors would total 62 more rooms (31 per floor), thus increasing the total number of rooms to 174. Therefore, PKF provides an analysis of both the 112-room Subject Hotel and the 174-room Subject Hotel throughout this report to enable the developer to evaluate both options.

The 11,500 square feet of meeting space with the 5,000-square foot ballroom will satisfy the meeting needs identified in the market interviews and surveys for meetings/trainings, conferences, galas, weddings, receptions and other events. The meeting space will be located on the top floor of the hotel, providing stunning views of the Mississippi River.

The upscale restaurant will be ideal for the proposed hotel with its independent, boutique concept and will enable the hotel to attract local residents to the property. The restaurant will be located on the second floor of the adjacent residential tower, allowing views of the Mississippi River.

- In order to understand the potential viability for a new hotel and conference center in Muscatine, Iowa, as well as the facilities needed in the market, PKF Consulting USA (PKF) conducted a series of interviews. The interviews identified a large corporate market that is in need of a full-service hotel with meeting space. Currently, Corporate and Group demand is leaving the Muscatine market and utilizing hotels in both the Quad Cities area and in Iowa City. The consensus of the interviewees was that the demand would prefer to stay in Muscatine and would be able to absorb either the proposed 112-room or 174-room Subject Hotel.
- In order to maximize the input from the Muscatine community and the local corporations, PKF Consulting conducted two email surveys to identify the types, number and size of the potential events, number of breakout rooms, number of hotel rooms and the potential average daily room rate for the proposed Hotel Stanley and Conference Center.

The surveys identified a large number of potential events that would use the proposed Hotel Stanley and Conference Center. The Chamber of Commerce Members identified 284 meetings and events that would consider holding their events at the proposed Hotel Stanley and Conference Center. This represents 68% of the total meetings and events identified by the respondents. The Corporations identified 26 meetings and events that would consider holding their events at the proposed Hotel Stanley and Conference Center. This represents 65% of the total meetings and events identified by the respondents.

The survey respondents were asked to identify new events that could be attracted to Muscatine if the Hotel Stanley and Conference Center was available. Chamber members identified 271 new events of which 193 (71%) were less than 100 in size, 72 (27%) were between 100 and 400 and 6 (2%) were larger than 400. Corporations identified 19 new events of which 6 (32%) were less than 100 in size, 11 (58%) were between 100 and 400 and 2 (10%) were larger than 400.

- Based upon our review of the market area, we have identified seven hotels in Muscatine, Quad Cities and Iowa City containing 1,164 rooms as the Subject Hotel's competitive set. Currently, all of the hotels located in Muscatine are either economy or limited-service hotels. The Hampton Inn & Suites Muscatine is the only hotel in the market that is considered competitive to the proposed Hotel Stanley and Conference Center. The magnitude of the hotel and meeting demand identified in the interviews and surveys and the strength of the corporate demand in the market makes it surprising that there is not a full-service hotel with meeting space in Muscatine.

Hotels in the Quad Cities and Iowa City areas were chosen due to their full-service orientation and meeting space. Additionally, these were the hotels identified by the interviewees and survey respondents as the hotels that the Muscatine Corporate and Group demand is currently using for their visitors and meetings.

The competitive set saw significant growth in 2011; annual supply increased nearly 18.8% compared to the previous year. Market occupancies have risen and the number of occupied rooms has increased by an average of 7.8% over the five year period. ADR and RevPAR increased an average of 2.1% and 4.6%, respectively. The year-to-date 2014 ADR and RevPAR are indicating a strong year for 2014 with ADR up 3.7% and RevPAR up 6.1%.

- The market mix for the competitive set is presented in the following table.

Competitive Market		
2013 Mix of Demand		
Market Segment	Room Nights	Ratio
Corp Individual	174,100	65%
Leisure	26,800	10%
Group	67,000	25%
Total	268,000	100%

Source: PKF Consulting USA

The demand captured by the competitive set shows strong Corporate Individual demand followed by the Group segment and Luxury segment.

- The market occupancies are estimated to grow at a steady rate from 68% in 2014 to 71% in 2016. When the 112-room Hotel Stanley and Conference Center is added to the market in 2017, occupancies will drop to 68%. As the market recovers, occupancies will increase to 71% in 2018 and by 2019, the market is estimated to stabilize at 72%.

When the 174-room Hotel Stanley and Conference Center is added to the market in 2017, occupancies will drop to 66%. As the market recovers, occupancies will increase to 68% in 2018 and by 2019, the market is estimated to stabilize at 70%.

- The 112-room Hotel Stanley and Conference Center is expected to achieve occupancy of 66% in 2017, its opening year. Occupancy will ramp-up to 70% in 2018 and stabilize at 74% in 2019. Upon stabilization, the subject is projected to penetrate the market at 103% of its fair share.

The 174-room Hotel Stanley and Conference Center is expected to achieve occupancy of 64% in 2017, its opening year. Occupancy will ramp-up to 68% in 2018 and stabilize at 72% in 2019. Upon stabilization, the subject is projected to penetrate the market at 102% of its fair share.

- Estimated market segmentation for the proposed 112-room Subject hotel is, as follows:

Proposed 112-Room Hotel Stanley			
2019 Mix of Demand & Market Penetration			
Market Segment	Room Nights	Ratio	Penetration
Corp Individual	21,900	72%	114%
Leisure	2,000	7%	68%
Group	6,500	21%	88%
Total	30,400	100%	103%

Source: PKF Consulting USA

Alternatively, the estimated market segmentation for the proposed 174-room Subject hotel is, as follows:

Proposed 174-Room Hotel Stanley			
2019 Mix of Demand & Market Penetration			
Market Segment	Room Nights	Ratio	Penetration
Corp Individual	30,400	67%	106%
Leisure	3,200	7%	75%
Group	12,100	26%	104%
Total	45,700	100%	102%

Source: PKF Consulting USA

- Based on the market analysis and survey results, we have estimated that the average daily rate for the proposed Hotel Stanley and Conference Center would be \$125 in 2014 dollars. Based on a 3% inflation rate, the Subject Hotel would open at \$138 in 2017 and grow to \$146 by 2019, its stabilized year.
- The estimated operating performance of the proposed 112-room Hotel Stanley and Conference Center in Muscatine, Iowa is, as follows:

Estimated Operating Performance Proposed 112-Room Hotel Stanley			
Year	Annual Occupancy	Average Daily Rate*	Net Operating Income
2017**	66%	\$138	\$1,842,000
2018	70%	\$142	\$2,091,000
2019	74%	\$146	\$2,342,000
2020	74%	\$151	\$2,426,000
2021	74%	\$155	\$2,488,000

* Stated Year Dollars, rounded to the nearest dollar
Based on an ADR of \$125 in 2014 dollars.

** The subject hotel is estimated to open in January 2017

Source: PKF Consulting USA

- The estimated operating performance of the proposed 174-room Hotel Stanley and Conference Center in Muscatine, Iowa is, as follows:

Estimated Operating Performance Proposed 174-room Hotel Stanley			
Year	Annual Occupancy	Average Daily Rate*	Net Operating Income
2017**	64%	\$138	\$2,978,000
2018	68%	\$142	\$3,380,000
2019	72%	\$146	\$3,792,000
2020	72%	\$151	\$3,929,000
2021	72%	\$155	\$4,028,000

* Stated Year Dollars, rounded to the nearest dollar
Based on an ADR of \$125 in 2014 dollars.

** The subject hotel is estimated to open in January 2017

Source: PKF Consulting USA

SECTION II
AREA OVERVIEW

INTRODUCTION

It is generally recognized that the relative success of a hotel is influenced by factors that can be broadly categorized as economic, governmental and environmental. Therefore, it is necessary to evaluate the dynamics of these factors within a market to understand their effect on the projected utilization levels of real estate property.

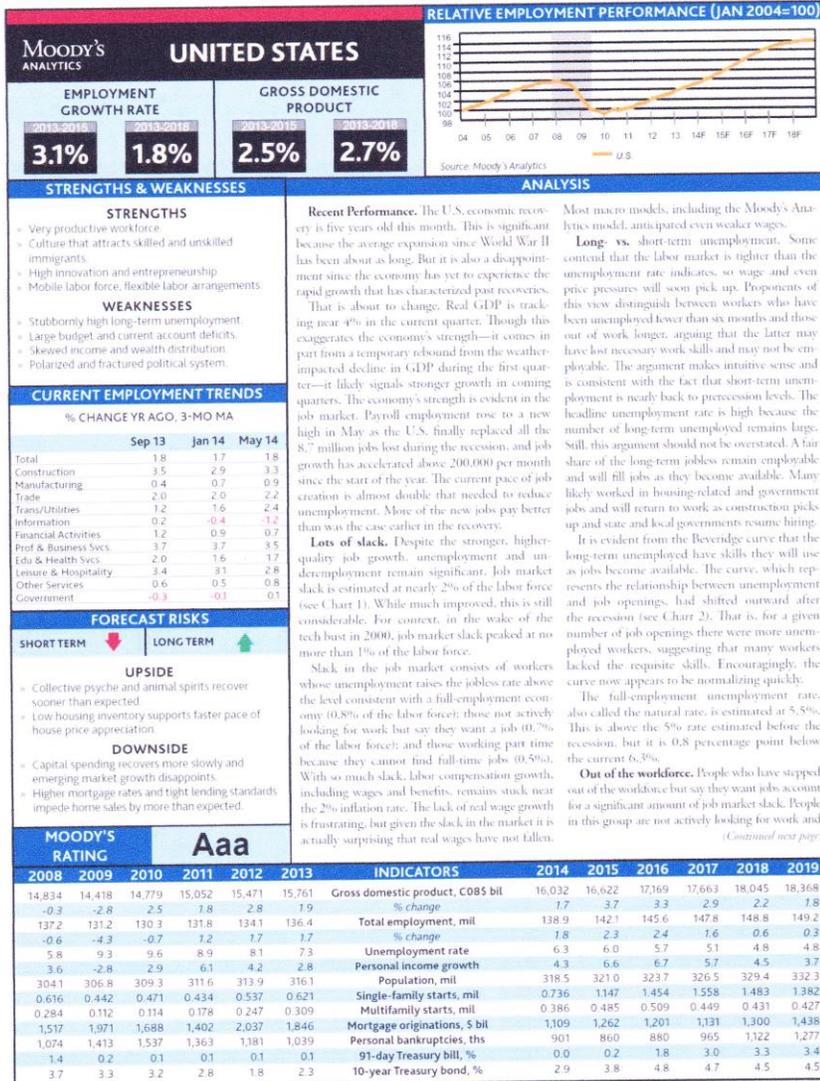
The Quad Cities MSA is located on the border of Illinois and Iowa along the Mississippi River. The metro area includes the communities and surrounding areas of Moline, East Moline in Illinois, and Davenport and Bettendorf in Iowa. More than 27,000 businesses including John Deere World Headquarters, Alcoa, Kraft, Exelon and a major military installation - the Rock Island Arsenal - call the Quad Cities home.

The proposed Hotel Stanley and Conference Center will be located in Muscatine, Iowa approximately 25 miles southeast of the Quad Cities on State Highway 61. The Subject will be in the historic downtown area along the river front that lines the Mississippi River. The Quad Cities and Muscatine share a high-degree of social and economic integration and for the purposes of this study, we have provided an overview for each market area.

DEMOGRAPHIC AND ECONOMIC TRENDS

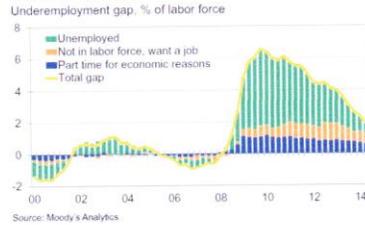
Note: Economy.com provided the following demographic and economic data. Information relating to other topics has been obtained through a variety of media, including websites, publications, interviews or other sources considered reliable. PKF Consulting has reviewed and analyzed the Economy.com data.

The following pages present an economic snapshot of the United States, the Midwest Region and the Quad Cities MSA, respectively.

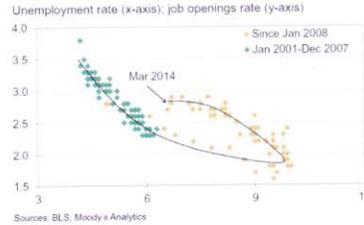


PRÉCIS® U.S. METRO MIDWEST » United States

Still Lots of Slack



The Beveridge Curve Is Normalizing



are thus not counted as unemployed, but they will likely return to work once the job market tightens. Commuting, childcare and other factors may make it uneconomical for many to work at current pay scales.

This may understate the slack represented by those who left the labor force since the recession (see Chart 3). Retiring baby boomers account for more than half the decline in labor force participation in recent years. Some of these workers were forced into retirement sooner than they would have preferred, and could be enticed back to work in the next few years as the labor market tightens. The tough job market also induced many younger workers to stay in school longer or return for additional study. While jobs were scarce they upgraded their skills, and college enrollment rates rose meaningfully. Many of these newly minted college grads will likely soon re-enter the job market.

Slack also comes from part-timers who cannot find full-time jobs. The size of this group ballooned in the recession, and while it has declined since, it remains larger than normal at about 0.5% of the labor force on a full-time equivalent basis. This will be the last part of the labor market to normalize, as part-time work is generally a bridge from unemployment to a full-time job.

What about wages? With so much slack remaining in the labor market, it would seem that labor compensation growth will remain pinned near the rate of inflation for some time. If the current pace of job growth does not change, slack will

not be fully absorbed until late 2017. Even in the more optimistic Moody's Analytics outlook, the labor market will not tighten until the end of 2016.

But it may not take that long for wage growth to revive. If employers are loath to slow pay increases below the rate of inflation, then economy-wide wage growth may accelerate before the job market slack is completely absorbed. As the market tightens, some industries and occupations will experience these conditions before others, and they will ramp up their workers' pay sooner. But even industries and occupations with considerable slack will not slow their workers' wages below the inflation rate. Wage growth in aggregate will thus accelerate.

Employers may calculate that cutting real wages and thus living standards would undermine workers' morale and productivity. Unit labor costs—labor compensation per unit of output—drive profits, and if cutting compensation erodes productivity, unit labor costs could rise rather than fall. The evidence suggests there has been an inflation floor under wage growth for the past quarter century (see Chart 4). Regardless of how high unemployment has risen, average hourly earnings growth has not slowed much below the inflation rate, at least not for long. This inflation floor is evident even in industries and states where high unemployment has persisted since the Great Recession. Moreover, wage growth is already picking up in industries and states where conditions are strong and unemployment is low enough to suggest that little if any slack remains.

Handicapping the outlook. Wages will grow faster as long as job creation continues to hold its pace of the past several years. This seems likely given that the gains have occurred despite layoffs in government, modest growth in construction, and lackluster hiring by businesses. With fiscal austerity fading fast and government finances more stable, government hiring should increase. This has already begun at the state and local levels. Construction employment is also on the rise, and housing and commercial construction are bound to ramp up even more. The employment multipliers from building a new home are large.

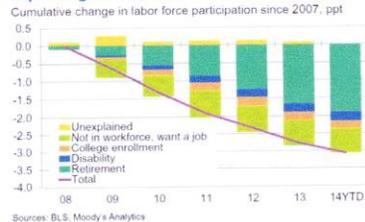
Most of the improvement in the job market to date has come through a reduction in layoffs, but hiring has remained moribund. This should change as businesses grow more confident and feel less uncertain about healthcare and financial reform.

Of course, things can go and have gone wrong. The housing recovery could be stillborn, especially if interest rates spike as the Federal Reserve normalizes monetary policy. China could stumble as its leaders attempt to wring some of the excesses out of their economy. Europe's problems could boil over again, as could the Russia-Ukraine conflict or China's rocky relationships with its neighbors.

These threats notwithstanding, it is increasingly easy to see the U.S. recovery finally kicking into higher gear, as it has in the past.

Mark Zandi
June 2014

Explaining the Fall in Labor Force Participation

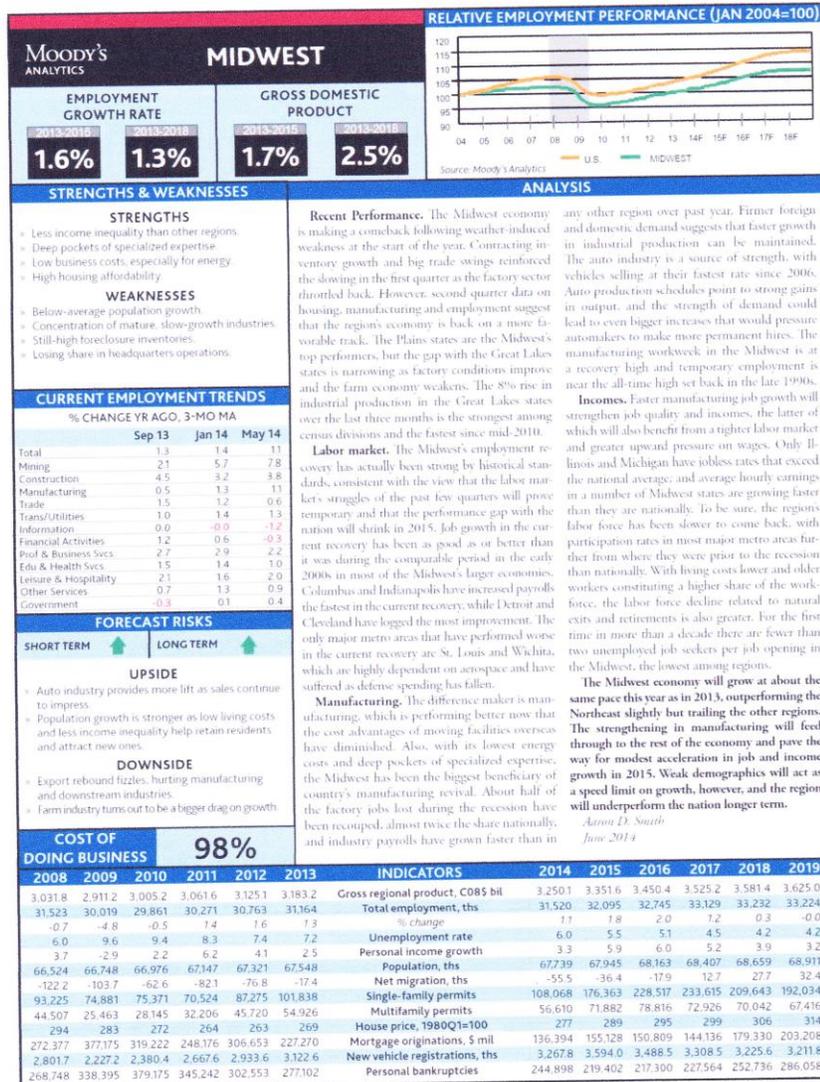


An Inflation Floor Under Wage Growth



2

MOODY'S ANALYTICS / Précis® U.S. Metro / Midwest / June 2014



MOODY'S ANALYTICS / Prices® U.S. Metro / Midwest / June 2014

Proposed Hotel Stanley & Conference Center

PKF Consulting USA



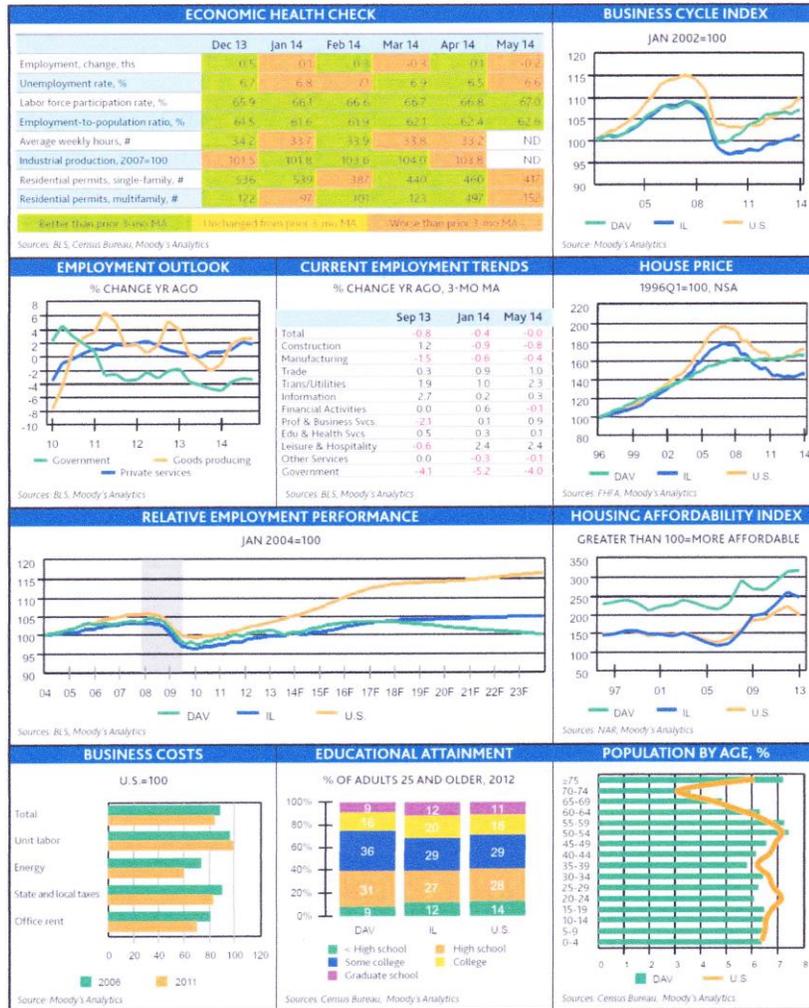
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MOODY'S ANALYTICS / Prices® U.S. Metro / Midwest / June 2014

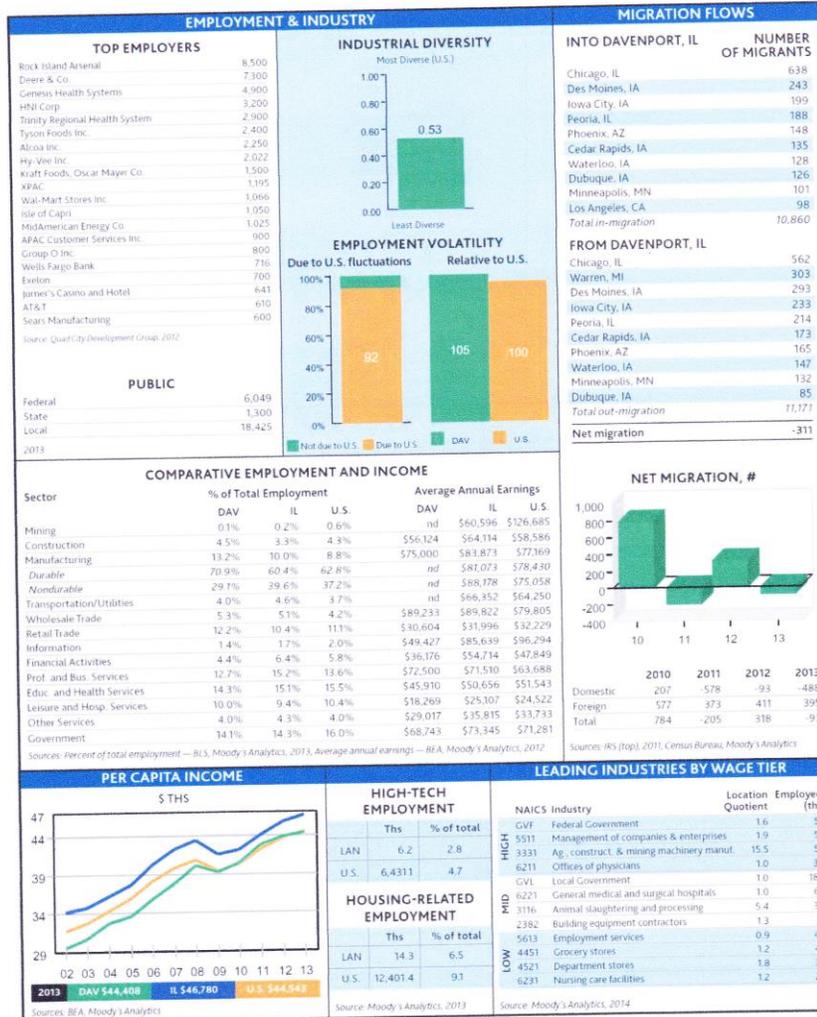
Proposed Hotel Stanley & Conference Center

PKF Consulting USA

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Proposed Hotel Stanley & Conference Center

PKF Consulting USA

QUAD CITIES OVERVIEW

Located in the heart of the Midwest along the Mississippi River, the Quad Cities is composed of communities in Illinois and Iowa. With the great accessibility in the area, the bi-state transportation network makes it easy for companies to efficiently move goods and services throughout the world by barge, rail, air or interstate. The cost of doing business is among the lowest in the nation, as is the cost of living.

The Quad Cities are expected to continue to moderately grow economically over the next five years, as indicated on the table below.

Key Economic Indicators		
Compound Annual Growth		
2013 through 2018		
	Quad Cities	United States
Gross Domestic Product (GDP)	2.1%	2.7%
Population	0.0%	0.8%
Total Employment	0.5%	1.8%

Source: Moody's Analytics

The MSA's key economic indicators are forecasted to grow slightly below the U.S. average over the next five years. However, despite little employment growth compared to the national average, the actual unemployment has been and remains below the U.S. average.

EMPLOYMENT

The Quad Cities is a busy commercial hub located where Interstate 80 and the Mississippi River intersect along the borders of Illinois and Iowa. With over 37 million people living within a 300-mile radius of the Quad Cities, businesses in the area have easy and efficient access to a strong network of suppliers and customers. The cost of doing business in the Quad Cities is among the lowest in the nation, while the workforce exceeds national averages in quality, stability and productivity. More than 30,000 businesses, including Deere & Company World Headquarters, 3M, Alcoa, and the Rock Island Arsenal, a major military installation, are located within the metro statistical area.

Largest Employers

The following table provides a list of the largest employers in the Quad Cities.

Largest Quad Cities Employers

Company	Industry	Number of Employees
Rock Island Arsenal	Military	8,500
Deere & Co.	Manufacturing	7,300
Genesis Health Systems	Healthcare	4,900
HNI Corp.	Manufacturing	3,200
Trinity Regional Health Systems	Healthcare	2,900
Tyson Foods Inc.	Food	2,400
Alcoa Inc.	Manufacturing	2,250
Hy-Vee Inc.	Retail	2,022
Kraft Foods, Oscar Meyer Co.	Food	1,500
XPAC	Manufacturing	1,195
Wal-Mart Stores, Inc.	Retail	1,066
Isle of Capri	Casino	1,050
MidAmerican Energy CO.	Utility	1,025
APAC Customer Services Inc.	Business Services	900
Group O Inc.	Business Services	800
Wells Fargo Bank	Financial	176
Exelon	Energy	100
Jurners Casino and Hotel	Casino	641
AT&T	Telecommunications	610
Sears Manufacturing	Manufacturing	600

Source: Moody's Analytics

Unemployment

The chart below shows an unemployment comparison for the U.S., Iowa, Illinois and the Quad Cities.

Unemployment Comparison			
	2011	2012	2013
United States	8.9%	8.1%	7.4%
Illinois	9.7%	8.9%	9.2%
Iowa	5.8%	5.2%	4.6%
Quad Cities	7.5%	7.1%	7.0%

Source: Bureau of Labor and Statistics

Despite the higher unemployment rate than Iowa, the Quad Cities MSA continues to remain strong in Illinois with a significantly lower unemployment rate than the state's average. Compared to the U.S. averages, the unemployment rate is slightly lower as well. The rate of unemployment in the Quad Cities is expected to continue to decrease to 6.8% in 2014, 6.2% in 2015, 5.6% in 2016 and 5.0% in 2017 according to Moody's Analytics.

TRANSPORTATION

Quad City International Airport

The Quad City International Airport offers dozens of daily nonstop flights to/from 10 cities, plus hundreds of connections from domestic and international destinations beyond. Airlines and cities served are: Allegiant to Las Vegas, Orlando-Sanford, Phoenix-Mesa, and St. Petersburg/Clearwater, American Eagle to Chicago O'Hare and Dallas-Ft. Worth, Delta Air Lines to Atlanta, Detroit, and Minneapolis-St. Paul, and United to Chicago O'Hare and Denver.

The following table illustrates the historical airport passenger activity at The Quad City International Airport over the period 2002 through 2013.

**Quad City International Airport
Passenger Activity**

Year	Total Passengers	Percent Change
2005	857,000	--
2006	902,000	5.3%
2007	956,000	6.0%
2008	948,000	-0.8%
2009	920,000	-3.0%
2010	946,000	2.8%
2011	816,000	-13.7%
2012	785,000	-3.8%
2013	761,000	-3.1%
2014	751,000	-1.3%
CAAG*		-1.2%

*Compound Average Annual Growth

Source: Bureau of Transportation Statistics

Quad City's traffic remained above 850,000 passengers from 2005 to 2010. Starting in 2011, the airport started a downward trend of total passengers due to decreased schedules and smaller planes provided by airlines.

Highways

Highway transportation systems and ease of access can significantly affect demand for hotel accommodations. Four interstate highways serve the Quad Cities: I-80, I-280 and I-74 serve both states while I-88 serves just Illinois. United States highways include US-6 and US-67 which run through both Iowa and Illinois, while US-61 serves just Iowa and US-150 serves just Illinois.

A total of five bridges accessible by automobiles connect Iowa with Illinois in the Quad Cities across the Mississippi River. The Fred Schwengel Memorial Bridge carries I-80 and connects Le Claire, Iowa with Rapids City, Illinois. Continuing downstream, the I-74 Bridge connects Bettendorf, Iowa with Moline, Illinois and is the busiest bridge with an average of 70,400 cars a day. The Government Bridge connects Downtown Davenport with the Rock Island Arsenal. Three bridges connect Davenport with Rock Island, Illinois: The Rock Island Centennial Bridge, The Crescent Rail Bridge and the furthest downstream bridge, the Sergeant John F. Baker, Jr. Bridge which carries I-280.

MUSCATINE NEIGHBORHOOD REVIEW

Located in east central Iowa along the picturesque banks of the Mississippi, Muscatine is a city rich with history and business. The city is conveniently 15 miles south of the nation's only East/West transcontinental interstate highway, I-80, and astride US-61, a major North/South route through the central United States. Muscatine is an easy half-day drive from Minneapolis/St. Paul, Omaha and Indianapolis, while being just hours from Des Moines and Chicago. The location has given it a strategic importance for over 150 years. Once the "Pearl Button Capital of the World," Muscatine boasts a stable economic base that is appealing even to areas with many times its population. Moreover, Muscatine's net of employment reaches out to communities on both sides of the Mississippi, making it a strong economic force in the Iowa/Illinois bi-state area.

History

The first people of European descent came to the area to trap fur-bearing animals to sell in the European fur-trading industry. The next to arrive were the soldiers who established outposts along the wild frontier to protect the nation's flank from warring Native American tribes. After peace was brokered between the Native Americans and the U.S Government, pioneers began settling in the area, laying claim to the fertile land which was reportedly great for farming. Soon, there was a demand for goods that stretched in every direction. Raw materials required to meet those demands were plentiful in the Mississippi River Valley, as were workers looking to earn good wages. Muscatine was to become a bustling port city.

The lumber industry boomed in Muscatine's early days. Logs were floated down river to Muscatine where they were milled into board lumber, doors and window sashes. By about 1875, lumber rafts reached gigantic proportions and could be seen from any point at any time on the Mississippi. Lumber barons became extremely wealthy supplying construction materials for all of the new houses and barns being built in the region as each new settler strived to achieve the American Dream. By 1902, there were only two mills left in Muscatine, heavily dependent on supplies from the open log market.

In 1887, German immigrant and skilled button cutter, John F. Boepple came to Muscatine looking for raw materials to create shiny, durable buttons. Boepple discovered mussel shells fished from the depths of the Mississippi River were indeed perfect for cutting into button blanks. By 1905, during the height of button production, 1.5 billion buttons, nearly 40% of the world's output of buttons, were manufactured in Muscatine. Fifty percent of Muscatine's workforce was employed in the button production process, from harvesting the shells to shipping the finished product. Nearing the mid-1900's, the pearl button industry was in decline. Mussel beds were exhausted from over fishing and new, more durable materials, favored by consumers, were being developed.

Muscatine also has a strong international connection specifically with China. In 1985, Xi Jinping, who was on the fast track to becoming the leader of China, was interested in hog farming and corn applications. He was welcomed to Iowa to learn and be immersed in the farm culture. He stayed in Muscatine and slept in a local resident's home. Today, the house has been purchased with the intent of becoming a Chinese tourist attraction.

Mr. Xi returned to Muscatine in 2012, as China's vice president and heir apparent to the leadership of a rapidly rising world power. Seventeen people he met during his stay in 1985 were invited to tea. Xi's intentions for the Iowa and China connection are to build a strong bond and continue to improve upon U.S. and China's relationship using Muscatine as an inspiration.

DEMOGRAPHICS

The following table presents demographic information for the City of Muscatine as well as the Muscatine Economic Area which consists of bordering communities and Muscatine County.

Demographic Information		
	City of Muscatine	Muscatine Economic Area
Total Population		
2000 Census	22,689	53,907
2010 Census	22,886	54,134
2014 Estimate	23,017	54,175
2019 Projection	23,280	54,511
2000 - 2014 CAC ⁽¹⁾	0.1%	0.1%
Number of Households		
2000 Census	8,904	20,365
2010 Census	9,043	20,757
2014 Estimate	9,148	20,825
2019 Projection	9,297	20,995
2000 - 2014 CAC ⁽¹⁾	0.2%	0.2%
Income (2014 Estimate)		
Average Household	\$57,015	\$61,127
Median Household	\$44,464	\$49,731
Per Capita	\$22,659	\$23,498
⁽¹⁾ CAC = Compound Annual Change		
Source: Nielsen		

Overall, the City of Muscatine and its economic area have remained fairly stable since 2000. From 2010 through 2014, the Muscatine economic area grew from a population of 54,134 to 54,175. By 2019, the population is projected to reach 54,511. The number of households is estimated to be 20,825 in 2014. The median household income as of 2014 for the City of Muscatine is over \$57,000. According to the City's Economic Development, recent annexation has increased the City's size by 528 acres and as plans to incorporate more lands continue, the projections are expected to significantly increase.

TRANSPORTATION

Highways

Muscatine is located along two designated routes of Iowa's "Commercial-Industrial Network", US-61 and SH-92. US-61 serves as a major agricultural-industry route to the south from Burlington, Iowa to Muscatine, where it becomes a heavy-industrial and major commuter route to the northeast between Muscatine and Davenport, Iowa. In conjunction with SH-92, which provides access to the Avenue of the Saints (US-218/SH-27) to the west and the lightly populated western Illinois via the Norbert Beckey Bridge to the east, US-61 serves as a shortcut for traffic from northeastern Missouri and southeastern Iowa to the Quad Cities, Chicago, and points beyond. Several regional highway improvement projects are in the works to further establish and capitalize on this trade-route. Additionally, Muscatine is connected to I-80 to the north by 15 miles of SH-38. SH-22 also connects with US- 218/SH-27 to the west and Davenport to the east.

Several major road projects are under construction or are in the final planning stage, as follows:

- **Cedar Street Reconstruction**
The project involves pavement removal, grading, storm sewer and the new three-lane concrete paving on Cedar Street from Houser to Parham. Other improvements include sidewalks, a 10' wide trail on the north side, a roundabout at Logan, traffic signals at the High School and intersection widening at Houser, the High School, Hayes School, Cedarwood Drive, Stonebrook, Wood Creek, and Parham. Completion date: Late 2014. Estimated cost: \$5.5 million.
- **Colorado Street Reconstruction**
This project is for the reconstruction of Colorado Street from Park Avenue to University. The purpose of this project is to update and generate a better access road along Muscatine Community College. Completion date: Late 2014. Estimated cost: \$3.4 million.
- **Mulberry Avenue Reconstruction**
This is to reconstruct Mulberry Avenue from Houser Street to the U.S. 61 Bypass to adequately serve current and anticipated future traffic volumes. Currently this segment of Mulberry Avenue is an aging narrow rural style two lane road, lined by deep ditches, which lacks curb, gutter, shoulder or sidewalks. Traffic has increased by 63.2% between 1998 and 2010. Continuing development will further increase the amount of traffic on this segment of Mulberry Avenue. Completion date: 2016. Estimated cost: \$2 million.
- **Mississippi Drive Corridor**
This reconstruction increases the walkability along the corridor and provides greater connectivity with downtown. Plans to add a green space along the corridor are expected. Completion date: 2016. Estimated cost: \$13 million.

- **Grandview Street**

The plan is to enhance and improve Grandview Avenue between U.S. 61 and Green Street. Improvements to this segment Grandview Avenue are critical to the revitalization and enhancement of the Grandview Avenue Corridor and creating an attractive gateway into Muscatine. Completion Date: 2018. Estimated cost: \$3 million.

Airports

Aside from the Quad City International Airport, visitors can arrive via Eastern Iowa Airport. Four airlines service the Eastern Iowa Airport, averaging more than 70 flights a day to and from nine different non-stop destinations. The airport is located just outside Cedar Rapids, north of I-80 and right off I-380.

The following table illustrates the historical airport passenger activity at the Eastern Iowa Airport over the period 2004 through 2013 and September year-to-date 2013 and 2014.

Eastern Iowa Airport		
Passenger Activity		
Year	Total Passengers	Percent Change
2004	938,555	-
2005	1,004,265	7.0%
2006	1,023,872	2.0%
2007	1,060,120	3.5%
2008	991,512	-6.5%
2009	946,717	-4.5%
2010	918,367	-3.0%
2011	880,645	-4.1%
2012	985,174	11.9%
2013	1,042,291	5.8%
CAC ⁽¹⁾	1.2%	-
2013 YTD	780,802	-
2014 YTD	853,638	9.3%

⁽¹⁾CAC = Compound Annual Change
 2014 data is through September year-to-date
 Source: Eastern Iowa Airport

Eastern Iowa Airport saw a record high in 2007 of 1,060,120 total passengers. Over the next four years, passenger activity declined to a low of 880,645 in 2011. However, as the economic recovery was fully under way, passenger activity rebounded by 100,000 to 985,174 in 2012 and by 2013 the airport was nearing its pre-recession activity with 1,042,291 total passenger. September 2014 Year-to-date activity is 853,638 a significant 9.3% increase over the previous period. Assuming current trends continue, year-end 2014 looks to be another record high.

EDUCATION**Muscatine Community College**

The Muscatine Community College was founded in 1929 and offers both arts and sciences and college transfer classes as well as several career technology programs. Its fall enrollment regularly exceeds 1,800 students. Students can participate in music, theatre and intercollegiate athletics in baseball and softball. The athletic teams are known as the Cardinals. The most recent addition to the college has been the Muscatine Industrial Technology Center. The center houses a number of manufacturing-related programs.

University of Iowa

Approximately 35 miles Northwest of Muscatine is Iowa City which houses the acclaimed University of Iowa. Founded in 1847, the university is the oldest university in the state and it is considered a Public Ivy. The university is organized into 11 colleges offering more than 100 areas of study and seven professional degrees. The Iowa campus spans 1,900 acres centered along the banks of the Iowa River and includes the University of Iowa Hospitals and Clinics, named one of "America's Best Hospitals" for the 23rd year in a row. The university was the original developer of the Master of Fine Arts degree and it operates the world-renowned Iowa Writers' Workshop. Iowa has very high research activity and is a member of several research coalitions, including the American Association of Universities, the Universities Research Association and the Committee on Institutional Cooperation. The Iowa alumni network exceeds 250,000 and the university budgeted revenues and expenses of \$3.167 billion for 2013.

The University of Iowa's athletic teams, the Hawkeyes, compete in Division I of the NCAA and are members of the Big Ten Conference. The Hawkeyes have won 26 national championships and field 22 varsity teams.

MAJOR EMPLOYERS

The following table shows the largest employers in Muscatine, Iowa.

Major Employers	
Company	Number of Employees
HNI Corporation/ The HON Company Allsteel	3,200
Grain Processing/Kent Foods	1,010
West Liberty Foods	820
Muscatine Community School District	480
Trinity Muscatine	470
SSAB	400
Musco Sports Lighting	380
Monsanto Company	360
Wal-Mart Superstore	305
Muscatine Power and Water	300
Heinz, U.S.A	280
Stanley Consultants	260
Hy-Vee Food Store	220
Raymond - Muscatine, Inc.	223
Bridgestone Bandag LLC	180

Source: Muscatine Chamber of Commerce

The following are notable companies that have a presence in Muscatine, Iowa.

HNI Corporation

HNI Corporation (formerly HON Industries) is the third-largest office furniture manufacturer in the world in regard to revenues resulting from office segment sales, behind both Steelcase and Herman Miller. Its headquarters is in Muscatine. HNI is the leading gas and wood burning fireplace manufacturer and marketer in the United States. HNI's brands include The HON Company, Allsteel, Gunlocke, Paoli, Maxon, HBF, Sagus, Heatilator, Heat & Glo, Harman and Quadra-Fire. The company was founded in 1944 by engineer, C. Maxwell Stanley; advertising executive, Clem Hanson; and industrial designer, H. Wood Miller.

Monsanto

Monsanto is a publicly traded American multinational agrochemical and agricultural biotechnology corporation. It is a leading producer of genetically engineered (GE) seed and of the herbicide glyphosate, which it markets under the Roundup brand.

H.J. Heinz Company

The H.J. Heinz Company, famous for its "57 Varieties" slogan and its ketchup, manufactures thousands of food products in plants on six continents and markets these products in more than 200 countries and territories.

Stanley Consultants, Inc

Stanley Consultants, Inc. is an American-based international engineering, construction and environmental engineering services company with its headquarters in Muscatine, Iowa. Stanley Consultants also has offices in 30 locations in the U.S. and other countries. The company has undertaken projects in over 103 countries.

Bridgestone Bandag

Bridgestone Bandag is a multinational auto and truck parts manufacturer. Production facilities belonging to the Bridgestone Group number 141 in 24 countries.

UNEMPLOYMENT

The chart below shows an unemployment comparison for the U.S., Iowa and the City of Muscatine.

Unemployment Comparison			
	2011	2012	2013
United States	8.9%	8.1%	7.4%
Iowa	5.8%	5.2%	4.6%
Muscatine	6.4%	5.4%	4.7%

Source: Bureau of Labor and Statistics

Muscatine is benefitting from moderate population growth combined with significant job growth resulting in below average unemployment numbers. Despite the higher unemployment rate than Iowa in 2011, Muscatine continues to remain strong with a significantly lower unemployment rate than the national average. By 2013, Muscatine reached below 5% unemployment.

TOURISM

Muscatine, Iowa is a historic Mississippi River town that is nestled in a natural setting with river bluffs and rolling hills. The downtown area overlooks the park which has been completely revitalized to include trails, The Boat House, play grounds, an ice skating rink and a marina. There is also a River Boat directly across from the Subject site that is used for events and excursions on the Mississippi River. Area activities include kayaking, canoeing, sailboats, paddle boats, running and walking. This wide array of outdoor, health-focused venues and activities and the Muscatine lifestyle has earned the City of Muscatine the designation of being a Blue Zone City, which is a place where people live longer.

The downtown area still maintains much of the original architecture that showcases the town's rich history. Adjacent to the Subject site is a 100-year old original hotel that now holds offices, condominiums and restaurant space. Many visitors are attracted to Muscatine because of its historic downtown area which has a vibrant daytime environment and an active nightlife with numerous restaurants, entertainment venues, museums and shops of all kinds. People from the entire region frequent Muscatine for festivals, events and sports events.

Notable leisure destinations/events include the following.

Ardon Creek Vineyard and Winery

Founded on a 156-year-old family farm with a rich heritage, Ardon Creek Vineyard and Winery is a family owned and managed operation. The vineyard is 4.1 acres in size and includes five varieties of hard-hardy grape vines. All of their wines are vinted, cellared and bottled in the winery. The winery has a tasting room for visitors of the vineyard.

Muscatine Art Center

The Muscatine Art Center is actually two facilities, the Laura Musser Mansion and the Stanley Art Gallery, which are adjacent. The once private residence is now a house museum filled with exquisite examples of period furnishings, rare antiques and priceless works of art. The contemporary Stanley Art Gallery features works of nationally recognized artists and often displays impressive private collections.

Muscatine History & Industry Center

The Muscatine History and Industry Center examines products made locally; from buttons to file cabinets and retread for tires to animal feed. The Muscatine History & Industry Center is preserving Muscatine's industrial past with interesting and interactive exhibits.

Muscatine Boat Show

The Muscatine Boat Show and Racing Boat Exhibition is a real treat for residents and visitors to enjoy. The event features every type of classic and antique boat along with APBA vintage hydroplanes and every type of current race boat. It is held at the Muscatine riverfront.

Sports Facilities

The sports facilities within Muscatine are regional hubs that generate significant leisure demand into the area. The following sports facilities play host to events sponsored by national, state and local associations involving participants of all ages.

- **Muscatine Soccer Complex**, located at 401 South Houser Street in Muscatine, is a 41-acre, \$3.8 million soccer facility that features eight full-sized, state-of-the-art premiere soccer fields. The complex hosts 22 tournaments which draw 23 camps/leagues and 100,000 visitors annually.
- **Kent-Stein Park** contains a total of 66 acres and adjoins an 11-acre slough. Park facilities include eight lighted baseball diamonds and nine softball diamonds. The park hosts 25 tournaments which draw 25 leagues and 100,000 visitors annually.

CONCLUSION

Muscatine, Iowa is strategically located next to the Quad Cities of Iowa and Illinois. The steady economic growth within the city is sustainable for the long-term. The presence of significant national manufacturing companies within the city limits demonstrates a strong development opportunity. As the U.S. continues to recover, the industry in Muscatine and neighboring Quad Cities will uplift their local economies. Furthermore, Muscatine's tourism will continue to grow as it invests more into its historic districts and parks while revitalizing the city's infrastructure.

SECTION III
PROPERTY DESCRIPTION

LOCATION

The proposed Hotel Stanley and Conference Center will be located in the historic downtown of Muscatine, Iowa along the Mississippi Drive and the riverfront. The Subject site is part of a major revitalization of Muscatine's scenic downtown. Photographs and the location of the subject property site can be found in Addenda A and E, respectively.

SITE DESCRIPTION**Visibility**

The Subject site is visible from across the Mississippi River in Illinois and Mississippi Drive, a major street that feeds into downtown Muscatine.

Access

Primary access to the site is by automobile via SH-92/US-61 Business/Mississippi Drive. If traveling from the east from the Quad Cities, travelers would take US-61 west for 28 miles to SH-38 south. If traveling west from Iowa City, travelers would take I-80 east to US-6 and continue onto SH-38 south. Upon entering the City of Muscatine, visitors would continue south on Park Avenue and East 2nd Street and turn left on Mulberry Avenue. After turning right onto Mississippi Drive, the subject site will be on the right in one mile.

SURROUNDING AREA

Muscatine, Iowa is a historic Mississippi River town that is nestled in a natural setting with river bluffs and rolling hills. The downtown area overlooks the park which has been completely revitalized to include trails, The Boat House, play grounds, an ice skating rink and a marina. There is also a River Boat directly across from the Subject site that is used for events and excursions on the Mississippi River. Area activities include kayaking, canoeing, sailboats, paddle boats, running and walking. This wide array of outdoor, health-focused venues and activities and the Muscatine lifestyle has earned the City of Muscatine the designation of being a Blue Zone City, which is a place where people live longer.

The downtown area still maintains much of the original architecture that showcases the town's rich history. Adjacent to the Subject site is a 100-year old original hotel that now holds offices, condominiums and restaurant space. Many visitors are attracted to Muscatine because of its historic downtown area which has a vibrant daytime environment and an active nightlife with numerous restaurants, entertainment venues, museums and shops of all kinds. People from the entire region frequent Muscatine for festivals, events and sports events.

Many major companies are located in the downtown Muscatine area. Major companies in Muscatine include HON Industries, Allsteel, Kent Foods, Monsanto, Stanly Consulting, the Carver Trust, Bridgestone Bandag, Government, Central State Bank, First National Bank and Commerce Bank.

DEVELOPMENT CONCEPT

The Subject Hotel is positioned to offer support for the Group, Corporate and Leisure demand within the Muscatine area. The property will feature upscale amenities and meeting space to serve the demand in the area. The location within historic downtown will have pedestrian-friendly accessibility to many of the offices, shops or restaurants nearby.

RECOMMENDED FACILITIES

The following table presents the recommended facilities.

Recommended Facilities Proposed Hotel Stanley and Conference Center		
Type of Hotel	Independent, Boutique	
Number of Guestrooms	112 or 174	
Conference Center Space		
Ballroom	5,000	sq. ft. divisible by 3
Two Rooms - 2,000 sf each	4,000	sq. ft. divisible by 2
Additional Meeting Rooms	<u>2,500</u>	sq. ft. various sizes
Total	11,500	sq. ft.
Amenities	Lobby Outlet	light fare - breakfast & dinner
	Upscale Restaurant	second floor of adjacent tower
	Lounge	first floor of adjacent tower
	Room Service	
	Indoor Pool	
	Spa	3 to 4 treatment rooms
	Fitness Center	
	Business Center	
Source: PKF Consulting USA		

Current plans are to develop a 112-room independent, boutique hotel. The size of the hotel is largely driven by the desire to keep the hotel at six floors due to the higher cost to add additional floors. However, PKF's market research identified both a strong corporate base in Muscatine and a large amount of group demand that is leaving Muscatine due to the lack of a quality hotel with meeting space.

PKF Consulting is concerned that with the 112-room hotel there will not be enough rooms to satisfy both corporate and group demand. This could result in needing to choose between corporate and group demand on a daily basis, either turning away corporate accounts to accommodate a group or vice versa.

PKF believes that to maximize profitability of the hotel, more rooms are needed. This could be accomplished by either adding two more floors to the hotel structure (incurring the higher cost) or adding two floors on top of the parking garage. The developer estimated that two more floors would total 62 more rooms (31 per floor), thus increasing the total number of rooms to 174. Therefore, PKF provides an analysis of both the 112-room Subject Hotel and the 174-room Subject Hotel throughout this report to enable the developer to evaluate both options.

The 11,500 square feet of meeting space with the 5,000-square foot ballroom will satisfy the meeting needs identified in the market for meetings/trainings, conferences, galas, weddings, receptions and other events. The meeting space will be located on the top floor of the hotel, providing stunning views of the Mississippi River.

The upscale restaurant will be ideal for the proposed hotel with its independent, boutique concept and will enable the hotel to attract local residents to the property. The restaurant will be located on the second floor of the adjacent residential tower, allowing views of the Mississippi River.

CONCLUSION

The proposed Hotel Stanley and Conference Center will have a competitive advantage due to its location in the historic downtown district along the scenic Mississippi River. The subject site will be convenient to corporate offices, retail offerings and restaurants. The scenic views of the Mississippi River from the rooms, meeting space and restaurant will make the proposed Hotel Stanley and Conference Center a popular destination.

SECTION IV
HOTEL MARKET ANALYSIS



MARKET INTERVIEWS

In order to understand the potential viability for a new hotel and conference center in Muscatine, Iowa, as well as the facilities needed in the market, PKF Consulting USA (PKF) conducted a series of interviews. The interviews identified a large corporate market that is in need of a full-service hotel with meeting space. Currently, Corporate and Group demand is leaving the Muscatine market and utilizing hotels in both the Quad Cities area and in Iowa City. The consensus of the interviewees was that the demand would prefer to stay in Muscatine and would be able to absorb either the proposed 112-room or 174-room Subject Hotel.

SURVEYS

In order to maximize the input from the Muscatine community and the local corporations, PKF Consulting conducted two email surveys to identify the types, number and size of the potential events, number of breakout rooms, number of hotel rooms and the potential average daily room rate for the proposed Hotel Stanley and Conference Center. Copies of the survey responses are included in Addendums B and C.

Muscatine Chamber of Commerce Survey

To better understand the Columbia area and the demand sources located within the community, PKF developed an online survey which was administered by the Muscatine Chamber of Commerce. The Chamber of Commerce distributed the online survey to representatives of its email list which included local companies and businesses, government officials, local clubs and associations and others interested in Chamber activities. The survey was emailed to 900 Chamber Members of which 134 responded to the survey, an excellent response rate of 15%.

The results of the survey are outlined below.

- The respondents identified 308 potential events of which 185 (60%) are held one to three times per year, 55 (18%) are held more than three times per year, 49 (16%) are held monthly and 19 (6%) are held on a weekly basis.
- Overall, 270 (70%) of the events are less than 100 in size, 102 (26%) are 100 to 400 and 14 (4%) events are 400 or more. There were five events that have more than 600 attendees.
- The majority of respondents indicated the need for up to five breakout rooms. Of the total events, 61% do not need breakout rooms, 33% need one to five and 6% need more than five. Four events needed more than 10 breakout rooms.
- Being local events, 63% do not need hotel rooms, 26% need less than 25, 10% need 25 to 100 rooms and 1% need 100 to 200 rooms. However, there were four events that would need more than 150 rooms.

- While 63% of the respondents indicated that they would prefer to pay a hotel rate of under \$125, 25% would pay from \$125 to \$150 and 10% would pay more than \$150. Twelve respondents indicated that they would pay more than \$200. This bodes well for both the proposed Hotel Stanley and Conference Center and the existing lower priced hotels.
- Approximately 14% of the respondents indicated that they are holding their events in the Quad Cities and 10% indicated that they are holding their events in Iowa City. These are events that should be held in Muscatine but are being lost due to lack of an adequate hotel and meeting facilities.
- The respondents identified 284 meetings and events that would consider holding their events at the proposed Hotel Stanley and Conference Center. This represents 68% of the total meetings and events identified by the respondents.
- When asked what type and size of NEW events that could be attracted to Columbia if there were a Hotel and Conference Center, respondents identified 271 new events of which 193 (71%) were less than 100 in size, 72 (27%) were between 100 and 400 and 6 (2%) were larger than 400.
- 41% of the respondents indicated that they are involved with other organizations/associations/clubs that could hold events at the proposed Hotel Stanley and Conference Center. The respondents identified 178 additional events of which 87 (49%) of the events are less than 100 in size, 89 (50%) are 100 to 400 and 2 (1%) events are more than 400.
- Being local events, 41% do not need hotel rooms, 39% need less than 25, 14% need 25 to 100 and 6% need 100 to 200.
- While 64% of the respondents indicated that they would prefer to pay a hotel rate of under \$125, 29% would pay from \$125 to \$150 and 7% would pay more than \$150. This bodes well for both the proposed Hotel Stanley and Conference Center and the existing lower priced hotels.

Muscatine Corporations Survey

PKF Consulting distributed a separate email survey to 15 major corporations located in the Muscatine area, of which 7 corporations responded. The same corporations also received the Chamber of Commerce survey and many of these corporations responded to the Chamber survey rather than the Corporation survey.

The results of the survey are outlined below.

- The respondents identified 32 potential events of which 25 (78%) are held one to three times per year, 5 (16%) are held monthly and 2 (6%) are held on a weekly basis.

- Overall, 29 (69%) of the events are less than 100 in size, 11 (26%) are 100 to 400 and 2 (5%) events are 400 or more.
- Of the total events, 59% do not need breakout rooms and 41% need one to five. None of the respondents needed more than five breakout rooms.
- Being local events, 48% do not need hotel rooms, 23% need less than 25, 20% need 25 to 100 rooms and 9% need 100 to 200 rooms. However, there were four events that would need more than 150 rooms.
- While 80% of the respondents indicated that they would prefer to pay a hotel rate of under \$125, 20% would pay more than \$125. This bodes well for both the proposed Hotel Stanley and Conference Center and the existing lower priced hotels.
- Approximately 17% of the respondents indicated that they are holding their events in the Quad Cities and 12% indicated that they are holding their events in Iowa City. These are events that should be held in Muscatine but are being lost due to lack of an adequate hotel and meeting facilities.
- The respondents identified 26 meetings and events that would consider holding their events at the proposed Hotel Stanley and Conference Center. This represents 65% of the total meetings and events identified by the respondents.
- When asked what type and size of NEW events that could be attracted to Muscatine if there were a Hotel and Conference Center, respondents identified 19 new events of which 6 (32%) were less than 100 in size, 11 (58%) were between 100 and 400 and 2 (10%) were larger than 400.
- In addition to the visitors who attend meetings and events, 37% of the respondents have less than 10 individual visitors that require an overnight stay, 37% have 10 to 25 individual visitors that require an overnight stay and 26% have 25 to 50 visitors that require an overnight stay on an annual basis.

COMPETITIVE SUPPLY OF HOTELS

Based upon our review of the area, we have identified seven hotels in Muscatine, Quad Cities and Iowa City containing 1,164 rooms as the Subject Hotel's competitive set, as indicated in the following table. Photographs of the competitive set and a map with their locations can be found in Addendum D and E, respectively.

Primary Competitive Set Hotels

Hotel Name	Year Opened	Number of Rooms	Meeting Space		Ratio of Meeting Space/Room
			Total	Largest	
Hotel Blackhawk Autograph Davenport	1915/2013	130	8,900	3,344	68
Sheraton Iowa City	1984	234	11,000	6,200	47
Radisson Quad City Plaza	1995	221	8,500	7,800	38
Radisson Moline	1997	163	600	600	4
hotelVetro Iowa City	2006	54	15,000	5,700	278
Marriott Coralville Conf Center*	2006	286	30,404	14,980	106
Hampton Inn & Suites Muscatine	2010	76	576	576	8
Total/Average		1,164	10,711	5,600	78

* Marriott Coralville Conference Center also has a 29,596 Exhibit Hall.

Source: Smith Travel Research, PKF Consulting USA

These properties were included in the competitive set based on their type of hotel, location, brand, facilities, markets served and/or average daily rates. Currently, all of the hotels located in Muscatine are either economy or limited-service hotels. The Hampton Inn & Suites Muscatine is the only hotel in the market that is considered competitive to the proposed Hotel Stanley and Conference Center. The magnitude of the hotel and meeting demand identified in the interviews and surveys and the strength of the corporate demand in the market makes it surprising that there is not a full-service hotel with meeting space in Muscatine.

Hotels in the Quad Cities and Iowa City areas were chosen due to their full-service orientation and meeting space. Additionally, these were the hotels identified by the interviewees and survey respondents as the hotels that the Muscatine Corporate and Group demand is currently using for their visitors and meetings.

HISTORICAL MARKET PERFORMANCE

The following table summarizes the historical performance of the competitive set for the period 2009 through 2013 and September year-to-date 2013 compared to 2014.

Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2009	329,960	N/A	198,306	N/A	60.1%	\$104.97	N/A	\$63.09	N/A
2010	340,910	3.3%	212,728	7.3%	62.4%	106.86	1.8%	66.68	5.7%
2011	405,150	18.8%	259,296	21.9%	64.0%	108.31	1.4%	69.32	4.0%
2012	405,150	0.0%	269,830	4.1%	66.6%	112.31	3.7%	74.80	7.9%
2013	405,150	0.0%	267,804	-0.8%	66.1%	114.09	1.6%	75.41	0.8%
CAAG	5.3%		7.8%			2.1%		4.6%	
YTD 9/2013	304,045	N/A	204,926	N/A	67.4%	\$112.60	N/A	\$75.89	N/A
YTD 9/2014	304,045	0.0%	209,791	2.4%	69.0%	116.71	3.7%	80.53	6.1%

Source: STR, Inc., PKF Consulting USA

The competitive set saw significant growth in 2011; annual supply increased nearly 18.8% compared to the previous year. Market occupancies have risen and the number of occupied rooms has increased by an average of 7.8% over the five year period. ADR and RevPAR increased an average of 2.1% and 4.6%, respectively. The year-to-date 2014 ADR and RevPAR are indicating a strong year for 2014 with ADR up 3.7% and RevPAR up 6.1%.

ADDITIONS TO SUPPLY

Besides the proposed Subject hotel opening in January 2017, there are no other additions to supply.

MARKET DEMAND

The market mix for the competitive set is presented in the following table.

Competitive Market 2013 Mix of Demand		
Market Segment	Room Nights	Ratio
Corp Individual	174,100	65%
Leisure	26,800	10%
Group	67,000	25%
Total	268,000	100%

Source: PKF Consulting USA

The demand captured by the competitive set shows strong Corporate Individual demand followed by the Group segment and Luxury segment.

Key Assumptions

The key assumptions related to future market growth are, as follows:

- Economic growth continues in the eastern Iowa market in general and the Muscatine area in particular.
- No major terrorist events or wars occur that have a material adverse impact on local travel volume.
- No natural disasters disrupt the local economy during the projection period.
- There are no new additions to the competitive supply other than noted previously.

Corporate Individual Demand

The Corporate Individual demand will steadily increase 3% annually over the 2014 through 2018 and then stabilize at 2% in 2019. When the Subject Hotel opens in 2017, 3,500 room nights will be induced into the market in 2017 and 2018.

Leisure Demand

Leisure demand is expected to remain constant at 2% growth from 2014 through 2016. The introduction of the Subject Hotel will increase demand by 3% for 2017 and 2018 and by 2019, the demand will stabilize at 2% growth. When the Subject Hotel opens in 2017, 1,000 room nights will be induced into the market in 2017 and 2018.

Group Demand

Group demand is expected to remain constant at 2% growth from 2014 through 2016. The introduction of the Subject Hotel will increase demand by 3% in 2017 and 2018 and, by 2019, the demand will stabilize at 2% growth.

The number of rooms at the Subject Hotel will affect induced Group demand in the market. If the 112-room Subject Hotel opens in 2017, 3,500 room nights will be induced into the market through 2017 and 2018. If the 174-room Subject Hotel opens in 2017, 8,000 room nights will be induced into the market through 2017 and 2018.

Future Growth in Lodging Demand

Based on the preceding analysis, the following tables present the competitive market forecast for the entire competitive set over the 2013 to 2019 period. The future growth was calculated with a 112-room Subject as well as a 174-room Subject.

Proposed 112-Room Hotel Stanley							
Competitive Market							
Estimated Future Growth in Lodging Supply and Demand							
2013 - 2019							
	2013	2014	2015	2016	2017	2018	2019
ROOMS SUPPLY	1,110						
Additions/(Deletions) to Supply							
Proposed 112-Room Hotel Stanley					112		
Cumulative Rooms Supply	1,110	1,110	1,110	1,110	1,222	1,222	1,222
Total Annual Rooms Supply	405,150	405,150	405,150	405,150	446,030	446,030	446,030
Growth Over the Prior Year	0.0%	0.0%	0.0%	0.0%	10.1%	0.0%	0.0%
DEMONSTRATED DEMAND IN BASE YR							
Corp Individual	174,073	65%					
Leisure	26,780	10%					
Group	66,951	25%					
TOTAL DEMONSTRATED DEMAND	267,804	100%					
INDUCED/(UNSATISFIED) DEMAND							
Corp Individual		0	0	0	2,500	1,000	0
Leisure		0	0	0	500	500	0
Group		0	0	0	2,500	1,000	0
TOTAL INDUCED/(UNSATISFIED) DEMAND	0	0	0	0	5,500	2,500	0
GROWTH RATES							
Corp Individual		3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
Leisure		2.0%	2.0%	2.0%	3.0%	3.0%	2.0%
Group		2.0%	2.0%	2.0%	3.0%	3.0%	2.0%
PROJECTED DEMAND							
Corp Individual							
Demonstrated	174,073	179,295	184,674	190,214	195,920	204,373	209,480
Induced/(Unsatisfied)	0	0	0	0	2,500	1,000	0
Total	174,100	179,300	184,700	190,200	198,400	205,400	209,500
Growth Over Prior Year	N/A	3.0%	3.0%	3.0%	4.3%	3.5%	2.0%
Leisure							
Demonstrated	26,780	27,316	27,862	28,420	29,272	30,665	31,789
Induced/(Unsatisfied)	0	0	0	0	500	500	0
Total	26,800	27,300	27,900	28,400	29,800	31,200	31,800
Growth Over Prior Year	N/A	1.9%	2.2%	1.8%	4.9%	4.7%	1.9%
Group							
Demonstrated	66,951	68,290	69,656	71,049	73,180	77,951	80,530
Induced/(Unsatisfied)	0	0	0	0	2,500	1,000	0
Total	67,000	68,300	69,700	71,000	75,700	79,000	80,500
Growth Over Prior Year	N/A	1.9%	2.0%	1.9%	6.6%	4.4%	1.9%
Total Market Demand	267,900	274,900	282,300	289,600	303,900	315,600	321,800
Growth Over Prior Year	N/A	2.6%	2.7%	2.6%	4.9%	3.8%	2.0%
Market Occupancy	68%	70%	71%	68%	71%	72%	

Source: PKF Consulting USA

Proposed 174-Room Hotel Stanley							
Competitive Market							
Estimated Future Growth in Lodging Supply and Demand							
2013 - 2019							
	2013	2014	2015	2016	2017	2018	2019
ROOMS SUPPLY	1,110						
Additions/(Deletions) to Supply							
Proposed 174-Room Hotel Stanley					174		
Cumulative Rooms Supply	1,110	1,110	1,110	1,110	1,284	1,284	1,284
Total Annual Rooms Supply	405,150	405,150	405,150	405,150	468,660	468,660	468,660
Growth Over the Prior Year	0.0%	0.0%	0.0%	0.0%	15.7%	0.0%	0.0%
DEMONSTRATED DEMAND IN BASE YR							
Corp Individual	174,073	65%					
Leisure	26,780	10%					
Group	66,951	25%					
TOTAL DEMONSTRATED DEMAND	267,804	100%					
INDUCED/(UNSATISFIED) DEMAND							
Corp Individual		0	0	0	2,500	1,000	0
Leisure		0	0	0	500	500	0
Group		0	0	0	6,000	2,000	0
TOTAL INDUCED/(UNSATISFIED) DEMAND		0	0	0	9,000	3,500	0
GROWTH RATES							
Corp Individual		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Leisure		2.0%	2.0%	2.0%	3.0%	3.0%	2.0%
Group		2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
PROJECTED DEMAND							
Corp Individual							
Demonstrated	174,073	179,295	184,674	190,214	195,920	204,373	211,534
Induced/(Unsatisfied)	0	0	0	0	2,500	1,000	0
Total	174,100	179,300	184,700	190,200	198,400	205,400	211,500
Growth Over Prior Year	NA	3.0%	3.0%	3.0%	4.3%	3.5%	3.0%
Leisure							
Demonstrated	26,780	27,316	27,862	28,420	29,272	30,665	31,789
Induced/(Unsatisfied)	0	0	0	0	500	500	0
Total	26,800	27,300	27,900	28,400	29,800	31,200	31,800
Growth Over Prior Year	NA	1.9%	2.2%	1.8%	4.9%	4.7%	1.9%
Group							
Demonstrated	66,951	68,290	69,656	71,049	73,180	81,556	86,063
Induced/(Unsatisfied)	0	0	0	0	6,000	2,000	0
Total	67,000	68,300	69,700	71,000	79,200	83,600	86,100
Growth Over Prior Year	NA	1.9%	2.0%	1.9%	11.5%	5.6%	3.0%
Total Market Demand	267,900	274,900	282,300	289,600	307,400	320,200	329,400
Growth Over Prior Year	NA	2.6%	2.7%	2.6%	6.1%	4.2%	2.9%
Market Occupancy		68%	70%	71%	66%	68%	70%

Source: PKF Consulting USA

The market occupancies are estimated to grow at a steady rate from 68% in 2014 to 71% in 2016. When the 112-room Hotel Stanley and Conference Center is added to the market in 2017, occupancies will drop to 68%. As the market recovers, occupancies will increase to 71% in 2018 and by 2019, the market is estimated to stabilize at 72%.

When the 174-room Hotel Stanley and Conference Center is added to the market in 2017, occupancies will drop to 66%. As the market recovers, occupancies will increase to 68% in 2018 and by 2019, the market is estimated to stabilize at 70%.

SECTION V
SUBJECT HOTEL PERFORMANCE



METHODOLOGY

In formulating our estimates of the Subject property's position in the competitive market, we considered its fair market share and potential ability to penetrate the market. Fair market share is defined as the percentage of demand allocated to a given property based on its ratio of available guestrooms to the total number of rooms in the competitive market. For example, if the proposed Subject Hotel has 112 of the competitive market's 1,222 available rooms, including the subject, its fair market share would be 9.2% (112 divided by 1,222) in 2017. If the proposed Subject Hotel has 174 of the competitive market's 1,284 available rooms, including the Subject, its fair share would be 13.6% (174 divided by 1,284).

Market penetration is based on the attributes of a hotel relative to the competitive market. It is defined as the percentage of fair market share demand allocated to a property on the basis of such competitive characteristics as location, appearance, management expertise, physical condition, marketing orientation, rate structure, age, brand affiliation, reputation, size, facilities and amenities. Factors indicating that a property will possess competitive advantages suggest a market penetration in excess of 100% of fair market share, while competitive disadvantages are reflected in penetration rates of less than 100%.

EXPECTED COMPETITIVE POSITION

Estimated future occupancy rates at the subject hotel are based upon an evaluation of its expected future advantages and/or disadvantages relative to the competitive hotels within the context of estimated levels of future supply and demand. The proposed subject hotel is expected to achieve a strong competitive position in the future competitive lodging market, as follows:

- The Subject will be well located in an area with numerous corporate demand generators.
- The Subject hotel will be an upscale, four-diamond property.
- The Subject hotel will be developed, designed and furnished with upscale, quality facilities and amenities.
- The Subject hotel will be competently managed, aggressively marketed and will maintain high levels of service throughout the hotel.
- The Subject Hotel will provide facilities unique to the Muscatine market.

ESTIMATED PENETRATION

Our estimates of penetration by market segment for the subject hotel are presented on the following pages. Analysis was performed for both a 112-room Subject Hotel and a 174-room Subject Hotel.

Proposed 112-Room Hotel Stanley			
Market Penetration and Projected Occupancy			
	2017	2018	2019
TOTAL ROOMS AVAILABLE			
Proposed 112-Room Hotel Stanley	40,880	40,880	40,880
Competitive Market	446,030	446,030	446,030
	=====	=====	=====
Fair Share of Supply	9.2%	9.2%	9.2%
	=====	=====	=====
ESTIMATED TOTAL MARKET DEMAND			
Corp Individual	198,400	205,400	209,500
Leisure	29,800	31,200	31,800
Group	75,700	79,000	80,500
	-----	-----	-----
TOTAL	303,900	315,600	321,800
	-----	-----	-----
FAIR SHARE OF DEMAND			
Corp Individual	18,200	18,800	19,200
Leisure	2,700	2,900	2,900
Group	6,900	7,200	7,400
	-----	-----	-----
TOTAL	27,800	28,900	29,500
	-----	-----	-----
SUBJECT PENETRATION			
Corp Individual	110%	112%	114%
Leisure	68%	68%	68%
Group	75%	80%	88%
	-----	-----	-----
ROOM NIGHTS CAPTURED			
Corp Individual	20,000	21,100	21,900
Leisure	1,900	1,900	2,000
Group	5,200	5,800	6,500
	-----	-----	-----
TOTAL CAPTURED DEMAND	27,100	28,800	30,400
	=====	=====	=====
MARKET SHARE CAPTURED			
	8.9%	9.1%	9.4%
OVERALL MARKET PENETRATION			
	97%	100%	103%
	-----	-----	-----
SUBJECT OCCUPANCY			
	66%	70%	74%
	-----	-----	-----
MARKET MIX			
Corp Individual	74%	73%	72%
Leisure	7%	7%	7%
Group	19%	20%	21%
	-----	-----	-----
TOTAL	100%	100%	100%
	=====	=====	=====

Source: PKF Consulting USA

Proposed 174-Room Hotel Stanley			
Market Penetration and Projected Occupancy			
	2017	2018	2019
TOTAL ROOMS AVAILABLE			
Proposed 174-Room Hotel Stanley	63,510	63,510	63,510
Competitive Market	468,660	468,660	468,660
	=====	=====	=====
Fair Share of Supply	13.6%	13.6%	13.6%
	=====	=====	=====
ESTIMATED TOTAL MARKET DEMAND			
Corp Individual	198,400	205,400	211,500
Leisure	29,800	31,200	31,800
Group	79,200	83,600	86,100
	-----	-----	-----
TOTAL	307,400	320,200	329,400
	-----	-----	-----
FAIR SHARE OF DEMAND			
Corp Individual	26,900	27,800	28,700
Leisure	4,000	4,200	4,300
Group	10,700	11,300	11,700
	-----	-----	-----
TOTAL	41,600	43,300	44,700
	-----	-----	-----
SUBJECT PENETRATION			
Corp Individual	102%	104%	106%
Leisure	75%	75%	75%
Group	98%	100%	104%
	-----	-----	-----
ROOM NIGHTS CAPTURED			
Corp Individual	27,400	28,900	30,400
Leisure	3,000	3,200	3,200
Group	10,500	11,300	12,100
	-----	-----	-----
TOTAL CAPTURED DEMAND	40,900	43,400	45,700
	=====	=====	=====
MARKET SHARE CAPTURED	13.3%	13.6%	13.9%
OVERALL MARKET PENETRATION	98%	100%	102%
	-----	-----	-----
SUBJECT OCCUPANCY	64%	68%	72%
	-----	-----	-----
MARKET MIX			
Corp Individual	67%	67%	67%
Leisure	7%	7%	7%
Group	26%	26%	26%
	-----	-----	-----
TOTAL	100%	100%	100%
	=====	=====	=====
Source: PKF Consulting USA			

The 112-room Hotel Stanley and Conference Center is expected to achieve occupancy of 66% in 2017, its opening year. Occupancy will ramp-up to 70% in 2018 and stabilize at 74% in 2019. Upon stabilization, the subject is projected to penetrate the market at 103% of its fair share.

The 174-room Hotel Stanley and Conference Center is expected to achieve occupancy of 64% in 2017, its opening year. Occupancy will ramp-up to 68% in 2018 and stabilize at 72% in 2019. Upon stabilization, the subject is projected to penetrate the market at 102% of its fair share.

ESTIMATED MARKET SEGMENTATION

Estimated market segmentation for the proposed 112-room Subject hotel is, as follows:

Proposed 112-Room Hotel Stanley 2019 Mix of Demand & Market Penetration			
Market Segment	Room Nights	Ratio	Penetration
Corp Individual	21,900	72%	114%
Leisure	2,000	7%	68%
Group	6,500	21%	88%
Total	30,400	100%	103%
Source: PKF Consulting USA			

The Subject Hotel will capture more than its fair share of the Corporate Individual market segment due to its upscale amenities and close proximity to corporate demand generators in Muscatine, Iowa. The property is expected to receive less than its fair share of demand from the Leisure segment due to its higher price point. The Subject Hotel will receive less than its fair share of Group demand with 112 rooms due to its **inability** to accommodate both Corporate and Group demand at the same time.

Alternatively, the estimated market segmentation for the proposed 174-room Subject hotel is, as follows:

Proposed 174-Room Hotel Stanley 2019 Mix of Demand & Market Penetration			
Market Segment	Room Nights	Ratio	Penetration
Corp Individual	30,400	67%	106%
Leisure	3,200	7%	75%
Group	12,100	26%	104%
Total	45,700	100%	102%
Source: PKF Consulting USA			

The Subject Hotel will capture more than its fair share of the Corporate Individual market segment due to its upscale amenities and close proximity to corporate demand generators in Muscatine, Iowa. The property is expected to receive less than its fair share of demand from the Leisure segment due to its higher price point. The Subject Hotel will receive more than its fair share of Group demand with 174 rooms due to its **ability** to accommodate both Corporate and Group demand at the same time.

ESTIMATED AVERAGE DAILY RATE

Based on the market analysis and survey results, we have estimated that the average daily rate for the proposed Hotel Stanley and Conference Center would be \$125 in 2014 dollars. Based on a 3% inflation rate, the Subject Hotel would open at \$138 in 2017 and grow to \$146 by 2019, its stabilized year.

The occupancy, average daily rate and revenue per available room projections for the 112-room property are shown in the following table.

Projected Occupancy, ADR & RevPAR Proposed 112-Room Hotel Stanley			
Year	Annual Occupancy	Average Daily Rate*	Revenue Per Available Room
2017**	66%	\$138	\$91.08
2018	70%	\$142	\$99.40
2019	74%	\$146	\$108.04
2020	74%	\$151	\$111.74
2021	74%	\$155	\$114.70

* Stated Year Dollars, rounded to the nearest dollar
Based on an ADR of \$125 in 2014 dollars.
** The subject hotel is estimated to open in January 2017
Source: PKF Consulting USA

The occupancy, average daily rate and revenue per available room projections for the 174-room property are shown in the following table.

Projected Occupancy, ADR & RevPAR Proposed 174-room Hotel Stanley			
Year	Annual Occupancy	Average Daily Rate*	Revenue Per Available Room
2017**	64%	\$138	\$88.32
2018	68%	\$142	\$96.56
2019	72%	\$146	\$105.12
2020	72%	\$151	\$108.72
2021	72%	\$155	\$111.60

* Stated Year Dollars, rounded to the nearest dollar
Based on an ADR of \$125 in 2014 dollars.
** The subject hotel is estimated to open in January 2017
Source: PKF Consulting USA

SECTION VI
PROSPECTIVE FINANCIAL ANALYSIS



BASES OF ESTIMATIONS

On the basis of our evaluation of market findings relative to the proposed Hotel Stanley and Conference Center, we have prepared schedules of estimated operating results for a 112-room Subject Hotel and 174-room Subject Hotel, which we believe could be generated by the operation of a facility of the type, size and caliber as described in the preceding sections of the report. **The Subject Hotel is estimated to open in January 2017.**

In estimating the future operating results, we analyzed historical 2013 operating statements of 10 comparable hotels. We have not identified them by name in order to protect the confidentiality of our sample. These properties ranged in size from 100 to 196 rooms with an average of 133 rooms. Occupancy rates ranged from 56.5% to 75.6% with an average of 64.9%. The 10 properties used in the analysis had an ADR range of \$109.83 to \$179.63 with an average of \$146.34 in 2013 dollars. The amount of meeting space of the comparable hotels ranged from 4,500 to 20,000 square feet with an average of 9,231 square feet.

We estimated revenues and expenses based on the market analysis described herein, the performance of comparable properties, typical industry parameters, and premiums and efficiencies for a select-service hotel. In evaluating comparables, we considered expenses as a percent of revenue, as well as per occupied room (POR) and per available room (PAR). We then incorporated such estimates into the assumptions that we have made, regarding inflation (3% per year), start-up period and market penetration rates, in order to generate the estimated annual operating results, presented at the end of this section. Our estimates are for the period 2017 through 2026. All dollar financial POR and PAR are expressed in 2014 dollars.

The classification of income and expenses in the statements presented in this report generally follows the Uniform System of Accounts for Hotels, recommended by the American Hotel & Lodging Association.

DEPARTMENTAL REVENUES

Revenue from guestroom rentals is a result of two factors: occupancy level, or occupied room nights, and average daily room rate (ADR). Based on data presented in the Market Analysis section of this report, estimated occupancy levels, average daily room rates and resulting rooms revenue for the subject hotel over the projection period are summarized in the following tables for 112 rooms and 174 rooms, respectively.

Estimated Rooms Revenue Proposed 112-Room Hotel Stanley			
Year	Annual Occupancy	Average Daily Rate*	Rooms Revenue
2017**	66%	\$138	\$3,723,000
2018	70%	\$142	\$4,064,000
2019	74%	\$146	\$4,417,000
2020	74%	\$151	\$4,568,000
2021	74%	\$155	\$4,689,000

* Stated Year Dollars, rounded to the nearest dollar

Based on an ADR of \$125 in 2014 dollars.

** The subject hotel is estimated to open in January 2017

Source: PKF Consulting USA

Estimated Rooms Revenue Proposed 174-room Hotel Stanley			
Year	Annual Occupancy	Average Daily Rate*	Rooms Revenue
2017**	64%	\$138	\$5,610,000
2018	68%	\$142	\$6,133,000
2019	72%	\$146	\$6,677,000
2020	72%	\$151	\$6,905,000
2021	72%	\$155	\$7,088,000

* Stated Year Dollars, rounded to the nearest dollar

Based on an ADR of \$125 in 2014 dollars.

** The subject hotel is estimated to open in January 2017

Source: PKF Consulting USA

Additional sources of revenue include Food and Beverage, Other Operated Departments and Rentals and Other income. Our stabilized year projections for additional revenue items are summarized below for 112 rooms and 174 rooms, respectively.

112-Room Departmental Revenues Dollars Per Occupied Room				
Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Food & Beverage	\$20.91 - \$167.04	\$95.06	\$85.06	\$75.00
Other Operated Departments	\$0.90 - \$66.56	\$12.39	\$6.74	\$7.50
Rentals and Other Income	\$0.36 - \$22.00	\$9.23	\$1.83	\$2.50

Source: PKF Consulting USA

174-Room Departmental Revenues Dollars Per Occupied Room				
Items	Comparable Hotels			Subject Hotel Projections
	Range	Average	Median	Stabilized Year
Food & Beverage	\$20.91 - \$167.04	\$95.06	\$85.06	\$85.00
Other Operated Departments	\$0.90 - \$66.56	\$12.39	\$6.74	\$7.50
Rentals and Other Income	\$0.36 - \$22.00	\$9.23	\$1.83	\$2.50

Source: PKF Consulting USA

Food and Beverage Revenues would generate a higher amount per occupied room at the 174-room Subject Hotel due to its ability to accommodate more Group demand and, thus, more Banquet and Catering Revenues.

DEPARTMENTAL EXPENSES

Departmental Expenses are chargeable to a specific revenue-producing department, in this case Rooms, Food and Beverage, and Other Operated Departments.

112-Room Departmental Expenses Percent of Departmental Revenue				
Items	Comparable Hotels			Subject Hotel Projections
	Range	Average	Median	Stabilized Year
Room (\$ POR)	\$20.90 - \$51.27	\$36.62	\$33.12	\$27.75
Food and Beverage	60.6% - 108.4%	69.8%	67.5%	65.0%
Other Operated Departments	25.7% - 274.3%	66.0%	82.3%	65.0%

Source: PKF Consulting USA

174-Room Departmental Expenses Percent of Departmental Revenue				
Items	Comparable Hotels			Subject Hotel Projections
	Range	Average	Median	Stabilized Year
Room (\$ POR)	\$20.90 - \$51.27	\$36.62	\$33.12	\$27.75
Food and Beverage	60.6% - 108.4%	69.8%	67.5%	60.0%
Other Operated Departments	25.7% - 274.3%	66.0%	82.3%	65.0%

Source: PKF Consulting USA

Food and Beverage Expenses would lower at the 174-room Subject Hotel due to the lower cost incurred with more Banquet and Catering Revenues.

UNDISTRIBUTED OPERATING EXPENSES

Undistributed operating expenses are necessary to the operation of the property though not directly chargeable to a revenue-producing department and include Administrative and General, Marketing, Property Operations and Maintenance (POM) and Utilities.

112-Room Undistributed Operating Expenses Percent of Total Revenue				
Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Administrative and General	6.5% - 14.5%	11.2%	8.9%	7.0%
Marketing	3.9% - 13.1%	8.5%	6.2%	6.0%
POM	3.1% - 5.8%	4.4%	4.2%	3.8%
Utilities	2.5% - 5.9%	3.9%	4.1%	3.5%

Source: PKF Consulting USA

174-Room Undistributed Operating Expenses Percent of Total Revenue				
Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Administrative and General	6.5% - 14.5%	11.2%	8.9%	7.0%
Marketing	3.9% - 13.1%	8.5%	6.2%	6.0%
POM	3.1% - 5.8%	4.4%	4.2%	3.8%
Utilities	2.5% - 5.9%	3.9%	4.1%	3.5%

Source: PKF Consulting USA

FIXED EXPENSES

Fixed expenses are necessary to maintain the property's availability to guests and, except for management fees, do not necessarily vary with performance.

112-Room Fixed Expenses Dollars Per Available Room				
Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Management Fee (% of Total Rev)	2.2% - 5.0%	2.8%	2.8%	3.0%
Property Taxes ⁽¹⁾	\$723 - \$1,057	\$907	\$925	\$1,000
Insurance ⁽¹⁾	\$132- \$634	\$370	\$358	\$402

⁽¹⁾ Property taxes are based on local tax and insurance rates at local area hotels.

Source: PKF Consulting USA

174-Room Fixed Expenses Dollars Per Available Room				
Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Management Fee (% of Total Rev)	2.2% - 5.0%	2.8%	2.8%	3.0%
Property Taxes ⁽¹⁾	\$723 - \$1,057	\$907	\$925	\$1,000
Insurance ⁽¹⁾	\$132- \$634	\$370	\$358	\$402

⁽¹⁾ Property taxes are based on local tax and insurance rates at local area hotels.

Source: PKF Consulting USA

RESERVE FOR REPLACEMENT

The reserve for replacement provides for the replacement of furniture, fixtures and equipment, as well as certain building finishes and systems. This reserve has been tiered based on standard agreements with developers at 2% of total revenues in the first year, 3% in the second year and 4% in year three and thereafter.

SCHEDULE OF PROSPECTIVE CASH FLOW BEFORE DEBT SERVICE

The following schedules reflect the estimate of future operating performance of the subject hotel with 112 rooms and 174 rooms, respectively. The schedules are presented in stated year (inflated) dollars.

Proposed 112-Room Hotel Stanley
Projected Operating Results
Calendar Years

	2017	2018	2019	2020	2021
Number of Units:					
Number of Rooms Available:	40,880	40,880	40,880	40,880	40,880
Number of Rooms Occupied:	20,980	28,620	30,250	30,250	30,250
Annual Occupancy:	68%	70%	74%	74%	74%
Average Daily Rate:	\$138.00	\$142.00	\$146.00	\$151.00	\$155.00
Revenue Per Available Room:	\$91.08	\$99.40	\$108.04	\$111.74	\$114.70
Revenues					
Rooms	\$3,723,000	\$4,064,000	\$4,417,000	\$4,588,000	\$4,689,000
Food & Beverage	2,211,000	2,416,000	2,636,000	2,709,000	2,799,000
Other Operated Departments	221,000	240,000	250,000	260,000	270,000
Rentals and Other Income	6,229,000	6,803,000	7,398,000	7,638,000	7,851,000
Total Revenues	10,884,000	13,523,000	14,701,000	15,235,000	15,619,000
Departmental Expenses					
Rooms	868,000	919,000	972,000	1,003,000	1,031,000
Food & Beverage	1,507,000	1,606,000	1,710,000	1,781,000	1,814,000
Other Operated Departments	144,000	157,000	171,000	176,000	181,000
Total Departmental Expenses	2,519,000	2,682,000	2,853,000	2,960,000	3,026,000
Departmental Profit	3,710,000	4,121,000	4,545,000	4,698,000	4,825,000
Undistributed Expenses					
Administrative & General	487,000	495,000	518,000	535,000	550,000
Marketing	404,000	429,000	444,000	458,000	471,000
Property Operation and Maintenance	285,000	269,000	281,000	280,000	288,000
Utility Costs	249,000	253,000	260,000	267,000	275,000
Total Undistributed Operating Expenses	1,385,000	1,446,000	1,503,000	1,550,000	1,594,000
Gross Operating Profit	2,325,000	2,675,000	3,042,000	3,148,000	3,231,000
Base Management Fee	187,000	204,000	222,000	229,000	236,000
Fixed Expenses					
Property Taxes	122,000	128,000	130,000	134,000	138,000
Insurance	49,000	50,000	52,000	53,000	55,000
Total Fixed Expenses	171,000	178,000	182,000	187,000	193,000
Net Operating Income	1,967,000	2,295,000	2,639,000	2,732,000	2,802,000
FFSE Reserve	125,000	204,000	298,000	306,000	314,000
Net Operating Income After Reserve	\$1,842,000	\$2,091,000	\$2,342,000	\$2,426,000	\$2,488,000
Source: PKF Consulting USA					

Full Year of Operation

Proposed 112-Room Hotel Stanley
 Projected Operating Results
 Calendar Years

	2022	2023	2024	2025	2026
Number of Units:	112	112	112	112	112
Number of Annual Rooms Available:	40,980	40,980	40,980	40,980	40,980
Number of Rooms Occupied:	30,250	30,250	30,250	30,250	30,250
Annual Occupancy:	74%	74%	74%	74%	74%
Average Daily Rate:	\$160.00	\$165.00	\$170.00	\$175.00	\$180.00
Revenue Per Available Room:	\$118.40	\$122.10	\$125.80	\$129.50	\$133.20
Revenues					
Rooms	\$4,840,000	\$4,981,000	\$5,143,000	\$5,294,000	\$5,445,000
Food & Beverage	2,874,000	2,980,000	3,048,000	3,140,000	3,233,000
Other Operated Departments	287,000	296,000	305,000	314,000	323,000
Rentals and Other Income	96,000	99,000	102,000	105,000	108,000
Total Revenues	8,097,000	8,365,000	8,598,000	8,853,000	9,111,000
Departmental Expenses					
Food & Beverage	1,084,000	1,098,000	1,120,000	1,183,000	1,197,000
Other Operated Departments	1,868,000	1,924,000	1,982,000	2,041,000	2,103,000
Total Departmental Expenses	3,119,000	3,212,000	3,309,000	3,408,000	3,510,000
Departmental Profit	4,978,000	5,153,000	5,290,000	5,445,000	5,601,000
Undistributed Expenses					
Administrative & General	687,000	684,000	692,000	692,000	698,000
Marketing	488,000	501,000	516,000	531,000	547,000
Property Operation and Maintenance	308,000	317,000	327,000	338,000	346,000
Utility Costs	284,000	292,000	301,000	310,000	319,000
Total Undistributed Operating Expenses	1,645,000	1,684,000	1,746,000	1,797,000	1,850,000
Gross Operating Profit	3,333,000	3,440,000	3,544,000	3,648,000	3,751,000
Base Management Fee	243,000	250,000	258,000	266,000	273,000
Fixed Expenses					
Property Taxes	142,000	146,000	151,000	155,000	160,000
Insurance	87,000	89,000	91,000	93,000	95,000
Total Fixed Expenses	199,000	204,000	211,000	217,000	224,000
Net Operating Income	2,891,000	2,896,000	3,075,000	3,165,000	3,254,000
FF&E Reserve	324,000	334,000	344,000	354,000	364,000
Net Operating Income After Reserve	\$2,567,000	\$2,652,000	\$2,731,000	\$2,811,000	\$2,890,000
Source: PKF Consulting USA					

Prospective Financial Analysis

Proposed 174-Room Hotel Stanley
Projected Operating Results
Calendar Years

Number of Units: 174
Number of Annual Rooms Available: 63,510
Number of Rooms Occupied: 45,730
Average Occupancy: 64%
Average Daily Rate: \$138.00
Revenue Per Available Room: \$88.32

	2017	2018	2019	2020	2021
Revenues					
Rooms	\$5,810,000	\$6,133,000	\$6,677,000	\$6,905,000	\$7,088,000
Food & Beverage	3,776,000	4,132,000	4,506,000	4,647,000	4,781,000
Other Operated Departments	333,000	355,000	384,000	410,000	422,000
Rentals and Other Income	111,000	95,000	110,000	137,000	141,000
Total Revenues	9,930,000	10,715,000	11,714,000	12,093,000	12,432,000
Departmental Expenses					
Rooms	1,310,000	1,388,000	1,469,000	1,516,000	1,559,000
Food & Beverage	2,379,000	2,537,000	2,704,000	2,785,000	2,866,000
Other Operated Departments	217,000	237,000	256,000	266,000	274,000
Total Departmental Expenses	3,906,000	4,162,000	4,431,000	4,567,000	4,701,000
Departmental Profit	5,924,000	6,553,000	7,283,000	7,526,000	7,731,000
Undistributed Expenses					
Insurance & General	741,000	788,000	824,000	849,000	874,000
Marketing	639,000	672,000	706,000	727,000	749,000
Property Operation and Maintenance	418,000	431,000	444,000	457,000	471,000
Utility Costs	390,000	401,000	414,000	426,000	439,000
Total Undistributed Operating Expenses	2,188,000	2,290,000	2,388,000	2,459,000	2,553,000
Gross Operating Profit	3,736,000	4,300,000	4,855,000	5,067,000	5,188,000
Base Management Fee	295,000	323,000	351,000	363,000	373,000
Fixed Expenses	190,000	196,000	202,000	208,000	214,000
Property Taxes	76,000	78,000	81,000	83,000	86,000
Insurance	266,000	274,000	283,000	291,000	300,000
Total Fixed Expenses	3,175,000	3,703,000	4,261,000	4,413,000	4,525,000
Net Operating Income	197,000	323,000	469,000	484,000	497,000
FFAE Reserve	197,000	323,000	469,000	484,000	497,000
Net Operating Income After Reserve	\$2,878,000	\$3,380,000	\$3,762,000	\$3,829,000	\$4,028,000
Source: PKF Consulting USA					

Proposed 174-Room Hotel Stanley Projected Operating Results Calendar Years		2022	2023	2024	2025	2026
Number of Units:		174	174	174	174	174
Number of Rental Rooms Available:		63,510	63,510	63,510	63,510	63,510
Number of Rental Rooms Occupied:		45,730	45,730	45,730	45,730	45,730
Annual Occupancy:		72%	72%	72%	72%	72%
Average Daily Rate:		\$160.00	\$165.00	\$170.00	\$175.00	\$180.00
Revenue Per Available Room:		\$115.20	\$118.80	\$122.40	\$126.00	\$129.60
Amount	Ratio					
Revenues						
Rooms	57.1%	\$7,317,000	\$7,545,000	\$7,774,000	\$8,003,000	\$8,231,000
Food & Beverage	38.4%	4,924,000	5,072,000	5,224,000	5,381,000	5,548,000
Other Operated Departments	3.4%	434,000	449,000	464,000	479,000	494,000
Rentals and Other Income	1.1%	149,000	154,000	159,000	164,000	169,000
Total Revenues	100.0%	12,824,000	13,214,000	13,613,000	14,017,000	14,425,000
Departmental Expenses						
Rooms	22.0%	1,608,000	1,657,000	1,707,000	1,758,000	1,809,000
Food & Beverage	80.0%	2,854,000	3,043,000	3,134,000	3,228,000	3,325,000
Other Operated Departments	65.0%	282,000	291,000	300,000	309,000	318,000
Total Departmental Expenses	37.8%	4,844,000	4,991,000	5,141,000	5,295,000	5,452,000
Departmental Profit	62.2%	7,975,000	8,223,000	8,472,000	8,722,000	8,973,000
Undistributed Expenses						
Administrative & General	7.0%	901,000	928,000	956,000	985,000	1,014,000
Marketing	6.0%	771,000	795,000	819,000	843,000	868,000
Property Operation and Maintenance	3.8%	485,000	499,000	514,000	530,000	546,000
Utility Costs	3.5%	452,000	465,000	479,000	494,000	509,000
Total Undistributed Operating Expenses	20.4%	2,609,000	2,687,000	2,767,000	2,852,000	2,937,000
Gross Operating Profit	41.9%	5,367,000	5,536,000	5,706,000	5,870,000	6,036,000
Base Management Fee	3.0%	385,000	396,000	408,000	421,000	433,000
Fixed Expenses						
Property Taxes	1.7%	220,000	227,000	234,000	241,000	248,000
Insurance	0.7%	88,000	91,000	94,000	98,000	99,000
Total Fixed Expenses	2.4%	308,000	318,000	328,000	337,000	347,000
Net Operating Income	36.5%	4,674,000	4,822,000	4,969,000	5,112,000	5,256,000
FF&E Reserve	4.0%	513,000	529,000	545,000	561,000	577,000
Net Operating Income After Reserve	32.5%	\$4,161,000	\$4,293,000	\$4,424,000	\$4,551,000	\$4,679,000
Source: PKF Consulting USA						

ADDENDUM A
PHOTOGRAPHS OF SUBJECT SITE



PHOTOGRAPHS OF SUBJECT SITE

A-1



**View of Site from Mississippi River
(Site for Hotel is to the Left of Condominium Tower)**



View into Subject Site Looking North

PHOTOGRAPHS OF SUBJECT SITE

A-2



View of Mississippi River from the Site



View Looking Northeast with Mississippi Bridge in Background

ADDENDUM B
MUSCATINE CHAMBER OF COMMERCE MEMBER SURVEY

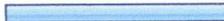


Muscatine Chamber of Commerce Member Survey  SurveyMonkey

1. What is the name of your company/organization? (Optional)

	Response Count
	76
answered question	76
skipped question	58

2. Which term best describes your company/organization?

	Response Percent	Response Count
Visitor Attraction 	1.5%	2
Service Industry - Retail, Restaurant, Hotel 	11.4%	15
Business/Corporation 	50.0%	66
Medical Related 	10.6%	14
Club/Community Organization 	6.8%	9
Government 	5.3%	7
Other 	14.4%	19
Other (please specify)/Comments		22
answered question		132
skipped question		2

3. Please indicate the type and frequency of the events that your company/organization holds. (Check all that apply for each category.)

	Never	Weekly	Monthly	Annually (1-3)	Annually (>3)	Rating Count
A. Gala/Banquet Events	47.0% (54)	0.0% (0)	1.7% (2)	43.5% (50)	9.6% (11)	115
B. Social Event/Wedding	60.2% (65)	0.9% (1)	4.6% (5)	22.2% (24)	12.0% (13)	108
C. Meeting/Training	17.1% (21)	11.4% (14)	24.4% (30)	39.0% (48)	9.8% (12)	123
D. Trade/Consumer Show	78.0% (78)	0.0% (0)	2.0% (2)	15.0% (15)	7.0% (7)	100
E. Convention/Conference	69.2% (72)	0.0% (0)	1.9% (2)	22.1% (23)	6.7% (7)	104
F. Sports Events	94.0% (94)	2.0% (2)	2.0% (2)	2.0% (2)	1.0% (1)	100
G. Other Events	62.0% (57)	2.2% (2)	6.5% (6)	25.0% (23)	4.3% (4)	92
Other (please specify)/Comments						11
					answered question	132
					skipped question	2

4. What is the typical size of these events? (Check all that apply for each category.)

	Less Than 25	25-50	50-100	100-200	200-400	400-600	More than 600	Rating Count
A. Gala/Banquet Events	14.1% (10)	12.7% (9)	15.5% (11)	28.2% (20)	25.4% (18)	7.0% (5)	1.4% (1)	71
B. Social Event/Wedding	24.5% (13)	26.4% (14)	17.0% (9)	13.2% (7)	18.9% (10)	3.8% (2)	0.0% (0)	53
C. Meeting/Training	36.9% (38)	36.9% (38)	28.2% (29)	8.7% (9)	2.9% (3)	0.0% (0)	0.0% (0)	103
D. Trade/Consumer Show	36.4% (12)	15.2% (5)	18.2% (6)	6.1% (2)	15.2% (5)	3.0% (1)	6.1% (2)	33
E. Convention/Conference	29.3% (12)	9.8% (4)	29.3% (12)	19.5% (8)	17.1% (7)	2.4% (1)	0.0% (0)	41
F. Sports Events	71.4% (15)	0.0% (0)	4.8% (1)	9.5% (2)	4.8% (1)	0.0% (0)	9.5% (2)	21
G. Other Events	39.0% (16)	24.4% (10)	14.6% (6)	17.1% (7)	7.3% (3)	0.0% (0)	0.0% (0)	41
							Comments	6
							answered question	117
							skipped question	17

**5. How many break out rooms would your company/organization require for these events?
(Check all that apply for each category.)**

	None	1 - 5	5 - 10	More than 10	Rating Count
A. Gala/Banquet Events	66.7% (52)	30.8% (24)	2.6% (2)	0.0% (0)	78
B. Social Event/Wedding	75.8% (47)	22.6% (14)	1.6% (1)	0.0% (0)	62
C. Meeting/Training	37.4% (40)	57.9% (62)	4.7% (5)	0.9% (1)	107
D. Trade/Consumer Show	66.0% (35)	26.4% (14)	5.7% (3)	1.9% (1)	53
E. Convention/Conference	50.0% (30)	36.7% (22)	13.3% (8)	3.3% (2)	60
F. Sports Events	90.0% (36)	5.0% (2)	5.0% (2)	0.0% (0)	40
G. Other Events	76.4% (42)	21.8% (12)	1.8% (1)	0.0% (0)	55
				Comments	4
				answered question	119
				skipped question	15

6. What is the typical number of hotel rooms you would need for these events? (Check all that apply for each category.)

	None	<25 Rooms	25-50	50-100	100-150	150-200	>200 Rooms	Rating Count
A. Gala/Banquet Events	51.4% (38)	35.1% (26)	6.8% (5)	6.8% (5)	0.0% (0)	2.7% (2)	0.0% (0)	74
B. Social Event/Wedding	67.7% (42)	25.8% (16)	3.2% (2)	4.8% (3)	0.0% (0)	0.0% (0)	0.0% (0)	62
C. Meeting/Training	57.3% (59)	35.0% (36)	8.7% (9)	1.9% (2)	1.0% (1)	0.0% (0)	0.0% (0)	103
D. Trade/Consumer Show	68.6% (35)	19.6% (10)	7.8% (4)	3.9% (2)	0.0% (0)	0.0% (0)	0.0% (0)	51
E. Convention/Conference	55.9% (33)	27.1% (16)	10.2% (6)	5.1% (3)	0.0% (0)	3.4% (2)	0.0% (0)	59
F. Sports Events	85.7% (36)	7.1% (3)	0.0% (0)	7.1% (3)	0.0% (0)	0.0% (0)	0.0% (0)	42
G. Other Events	75.5% (40)	22.6% (12)	1.9% (1)	1.9% (1)	0.0% (0)	0.0% (0)	0.0% (0)	53
							Comments	6
							answered question	118
							skipped question	16

7. What hotel rate would your company/organization be willing to pay for a quality boutique hotel with a conference center? (Check all that apply for each category.)

	Below \$100	\$100- \$125	\$125- \$150	\$150- \$175	\$175- \$200	Above \$200	Rating Count
A. Gala/Banquet Events	32.3% (20)	43.5% (27)	27.4% (17)	8.1% (5)	0.0% (0)	4.8% (3)	62
B. Social Event/Wedding	29.8% (14)	46.8% (22)	25.5% (12)	6.4% (3)	0.0% (0)	4.3% (2)	47
C. Meeting/Training	32.0% (24)	50.7% (38)	26.7% (20)	4.0% (3)	1.3% (1)	2.7% (2)	75
D. Trade/Consumer Show	28.2% (11)	41.0% (16)	30.8% (12)	7.7% (3)	2.6% (1)	2.6% (1)	39
E. Convention/Conference	19.6% (9)	45.7% (21)	34.8% (16)	15.2% (7)	2.2% (1)	2.2% (1)	46
F. Sports Events	33.3% (9)	40.7% (11)	29.6% (8)	3.7% (1)	3.7% (1)	3.7% (1)	27
G. Other Events	28.9% (11)	42.1% (16)	28.9% (11)	0.0% (0)	0.0% (0)	5.3% (2)	38
						Comments	12
						answered question	94
						skipped question	40

8. Where do you normally hold your meetings/events? (Please check all that apply for each type)

	Muscatine Hotel	Local Country Club or Restaurant	Local Meeting Facility	In House Meeting Facility	Quad Cities Hotel	Quad Cities Meeting Facility	Iowa City Hotel	Iowa City Meeting Facility
A. Gala/Banquet Events	4.2% (3)	57.7% (41)	15.5% (11)	25.4% (18)	12.7% (9)	11.3% (8)	15.5% (11)	5.6% (4)
B. Social Event/Wedding	4.1% (2)	55.1% (27)	30.6% (15)	20.4% (10)	6.1% (3)	6.1% (3)	12.2% (6)	2.0% (1)
C. Meeting/Training	2.8% (3)	29.0% (31)	30.8% (33)	56.1% (60)	6.5% (7)	9.3% (10)	6.5% (7)	6.5% (7)
D. Trade/Consumer Show	0.0% (0)	12.1% (4)	21.2% (7)	27.3% (9)	6.1% (2)	9.1% (3)	9.1% (3)	0.0% (0)
E. Convention/Conference	2.6% (1)	20.5% (8)	25.6% (10)	25.6% (10)	17.9% (7)	12.8% (5)	5.1% (2)	2.6% (1)
F. Sports Events	0.0% (0)	8.3% (1)	0.0% (0)	0.0% (0)	8.3% (1)	0.0% (0)	16.7% (2)	0.0% (0)
G. Other Events	5.6% (2)	33.3% (12)	30.6% (11)	41.7% (15)	5.6% (2)	2.8% (1)	2.8% (1)	2.8% (1)
Other (please specify)/C:								
answered								
skipped								

9. If there was a new hotel and conference center located in Muscatine, would your company/organization consider relocating some of your events there?

	Yes	No	Rating Count
A. Gala/Banquet Events	79.3% (65)	20.7% (17)	82
B. Social Event/Wedding	66.7% (40)	33.3% (20)	60
C. Meeting/Training	72.6% (77)	27.4% (29)	106
D. Trade/Consumer Show	60.9% (28)	39.1% (18)	46
E. Convention/Conference	69.1% (38)	30.9% (17)	55
F. Sports Events	34.6% (9)	65.4% (17)	26
G. Other Events	61.4% (27)	38.6% (17)	44
		Comments	9
		answered question	119
		skipped question	15

10. If there was a new hotel and conference center located in Muscatine, what type and size of NEW events could your company/organization attract to the market? (Check all that apply for each category.)

	Less Than 25	25-50	50-100	100-200	200-400	400-600	More than 600	Rating Count
A. Gala/Banquet Events	28.3% (13)	15.2% (7)	13.0% (6)	17.4% (8)	26.1% (12)	2.2% (1)	0.0% (0)	46
B. Social Event/Wedding	31.6% (12)	10.5% (4)	18.4% (7)	21.1% (8)	21.1% (8)	2.6% (1)	0.0% (0)	38
C. Meeting/Training	46.7% (28)	21.7% (13)	30.0% (18)	11.7% (7)	8.3% (5)	0.0% (0)	0.0% (0)	60
D. Trade/Consumer Show	33.3% (10)	10.0% (3)	20.0% (6)	13.3% (4)	16.7% (5)	6.7% (2)	0.0% (0)	30
E. Convention/Conference	41.2% (14)	14.7% (5)	20.6% (7)	14.7% (5)	14.7% (5)	2.9% (1)	2.9% (1)	34
F. Sports Events	73.3% (11)	6.7% (1)	26.7% (4)	6.7% (1)	0.0% (0)	0.0% (0)	0.0% (0)	15
G. Other Events	51.9% (14)	11.1% (3)	25.9% (7)	14.8% (4)	0.0% (0)	0.0% (0)	0.0% (0)	27
Other (please specify)/Comments								13
answered question								78
skipped question								56

11. If there was a new hotel and conference center in Muscatine, are you involved with any other organizations/associations/clubs that could hold events there? If the answer is no, please go to the end and submit the survey.

	Response Percent	Response Count
Yes 	41.1%	53
No 	58.9%	76
Comments		8
	answered question	129
	skipped question	5

12. If you answered yes to the previous question, please indicate the type and size of the events that could be held at the proposed hotel and conference center. (Check all that apply for each category.)

	Less Than 25	25-50	50-100	100-200	200-400	400-600	More than 600	Rating Count
A. Gala/Banquet Events	18.2% (6)	15.2% (5)	30.3% (10)	30.3% (10)	33.3% (11)	3.0% (1)	0.0% (0)	33
B. Social Event/Wedding	25.9% (7)	29.6% (8)	29.6% (8)	22.2% (6)	22.2% (6)	0.0% (0)	0.0% (0)	27
C. Meeting/Training	38.9% (14)	30.6% (11)	16.7% (6)	13.9% (5)	8.3% (3)	0.0% (0)	0.0% (0)	36
D. Trade/Consumer Show	14.3% (2)	0.0% (0)	21.4% (3)	35.7% (5)	28.6% (4)	0.0% (0)	0.0% (0)	14
E. Convention/Conference	22.7% (5)	9.1% (2)	27.3% (6)	27.3% (6)	13.6% (3)	4.5% (1)	0.0% (0)	22
F. Sports Events	33.3% (3)	22.2% (2)	11.1% (1)	22.2% (2)	11.1% (1)	0.0% (0)	0.0% (0)	9
G. Other Events	42.9% (6)	28.6% (4)	14.3% (2)	14.3% (2)	7.1% (1)	0.0% (0)	0.0% (0)	14
Other (please specify)/Comments								1
answered question								52
skipped question								82

13. How many hotel rooms are associated with the events listed above? (Check all that apply for each category.)

	None	<25 Rooms	25-50	50-100	100-150	150-200	>200 Rooms	Rating Count
A. Gala/Banquet Events	40.0% (12)	36.7% (11)	16.7% (5)	6.7% (2)	3.3% (1)	0.0% (0)	0.0% (0)	30
B. Social Event/Wedding	43.3% (13)	40.0% (12)	6.7% (2)	3.3% (1)	3.3% (1)	3.3% (1)	0.0% (0)	30
C. Meeting/Training	48.6% (17)	42.9% (15)	2.9% (1)	2.9% (1)	2.9% (1)	0.0% (0)	0.0% (0)	35
D. Trade/Consumer Show	44.4% (8)	38.9% (7)	5.6% (1)	5.6% (1)	5.6% (1)	0.0% (0)	0.0% (0)	18
E. Convention/Conference	34.8% (8)	34.8% (8)	4.3% (1)	17.4% (4)	8.7% (2)	4.3% (1)	0.0% (0)	23
F. Sports Events	41.2% (7)	29.4% (5)	11.8% (2)	5.9% (1)	11.8% (2)	0.0% (0)	0.0% (0)	17
G. Other Events	36.8% (7)	47.4% (9)	5.3% (1)	5.3% (1)	5.3% (1)	0.0% (0)	0.0% (0)	19
							Comments	1
							answered question	52
							skipped question	82

14. What hotel rate would attendees at these events be willing to pay for a quality boutique hotel with a conference center located in Muscatine? (Check all that apply for each category.)

	Below \$100	\$100-\$125	\$125-\$150	\$150-\$175	\$175-\$200	Above \$200	Rating Count
A. Gala/Banquet Events	22.2% (6)	51.9% (14)	29.6% (8)	7.4% (2)	3.7% (1)	0.0% (0)	27
B. Social Event/Wedding	25.9% (7)	51.9% (14)	33.3% (9)	3.7% (1)	3.7% (1)	0.0% (0)	27
C. Meeting/Training	26.5% (9)	41.2% (14)	32.4% (11)	5.9% (2)	2.9% (1)	0.0% (0)	34
D. Trade/Consumer Show	27.8% (5)	38.9% (7)	27.8% (5)	0.0% (0)	5.6% (1)	0.0% (0)	18
E. Convention/Conference	16.7% (4)	50.0% (12)	37.5% (9)	0.0% (0)	4.2% (1)	0.0% (0)	24
F. Sports Events	33.3% (5)	33.3% (5)	26.7% (4)	0.0% (0)	6.7% (1)	0.0% (0)	15
G. Other Events	17.6% (3)	41.2% (7)	35.3% (6)	0.0% (0)	5.9% (1)	0.0% (0)	17
						Comments	2
						answered question	46
						skipped question	88

15. Please provide any comments or suggestions you may have here.

	Response Count
	21
	answered question 21
	skipped question 113

ADDENDUM C
MUSCATINE CORPORATIONS SURVEY



1. What is the name of your company/organization? (Optional)

	Response Count
	7
answered question	7
skipped question	0

2. Please indicate the type and frequency of the events that your company/organization holds. (Check all that apply for each category.)

	Never	Weekly	Monthly	Annually (1-3)	Annually (>3)	Rating Count
A. Meeting / Training	0.0% (0)	14.3% (1)	28.6% (2)	57.1% (4)	0.0% (0)	7
B. Board / Shareholders Meeting	14.3% (1)	14.3% (1)	14.3% (1)	57.1% (4)	0.0% (0)	7
C. Banquet / Awards Event	14.3% (1)	0.0% (0)	14.3% (1)	71.4% (5)	0.0% (0)	7
D. Seminar / Conference	14.3% (1)	0.0% (0)	14.3% (1)	71.4% (5)	0.0% (0)	7
E. Trade / Consumer Show	85.7% (6)	0.0% (0)	0.0% (0)	14.3% (1)	0.0% (0)	7
F. Gala / Holiday Party	57.1% (4)	0.0% (0)	0.0% (0)	42.9% (3)	0.0% (0)	7
G. Other Events	50.0% (3)	0.0% (0)	0.0% (0)	50.0% (3)	0.0% (0)	6
Other (please specify)/Comments						2
answered question						7
skipped question						0

3. What is the typical size of these events? (Check all that apply for each category.)

	Less Than 25	25-50	50-100	100-200	200-400	400-600	More than 600	Rating Count
A. Meeting / Training	28.6% (2)	42.9% (3)	28.6% (2)	14.3% (1)	0.0% (0)	0.0% (0)	0.0% (0)	7
B. Board / Shareholders Meeting	33.3% (2)	33.3% (2)	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	0.0% (0)	6
C. Banquet / Awards Event	28.6% (2)	14.3% (1)	0.0% (0)	42.9% (3)	28.6% (2)	0.0% (0)	0.0% (0)	7
D. Seminar / Conference	16.7% (1)	16.7% (1)	50.0% (3)	16.7% (1)	0.0% (0)	0.0% (0)	0.0% (0)	6
E. Trade / Consumer Show	75.0% (3)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	25.0% (1)	0.0% (0)	4
F. Gala / Holiday Party	40.0% (2)	0.0% (0)	0.0% (0)	40.0% (2)	0.0% (0)	20.0% (1)	0.0% (0)	5
G. Other Events	60.0% (3)	0.0% (0)	20.0% (1)	20.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	5
							Comments	2
							answered question	7
							skipped question	0

**4. How many break out rooms would your company/organization require for these events?
(Check all that apply for each category.)**

	None	1 - 5	5 - 10	More than 10	Rating Count
A. Meeting / Training	14.3% (1)	100.0% (7)	0.0% (0)	0.0% (0)	7
B. Board / Shareholders Meeting	33.3% (2)	66.7% (4)	0.0% (0)	0.0% (0)	6
C. Banquet / Awards Event	85.7% (6)	14.3% (1)	0.0% (0)	0.0% (0)	7
D. Seminar / Conference	42.9% (3)	57.1% (4)	0.0% (0)	0.0% (0)	7
E. Trade / Consumer Show	83.3% (5)	16.7% (1)	0.0% (0)	0.0% (0)	6
F. Gala / Holiday Party	85.7% (6)	14.3% (1)	0.0% (0)	0.0% (0)	7
G. Other Events	80.0% (4)	20.0% (1)	0.0% (0)	0.0% (0)	5
				Comments	1
				answered question	7
				skipped question	0

5. What is the typical number of hotel rooms you would need for these events? (Check all that apply for each category.)

	None	<25 Rooms	25-50	50-100	100-150	150-200	>200 Rooms	Rating Count
A. Meeting / Training	33.3% (2)	33.3% (2)	50.0% (3)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	6
B. Board / Shareholders Meeting	16.7% (1)	50.0% (3)	33.3% (2)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	6
C. Banquet / Awards Event	71.4% (5)	0.0% (0)	14.3% (1)	0.0% (0)	0.0% (0)	0.0% (0)	14.3% (1)	7
D. Seminar / Conference	42.9% (3)	28.6% (2)	14.3% (1)	14.3% (1)	0.0% (0)	14.3% (1)	0.0% (0)	7
E. Trade / Consumer Show	60.0% (3)	20.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	20.0% (1)	5
F. Gala / Holiday Party	66.7% (4)	16.7% (1)	0.0% (0)	16.7% (1)	0.0% (0)	16.7% (1)	0.0% (0)	6
G. Other Events	75.0% (3)	25.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	4
							Comments	1
							answered question	7
							skipped question	0

6. What hotel rate would your company/organization be willing to pay for a quality boutique hotel with a conference center? (Check all that apply for each category.)

	Below \$100	\$100- \$125	\$125- \$150	\$150- \$175	\$175- \$200	Above \$200	Rating Count
A. Meeting / Training	20.0% (1)	100.0% (5)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	5
B. Board / Shareholders Meeting	16.7% (1)	66.7% (4)	50.0% (3)	16.7% (1)	0.0% (0)	0.0% (0)	6
C. Banquet / Awards Event	33.3% (1)	66.7% (2)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	3
D. Seminar / Conference	33.3% (2)	66.7% (4)	33.3% (2)	0.0% (0)	0.0% (0)	0.0% (0)	6
E. Trade / Consumer Show	33.3% (1)	66.7% (2)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	3
F. Gala / Holiday Party	50.0% (2)	25.0% (1)	25.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	4
G. Other Events	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	2
						Comments	0
						answered question	7
						skipped question	0

7. Where do you normally hold your meetings/events? (Please check all that apply for each type)

	Muscatine Hotel	Local Country Club or Restaurant	Local Meeting Facility	In House Meeting Facility	Quad Cities Hotel	Quad Cities Meeting Facility	Iowa City Hotel	Iowa City Meeting Facility
A. Meeting / Training	0.0% (0)	57.1% (4)	28.6% (2)	71.4% (5)	14.3% (1)	0.0% (0)	14.3% (1)	0.0% (0)
B. Board / Shareholders Meeting	0.0% (0)	0.0% (0)	16.7% (1)	83.3% (5)	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)
C. Banquet / Awards Event	0.0% (0)	42.9% (3)	14.3% (1)	28.6% (2)	0.0% (0)	14.3% (1)	14.3% (1)	0.0% (0)
D. Seminar / Conference	0.0% (0)	14.3% (1)	14.3% (1)	71.4% (5)	14.3% (1)	28.6% (2)	14.3% (1)	14.3% (1)
E. Trade / Consumer Show	0.0% (0)	0.0% (0)	0.0% (0)	66.7% (2)	0.0% (0)	33.3% (1)	33.3% (1)	0.0% (0)
F. Gala / Holiday Party	0.0% (0)	50.0% (2)	50.0% (2)	25.0% (1)	0.0% (0)	25.0% (1)	25.0% (1)	0.0% (0)
G. Other Events	0.0% (0)	25.0% (1)	25.0% (1)	50.0% (2)	25.0% (1)	0.0% (0)	25.0% (1)	0.0% (0)
Other (please specify)/C								
answered								
skipped								

8. If there was a new hotel and conference center located in Muscatine, would your company/organization consider relocating some of your events there?

	Yes	No	Rating Count
A. Meeting / Training	71.4% (5)	28.6% (2)	7
B. Board / Shareholders Meeting	66.7% (4)	33.3% (2)	6
C. Banquet / Awards Event	71.4% (5)	28.6% (2)	7
D. Seminar / Conference	71.4% (5)	28.6% (2)	7
E. Trade / Consumer Show	25.0% (1)	75.0% (3)	4
F. Gala / Holiday Party	80.0% (4)	20.0% (1)	5
G. Other Events	50.0% (2)	50.0% (2)	4
		Comments	2
		answered question	7
		skipped question	0

9. If there was a new hotel and conference center located in Muscatine, what type and size of NEW events could your company/organization attract to the market? (Check all that apply for each category.)

	Less than 25	25-50	50-100	100-200	200-400	400-600	More than 600	Rating Count
A. Meeting / Training	0.0% (0)	100.0% (3)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	3
B. Board / Shareholders Meeting	0.0% (0)	100.0% (2)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	2
C. Banquet / Awards Event	0.0% (0)	0.0% (0)	0.0% (0)	33.3% (1)	66.7% (2)	33.3% (1)	0.0% (0)	3
D. Seminar / Conference	0.0% (0)	0.0% (0)	0.0% (0)	75.0% (3)	25.0% (1)	0.0% (0)	0.0% (0)	4
E. Trade / Consumer Show	0.0% (0)	0.0% (0)	33.3% (1)	33.3% (1)	0.0% (0)	33.3% (1)	0.0% (0)	3
F. Gala / Holiday Party	0.0% (0)	0.0% (0)	0.0% (0)	33.3% (1)	66.7% (2)	0.0% (0)	0.0% (0)	3
G. Other Events	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	100.0% (1)	0.0% (0)	0.0% (0)	1
Other (please specify)/Comments								2
answered question								4
skipped question								3

10. In addition to visitors that attend meetings and events, how many individual visitors that require an overnight stay does your company/organization attract to Muscatine on a monthly basis? (Please check all that apply for each category.)

	None	Less than 10	10-25	25-50	50-100	More than 100	Rating Count
A. Individual Visitors	0.0% (0)	66.7% (4)	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	6
B. Individuals with a Group	33.3% (2)	33.3% (2)	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	6
C. Company / Organization Employees	28.6% (2)	14.3% (1)	28.6% (2)	28.6% (2)	0.0% (0)	0.0% (0)	7
D. Vendors	28.6% (2)	14.3% (1)	42.9% (3)	28.6% (2)	0.0% (0)	0.0% (0)	7
E. Customers	33.3% (2)	33.3% (2)	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	6
F. Other	50.0% (2)	0.0% (0)	50.0% (2)	0.0% (0)	0.0% (0)	0.0% (0)	4
Other (please specify)/Comments							1
answered question							7
skipped question							0

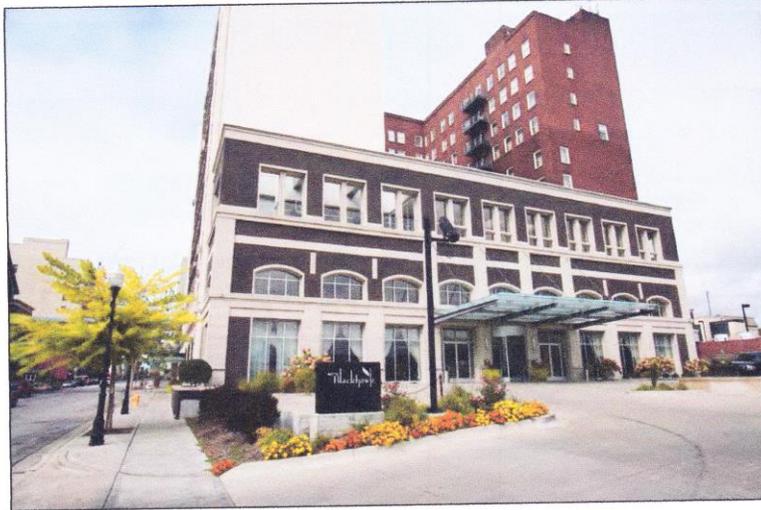
11. Please provide any comments or suggestions you may have here.

	Response Count
	3
answered question	3
skipped question	4

ADDENDUM D
PHOTOGRAPHS OF COMPETITIVE SUPPLY

PHOTOGRAPHS OF COMPETITIVE SUPPLY

D-1



Hotel Blackhawk Autograph Davenport



Sheraton Iowa City

PHOTOGRAPHS OF COMPETITIVE SUPPLY

D-2



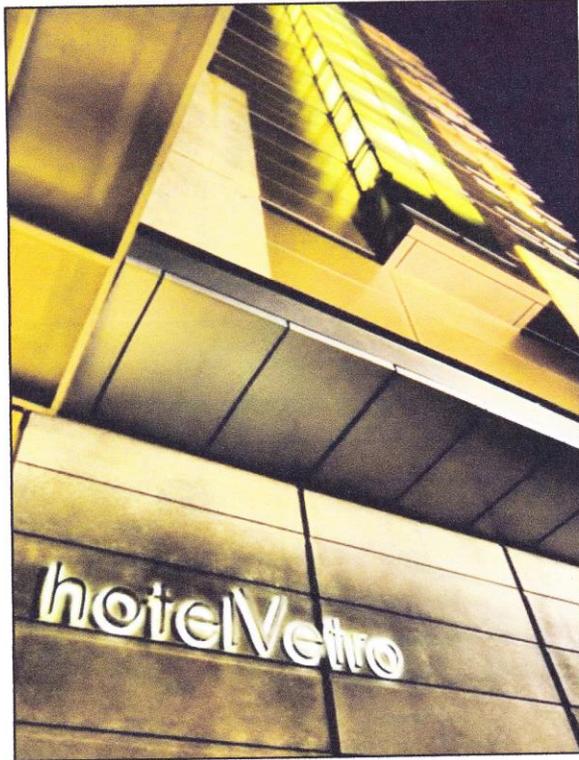
Radisson Quad City Plaza



Radisson Moline

PHOTOGRAPHS OF COMPETITIVE SUPPLY

D-3



hotelVetro Iowa City

PHOTOGRAPHS OF COMPETITIVE SUPPLY

D-4



Marriott Coralville Conference Center



Hampton Inn & Suites Muscatine

ADDENDUM E
MAP OF COMPETITIVE SUPPLY



ADDENDUM F
STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS



STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The following Standard Conditions apply to real estate consulting assignments by PKF Consulting USA and will be attached to the report:

Achievability of Projections - Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore actual results achieved during the period under study will vary from our estimates and the variations may be material.

Archaeological Significance - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archaeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archaeological significance.

Definitions and Assumptions - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

Dissemination of Material - Neither all nor any part of the contents of this report (including the identity of the consultant or PKF Consulting USA) shall be disseminated to the general public through advertising or sales media, public relations media, news media or other public means of communication without the prior written consent and approval of PKF Consulting USA.

Distribution and Liability to Third Parties - The party for whom this report was prepared may distribute copies of this report only in its entirety to such third parties as may be selected by the party for whom this report was prepared; however, portions of this report shall not be given to third parties without the written consent of PKF Consulting USA. Liability to third parties will not be accepted.

Economic and Social Trends - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical, or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

Engineering Survey - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

Hazardous Materials - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property or improvements thereon, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

Hidden Conditions - The consultant assumes no responsibility for hidden or unapparent conditions of the property, subsoil, ground water or structures that render the subject more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

Income Data Provided by Third Party - Income and expense data related to the property being appraised was provided by the client and is assumed, but not warranted, to be accurate.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS
(Continued)

Information Furnished by Others - In preparing the report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Legal Expenses – Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

Legal Matters - No opinion is intended to be expressed for matters that require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.

Licenses and Permits - Unless otherwise stated, the property is evaluated assuming that all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the analysis contained in this report is based.

Limits of Liability – PKF Consulting USA cannot be held liable in any cause of action resulting in litigation for any dollar amount which exceeds the total fees collected from this individual engagement.

Maps, Plats and Exhibits - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

Not a CPA Firm – PKF Consulting USA is not a Certified Public Accounting firm.

Obligation to Update Report - The report will be dated to coincide with our last day of fieldwork. The terms of this engagement are such that we have no obligation to update our estimates to reflect events or conditions which occur subsequent to the last day of our fieldwork. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the project.

Right of Publication - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of PKF Consulting USA, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with properly written qualification and only in its entirety for its stated purpose.

Testimony in Court - Testimony or attendance in court or at any other hearing is not required by reason of rendering this report, unless such arrangements are made a reasonable time in advance of said hearing. Further, unless otherwise indicated, separate arrangements shall be made concerning compensation for the consultant's time to prepare for and attend any such hearing.

Use in Offering Materials - This report, including all cash flow forecasts, market surveys and related data, conclusions, exhibits and supporting documentation may not be reproduced or references made to the report or to PKF Consulting USA in any sales offering, prospectus, public or private placement memorandum, proxy statement or other document ("Offering Material") in connection with a merger, liquidation or other corporate transaction unless PKF Consulting USA has approved in writing the text of any such reference or reproduction prior to the distribution and filing thereof.

Zoning and Land Use - Unless otherwise stated, the subject property is evaluated assuming it to be in full compliance with all applicable zoning and land use regulations and restrictions.

ADDENDUM G
CERTIFICATION

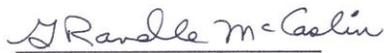


CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the project that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon the developing or reporting of predetermined results.
- Our compensation is not contingent upon the development or reporting of predetermined results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- We have made a personal inspection of the proposed site that is the subject of this report.
- No one provided significant professional assistance to the persons signing below except as sourced within the body of this report.

PKF Consulting USA
A Subsidiary of CBRE, Inc.



G. Randle McCaslin, CRE
Senior Vice President

B.4.18: Undercapitalization Scenarios

This section analyzes potential scenarios that would reduce the cost of the project. All scenarios assume a four star facility as market conditions in Muscatine show an oversaturation of two and three star facilities.

Both scenarios presented do not produce an IRR that would be conducive to attracting investors at the \$20,000,000 level.

B.4.18.1: Scenario 1 – Elimination of the Conference Center

Under this scenario, we eliminate the 6th floor conference center. We would maintain the conference rooms on the 5th floor as adding rooms on this floor is not feasible as they are inner corridor (interior) spaces.

Assumptions:

- Cost reduction to eliminate the 6th floor would be \$6,866,447 which includes:
 - 6,866,447 (17625 square feet @ \$390/sqft)
- Assumes a occupancy rate of (note Hampton Inn current occupancy rate in Muscatine is 74%):
 - YR1 66%
 - YR2 70%
 - YR3-5 74% (stabilization)
- Uses base line pro forma scenario as defined by PKF with a deduction in ADR of \$10/night to compensate for lack of conference space.

Project shows an IRR of 6%.

See following page for summary proforma.

Elimination of 6th floor Conference Center Scenario

Muscatine Proforma						
Proforma #1 112 Room Model	Y-1	Y-2	Y-3	Y-4	Y-5	Total
Room Nights Available	40,880	40,880	40,880	40,880	40,880	40,880
Occupancy %	66%	70%	74%	74%	74%	
ADR	\$ 128.00	\$ 132.00	\$ 136.00	\$141.00	\$145.00	
Revenue:						
Rooms	3,453,542	3,777,312	4,114,163	4,265,419	4,386,424	19,996,861
Rooms Other	172,677	188,866	205,708	213,271	219,321	999,843
Telephone	4,317	4,579	4,807	5,048	5,300	24,051
Food and Beverage	274,176	288,000	302,400	317,520	333,396	1,515,492
Total Revenue:	3,904,712	4,258,756	4,627,079	4,801,258	4,944,441	22,536,247
Departmental Expenses:						
Rooms	717,180	762,431	785,304	808,864	833,129	3,906,909
Food and Beverage	191,923	201,600	211,680	222,264	233,377	1,060,844
Telephone	20,639	22,526	22,000	23,000	24,000	112,165
Total Expenses	929,742	986,558	1,018,984	1,054,128	1,090,507	5,079,919
Departmental Profit:	2,974,970	3,272,198	3,608,094	3,747,130	3,853,935	17,456,328
Undistributed Expenses:						
A&G	252,742	460,738	474,560	488,797	503,461	2,180,298
Sales-Marketing	195,200	359,200	369,976	381,075	392,508	1,697,959
Engineering	208,880	219,372	225,953	232,732	239,714	1,126,451
Utilities	158,188	170,350	175,461	180,725	186,146	868,870
Undistributed Subtotal:	812,811	1,209,660	1,245,950	1,283,329	1,321,828	5,873,578
Management Fees, Property Taxes and Insurance						
Management Fee	156,188	170,350	185,083	192,050	197,778	901,450
Total Fixed Expense	442,004	443,904	457,221	470,938	485,066	2,299,133
Total Management Fees and Fixed Exp.	598,192	614,254	642,304	662,988	682,844	3,200,583
NET OPERATING PROFIT (LOSS):	1,563,967	1,448,284	1,719,840	1,800,814	1,849,263	8,382,167
Incentive Management Fee	156,397	144,828	171,984	180,081	184,926	838,217
Government Incentives (TIF +HRD)	725,786	755,478	786,371	800,589	812,114	3,880,337
FF&E Reserve	156,188	170,350	185,083	192,050	197,778	901,450
NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:	\$ 1,977,167	\$ 1,888,583	\$ 2,149,144	\$ 2,229,271	\$ 2,278,673	\$ 10,522,838

TOTAL INVESTMENT CASH FLOWS:							INVESTOR IRR
Total Initial Equity Investment	20,000,000.00						6%
Net Operating Cash Flow b/4 tax	1,977,167	1,888,583	2,149,144	2,229,271	2,661,377	\$	10,905,542
Debt Service						\$	-
USDA Guaranteed Debt	12,000,000	861,001	861,001	861,001	861,001	\$	4,305,007
Non-USDA Guaranteed Debt	2,483,553	169,888	169,888	169,888	169,888	\$	849,442
Total Debt Service	14,483,553	1,030,890	1,030,890	1,030,890	1,030,890		5,154,449
Max Possible Dividend Payout after Debt Service	946,278	857,694	1,118,254	1,198,381	1,630,487		5,751,093
Return to Investor	5%	4%	6%	6%	8%		
Sale of Property (8% Cap Rate) Terminal Value					33,267,210	\$	33,267,210
Subtract Loan Payoff from Terminal Value					12,510,063		12,510,063
Total Investment Cash Flow	(19,053,722)	857,694	1,118,254	1,198,381	20,757,147	\$	26,508,240

Note: Eliminate Conf Center. Cost reduction of \$6,866,447

B.4.18.2: Scenario 2 – Elimination of the Current 5th Floor

Under this scenario the current 5th floor would be eliminated reducing the rooms to 83 and eliminating ancillary conference space located on the 5th floor. Note: The current 6th floor would be maintained as the new 5th floor of the hotel (total hotel floors – 5).

Assumptions:

- Cost reduction to eliminate the 6th floor would be \$5,428,500 which includes:
 - 5,428,500 (17625 square feet @ \$308/sqft)
- Assumes a occupancy rate of (note Hampton Inn current occupancy rate in Muscatine is 74%):
 - YR1 68%
 - YR2 70%
 - YR3-5 74% (stabilization)
- Uses base line pro forma scenario as defined by PKF

Project shows an IRR of 1%.

See following page for summary proforma.

Elimination of Current 5th Floor

Muscatine Proforma						
Proforma 83 Room Model	Y-1	Y-2	Y-3	Y-4	Y-5	Total
Room Nights Available	30,295	30,295	30,295	30,295	30,295	
Occupancy %	68%	70%	74%	74%	74%	
ADR	\$ 138.00	\$ 142.00	\$ 146.00	\$ 151.00	\$ 155.00	
Revenue:						
Rooms	2,842,883	3,011,323	3,273,072	3,385,163	3,474,837	15,987,277
Rooms Other	142,144	150,566	163,654	169,258	173,742	799,364
Telephone	3,296	3,393	3,563	3,741	3,928	17,921
Food and Beverage	2,211,000	2,382,840	2,501,982	2,627,081	2,758,435	12,481,338
Total Revenue:	5,199,323	5,548,122	5,942,270	6,185,243	6,410,941	29,285,900
Departmental Expenses:						
Rooms	617,552	648,429	667,882	687,918	708,556	3,330,335
Food and Beverage	1,507,000	1,606,000	1,710,000	1,761,000	1,814,000	8,398,000
Telephone	20,299	22,131	22,000	23,000	24,000	111,430
Total Expenses	2,144,850	2,276,560	2,399,882	2,471,918	2,546,556	11,839,765
Departmental Profit:	3,054,473	3,271,563	3,542,389	3,713,325	3,864,386	17,446,135
Undistributed Expenses:						
A&G	466,242	438,510	451,665	465,215	479,171	2,300,802
Sales-Marketing	375,200	359,200	369,976	381,075	392,508	1,877,959
Engineering	266,280	279,852	288,248	296,895	305,802	1,437,076
Utilities	207,973	221,925	228,583	235,440	242,503	1,136,424
Undistributed Subtotal:	1,315,695	1,299,486	1,338,471	1,378,625	1,419,984	6,752,261
Management Fees, Property Taxes and Insurance						
Management Fee	207,973	221,925	237,691	247,410	256,438	1,171,436
Total Fixed Expense	442,004	443,904	457,221	470,938	485,066	2,299,133
Total Management Fees and Fixed Exp.	649,977	665,829	694,912	718,347	741,504	3,470,569
NET OPERATING PROFIT (LOSS):	1,088,801	1,306,247	1,509,006	1,616,353	1,702,898	7,223,305
Incentive Management Fee	108,880	130,625	150,901	161,635	170,290	722,331
Government Incentives (TIF +HRD)	748,299	770,333	798,656	813,748	827,073	3,958,108
FF&E Reserve	207,973	221,925	237,691	247,410	256,438	1,171,436
NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:	\$ 1,520,247	\$ 1,724,030	\$ 1,919,070	\$ 2,021,056	\$ 2,103,244	\$ 9,287,647

TOTAL INVESTMENT CASH FLOWS:						INVESTOR
						IRR
Total Initial Equity Investment	20,000,000.00					1%
Net Operating Cash Flow b/4 tax Debt Service	1,520,247	1,724,030	1,919,070	2,021,056	2,529,971	\$ 9,714,375
USDA Guaranteed Debt	12,000,000	861,001	861,001	861,001	861,001	\$ 4,305,007
Non-USDA Guaranteed Debt	3,921,500	268,252	268,252	268,252	268,252	\$ 1,341,259
Total Debt Service	15,921,500	1,129,253	1,129,253	1,129,253	1,129,253	5,646,266
Max Possible Dividend Payout after Debt Service	390,994	594,777	789,817	891,803	1,400,718	4,068,109
Return to investor	2%	3%	4%	4%	7%	
Sale of Property (8% Cap Rate) Terminal Value					31,624,639	\$ 31,624,639
Subtract Loan Payoff from Terminal Value					13,743,138	13,743,138
Total Investment Cash Flow	(19,609,006)	594,777	789,817	891,803	17,881,501	\$ 17,881,501
						\$ 21,949,610

Notes: Eliminated 5th floor. Guest rooms available: 83, Estimated cost reduction of \$5,428,500 (17,625sf @ \$308/sf)

Section C: Economic Impact



C.1: Economic Impact on State

C.1.1: Economic Impact on State From Construction

PKF Consulting has estimated that the economic impact on the state of Iowa from the construction of the Stanley Hotel and Conference center is approximately \$81 million dollars and 550 jobs.

Proposed 112-Room Hotel Stanley and Conference Center Economic Impact from Construction		
Total Construction Cost ¹		\$38,100,000
Cost Generated from Within State of Iowa	88% ²	\$33,528,000
Output ³	1.8016	\$60,410,750
Wages ⁴	0.6056	\$20,304,557
Total Economic Impact From Construction		\$80,715,307
Jobs⁵	16.3438	548 jobs
Sources: PKF Economic Impact Study –Jan. 14 th , 2015 Multiplier Source: US Department of Commerce – Bureau of Economic Analysis		

¹ Construction costs estimated by project team prior to PKF Economic Impact Study and does not include land acquisition or pre-opening costs.

² Percentage is a reasonable assumption according to local representatives

³ Represents the dollar increase in area output for every dollar increase in direct spending

⁴ Represents the dollar increase in area household income for every dollar increase in direct spending

⁵ Represents the increase in area jobs for every \$1 million in direct spending

C.2: Economic Impact on Muscatine County

C.2.1: Economic Impact on Muscatine County from Construction

PKF Consulting has estimated that the economic impact on Muscatine County from the construction of the Stanley Hotel and Conference center is approximately \$19 million dollars and 100 jobs. This impact will be seen throughout Muscatine County (including the IRD district).

Proposed 112-Room Hotel Stanley and Conference Center Economic Impact from Construction		
Total Construction Cost ¹		\$38,100,000
Cost Generated from Within Muscatine County	28% ²	\$10,668,000
Output ³	1.3849	\$14,774,113
Wages ⁴	0.3514	\$3,748,735
Total Economic Impact From Construction		\$18,522,848
Jobs⁵	9.3839	100 jobs
Sources: PKF Economic Impact Study –Jan. 14th, 2015		
Multiplier Source: US Department of Commerce – Bureau of Economic Analysis		

¹ Construction costs estimated by project team prior to PKF Economic Impact Study and does not include land acquisition or pre-opening costs.

² Percentage is a reasonable assumption according to local representatives

³ Represents the dollar increase in area output for every dollar increase in direct spending

⁴ Represents the dollar increase in area household income for every dollar increase in direct spending

⁵ Represents the increase in area jobs for every \$1 million in direct spending

C.2.2: Economic Impact on Muscatine County from Operations

PKF Consulting has estimated that the economic impact on the local economy from operations to be approximately \$13 million dollars over a 10 year span.

Proposed 112 Room Hotel Stanley and Conference Center Local Economic Impact From Operations (10 YR Span)							
	Total Revenue ¹	Total Payroll (30% of Total Revenue)	Taxes & Savings (30% of Payroll)	Amount Spent In Local Economy (50%)	Economic Impact		Total Impact From Operations Employment
					Output ²	Wages ²	
2017	6,229,000	1,868,700	560,610	654,045	859,546	175,088	1,034,634
2018	6,803,000	2,040,900	612,270	714,315	938,753	191,222	1,129,975
2019	7,398,000	2,219,400	665,820	776,790	1,020,857	207,947	1,228,804
2020	7,648,000	2,291,400	687,420	801,990	1,053,975	214,693	1,268,668
2021	7,851,000	2,355,300	706,590	824,355	1,083,367	220,680	1,304,047
2022	8,097,000	2,429,100	728,730	850,185	1,117,313	227,595	1,344,908
2023	8,346,000	2,503,800	751,140	876,440	1,151,673	234,594	1,386,266
2024	8,599,000	2,579,700	773,910	902,855	1,186,585	241,705	1,426,290
2025	8,853,000	2,655,900	796,770	929,565	1,221,634	248,845	1,470,479
2026	9,111,000	2,733,300	819,990	956,655	1,257,236	256,097	1,513,333
Total	\$78,925,000	\$23,677,500	\$7,103,250	\$8,267,125	\$10,890,940	\$2,218,463	\$13,109,403
Source: PKF Consulting							

¹ PKF Consulting performance projections for the proposed Hotel Stanley and Conference Center

² Multiplier Source: US Department of Commerce – Bureau of Economic Analysis

NOTES:

1: 30% Payroll withholdings are based on PKF comparable representing a typical hotel

2: Of remaining 70% payroll, 50% is estimated to be spent within the local economy

C.2.3: Total Economic Impact on Muscatine County from the Project

PKF, based on the tables located in C.1.2.1 and C.1.2.2 estimates that the total economic impact on Muscatine County (from both construction and operations) over a 10 year time span to be approximately \$31 million.

C.3: Employment Impact on Muscatine County

PKF Consulting estimates approximate job creation to total 83 jobs for Muscatine County . Direct jobs are jobs created directly by the Hotel Stanley and Conference Center. Indirect jobs are additional jobs created when new hotel employees and guests purchase goods and services within the Muscatine market creating additional jobs. Induced impact is generated when these newly created indirect jobs spend their payroll at businesses in Muscatine County.

At least 84% of these jobs created are within the Muscatine IRD district.

Proposed 112 Room Hotel Stanley and Conference Center Summary of Muscatine County Employment Impact	
Direct Jobs from Operations ¹	70 Jobs
Indirect Jobs within Muscatine County ²	8.1 Jobs
Indirect Jobs within Muscatine County ²	4.7 Jobs
Total Jobs Created within Muscatine County	82.8 Jobs
Source: PKF Consulting	

¹ Based on estimates of staffing provided by the Management Company for the proposed Hotel Stanley and Conference Center

² Based on estimates presented in the “Economic Impact Analysis: Iowa Reinvestment District – City of Muscatine by Dave Swenson (EXHIBIT H).

C.4: Fiscal Impact on City of Muscatine

C.4.1: Hotel Occupancy Tax

PKF Consulting estimates potential Hotel Occupancy Tax Revenues at approximately \$3.3 million over a 20 year span. These taxes will be generated within the Muscatine IRD district.

Proposed 1120 Room Hotel Stanley & Conference Center Potential Hotel Occupancy Tax Revenues (20 YR Span)		
Year	Projected Room Revenue	Hotel Occupancy Tax Revenues (7%)
2017	3,723,000	260,610
2018	4,064,000	284,480
2019	4,417,000	309,190
2020	4,568,000	319,760
2021	4,689,000	328,230
2022	4,840,000	338,800
2023	4,991,000	349,370
2024	5,143,000	360,010
2025	5,294,000	370,580
2026	5,445,000	381,150
2027	5,597,000	391,790
2028	5,778,000	404,460
2029	5,960,000	417,200
2030	6,141,000	429,870
2031	6,323,000	442,610
2032	6,504,000	455,280
2033	6,686,000	468,020
2034	6,897,000	482,790
2035	7,109,000	497,630
2036	7,321,000	512,470
Total	\$111,490,000	7,804,300

Source: PKF Consulting

C.4.2: Sales Tax

PKF estimates potential sales tax over a 10 year span to be approximately \$5.5 million.

Proposed 112-Room Hotel Stanley & Conference Center Potential Sales Tax Revenues (10 YR Span)					
Year	Construction	Hotel Revenues	Operations Employment	Total Taxable Revenues	Potential Sales Tax Revenues (5%)
2016	18,522,848	-	-	18,522,848	926,142
2017	-	6,229,000	1,034,624	7,263,634	363,182
2018	-	6,803,000	1,129,975	7,932,975	398,649
2019	-	7,398,000	1,228,804	8,626,804	431,340
2020	-	7,638,000	1,268,668	8,906,668	445,333
2021	-	7,851,000	1,304,047	9,155,047	457,752
2022	-	8,097,000	1,344,908	9,441,908	472,095
2024	-	8,346,000	1,386,266	9,732,266	486,613
2025	-	8,853,000	1,470,479	10,027,290	501,364
2026	-	9,111,000	1,513,333	10,624,333	531,217
Total	\$18,522,848	\$78,925,000	\$13,109,403	\$110,557,251	\$5,527,863

Source: PKF Consulting

C.4.3: Property Tax

PKF utilized the TIF agreement table (EXHIBIT I) represented in the city approved TIF agreement with the assumption that the property taxes would be \$404,326 per year. (Tax assessed value of the hotel/conference center at \$7 million and the garage at \$5 million). Using these calculations, PKF forecasts that property taxes for the first 20 years will be approximately \$2 million. In year 21 and thereafter property taxes will total \$404,326 annually.

Proposed 112-Room Hotel Stanley & Conference Center @\$12M Tax Assessed Value Forecasted Property Tax (20 Yr Span)		
Year	Rate	Forecasted Property Tax ¹
2017	0%	-
2018	0%	-
2019	0%	-
2020	0%	-
2021	0%	-
2022	25%	101,082
2023	25%	101,082
2024	25%	101,082
2025	25%	101,082
2026	25%	101,082
2027	25%	101,082
2028	25%	101,082
2029	25%	101,082
2030	25%	101,082
2031	25%	101,082
2032	50%	202,163
2033	50%	202,163
2034	50%	202,163
2035	50%	202,163
2036	66%	267,048 ²
Total		\$2,086,526

Source: Riverview Hotel Development

¹ Based on estimated TIF rebate schedule provided by City and presented in TIF agreement (See EXHIBITS D.1 & D.2)

NOTE: Year 2031 is in error on the PKF feasibility study. The correct number is represented in the above table (25% of \$404,326).

² Year 2036 exceeds \$6M TIF

The county assessor has assessed this project at a much higher value (EXHIBIT D.3). We believe that the accuracy of the county assessor’s numbers are more in tune with the actual value of the property as they have done a more detailed approach in the valuation. Based on the county assessors numbers, total value of the project is \$12,245,369 for the hotel/conference center and \$3,406,700 for the parking garage totaling the project tax assessed value of the property at \$15,652,069 with an annual property tax of \$527,743. Therefore, under this scenario, the property taxes over a 20 year span are below.

Proposed 112-Room Hotel Stanley & Conference Center @\$15,652,069 Tax Assessed Value Forecasted Property Tax (20 Year Span)		
Year	Rate	Forecasted Property Tax¹
2017	0%	-
2018	0%	-
2019	0%	-
2020	0%	-
2021	0%	-
2022	25%	131,936
2023	25%	131,936
2024	25%	131,936
2025	25%	131,936
2026	25%	131,936
2027	25%	131,936
2028	25%	131,936
2029	25%	131,936
2030	63%	332,914
2031	100%	527,743
2032	100%	527,743
2033	100%	527,743
2034	100%	527,743
2035	100%	527,743
2036	100%	527,743
Total		\$4,554,860

Source: Riverview Hotel Development

¹ Year 2030 is the year that the \$6M TIF has been exceeded.

C.5: Other District Impacts

Hotel and conference center projects are known as catalysts of economic development. The Hotel Stanley and Conference Center will:

- Attract new corporate, group meeting and leisure demand into downtown Muscatine which will create the need for additional services in the downtown area including restaurants, bars, entertainment and retail.
- Have a positive economic impact on the existing hotels. Many of the survey respondents indicated a desired need to pay less than \$100 for the hotel rooms associated with their group meetings. While an adequate number of respondents indicate that they would pay more, the more price sensitive visitors will frequent the existing 2 star hotels thereby increasing their occupancy.
- Enable existing Muscatine corporations to utilize hotel accommodations, meeting rooms and food/beverage venues in the local market rather than being forced to leave Muscatine for these services. This will reduce travel expense, increase local demand for meeting space and increase profitability of local corporations.
- Increase tax revenues for the City due to the increased spending as more people visit Muscatine and local and regional companies spend more money within the community.
- Allow the district to become an economic impact engine for the city, enabling it to attract new businesses and employment recruits. The presence of the Hotel Stanley & Conference Center as an upscale, full-service boutique hotel will make a statement about the quality of life and commitment to growth that is present in the city of Muscatine.

In addition there are several future projects that hinge on having the Hotel Stanley and Conference Center as the economic catalyst for the IRD district. Examples include:

City of Muscatine's 2nd Floor Project

This project will take buildings within the IRD district and convert the 2nd floors to condos. The impetus of this project is to attract more people into the downtown area and as the second floors become residential, demand for retail units in the bottom floors will increase. These renovations will be adaptive reuse projects taking advantage of historic tax credits to improve aging downtown buildings. This project requires a stable economic foundation to be in place with a vibrant food/beverage, entertainment and retail foundation to attract new residents into the downtown community. The Stanley Hotel and Conference Center will provide such an infrastructure improving the quality of life in downtown Muscatine while infusing the city with 80+ people per day spending dollars within the downtown area.

China Window Project

This project, initiated by our two Chinese investors, intends to bring Chinese culture and products to the Midwest. Building off President Xi's strong ties to Muscatine, the current plan is to purchase the blighted Marie Lindsey building (within district) and convert this building into a Chinese cultural and product Expo Center. Furthermore, plans include purchasing 200+ acres within Muscatine County to build a more detailed Expo Center which will become the Midwest's wholesale center for Chinese products and technology. In addition, a China tourism segment is planned with estimates of 2000 Chinese tourists visiting the Midwest annually via Muscatine each year. The Chinese developers are basing these projects off the ability to utilize the Hotel and Conference for their guest needs.

Expansion of the Muscatine Soccer Fields

Future plans are in progress to increase the quality and quantity of the competition soccer fields within Muscatine County in order to become the Midwest's largest competitive soccer field program. This project will bring hundreds of families into the Muscatine area for competitions during soccer season. Demand for hotels that are rated above 2 stars will be required. The Hotel Stanley and Conference Center will be the only hotel in Muscatine that will meet this need.

C.6: PKF Economic Impact Study (Independent)





January 14, 2015

Mr. Andy MacLellan
Riverview Hotel Development LLC
720 Burning Tree Drive Southeast
Marietta, Georgia 30067

Dear Mr. MacLellan:

In accordance with our engagement letter dated December 10, 2014, we have completed an Economic Impact Analysis for the proposed 112-Room Hotel Stanley and Conference Center in Muscatine County, Iowa. The economic impact includes the direct and indirect spending related to construction and operation of the proposed 112-room Hotel Stanley and Conference Center. The operation of the hotel will also have a direct, indirect and induced impact on employment in Muscatine County. In addition, we have provided a fiscal impact summary that details the estimated tax receipts that the City of Muscatine would obtain from the proposed facility.

The Economic Impact Study assumes that the proposed 112-Room Hotel Stanley and Conference Center would open in January 2017. The hotel market study issued by PKF Consulting USA to Riverview Hotel Development LLC on December 9, 2014 is utilized as the supporting documentation for computing the economic and fiscal impacts.

Although the proposed property's future performance has been conscientiously prepared using information obtained during the course of this study and our experience in the industry, it is based on estimates and assumptions, which are subject to uncertainty and variation, and we do not represent them as results that will actually be achieved. This report is subject to the same Statement of Assumptions and Limiting Conditions as set forth in the market study.

We would be pleased to hear from you if we may be of further assistance in the interpretation and application of our findings and conclusions. We express our appreciation to you and your associates for the cooperation extended to us during the course of this assignment.

Respectfully submitted,

PKF Consulting USA
A Subsidiary of CBRE, Inc.

G. Randle McCaslin, CRE
Senior Vice President

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ECONOMIC IMPACT

Total economic impact is a product of new direct and indirect spending within the local economy. PKF Consulting analyzed the direct spending relative to construction of the development and activities associated with the proposed 112-Room Hotel Stanley and Conference Center in both the State of Iowa and Muscatine County. We also analyzed the direct spending relative to the operation of the proposed 112-room Hotel Stanley and Conference Center in Muscatine, Iowa. Each new dollar spent (direct) has a multiplied effect on the economy in the form of increased revenues (spin off activity) to local businesses, increased employment and increased wages (indirect). An example of this would be a retailer who hires more employees as a result of an increase in sales volumes. Each new employee is a new consumer who then re-spends the money within the local economy. Therefore, direct economic impacts are all expenditures that can be linked directly to construction and operations, while indirect impacts are generated when these new dollars are re-spent within the local economy. These direct and indirect expenditures represent the total impact to the economy.

Our methodology separates economic impact into two categories: Construction and Operations. We then utilized the Regional Input-Output Modeling System (RIMS II) for Muscatine County developed by the U.S. Department of Commerce's Bureau of Economic Analysis. Based on these multipliers, we developed estimates for total economic impact, the increased wages to the area and the increased employment.

- Construction - The impact from the physical construction of the hotel and conference center and the one-time increase it has on spending. The construction spending also influences employment in many sectors of the local economy. Economic impact from the construction of the hotel comes in the form of wages paid to construction personnel as well as the purchase of construction materials.
- Operations – The creation of jobs and paying of wages to the employees of the proposed facility. This figure represents increased payroll expenditures, excluding benefits paid to workers locally. It also expresses how the employees of local business share in the increased outputs.

Economic Impact from Construction

In addition to the ongoing impacts from the operation of the facilities, the construction of the proposed 112-Room Hotel Stanley and Conference Center would create a one-time increase in spending. The development project team estimated the cost to develop the proposed 112-room Hotel Stanley and Conference Center at \$38.1 million. These costs provide an order of magnitude estimate of the development costs for the proposed 112-Room Hotel Stanley and Conference Center in order to assess economic impact. The estimates could change once the final design and costing of the project by qualified architects, engineers and contractors is completed.

Impact on State of Iowa

PKF Consulting interviewed local representatives to determine a reasonable assumption (88%) of materials and labor that will originate from within the State of Iowa. The following table uses the multipliers supplied by the RIMS II model for the State of Iowa to estimate economic impact resulting from construction.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa		
Economic Impact from Construction - State of Iowa		
Total Construction Cost ¹		\$38,100,000
Cost Generated		
From Within State of Iowa	88% ²	\$33,528,000
Output - represents the dollar increase in area		
output for every dollar increase in direct spending	1.8018	\$60,410,750
Wages - represents the dollar increase in area		
household income for every dollar increase in direct spending	0.6056	\$20,304,557
Total Economic Impact From Construction		\$80,715,307
Jobs - represents the increase in area jobs for every		
\$1 million in direct spending	16.3436	548 jobs
¹ Construction cost estimated by project team		
² According to local representatives		
Multiplier Source: US Department of Commerce - Bureau of Economic Analysis		

Impact on Muscatine County

PKF Consulting interviewed local representatives to determine a reasonable assumption (28%) of materials and labor that will originate from within Muscatine County, which is a subset within the State of Iowa. The following table uses the multipliers supplied by the RIMS II model for the State of Iowa to estimate economic impact resulting from construction.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa		
Economic Impact from Construction - Muscatine County, Iowa		
Total Construction Cost ¹		\$38,100,000
Cost Generated		
From Within Muscatine County	28% ²	\$10,668,000
Output - represents the dollar increase in area		
output for every dollar increase in direct spending	1.3849	\$14,774,113
Wages - represents the dollar increase in area		
household income for every dollar increase in direct spending	0.3514	\$3,748,735
Total Economic Impact From Construction		\$18,522,848
Jobs - represents the increase in area jobs for every		
\$1 million in direct spending	9.3839	100 jobs
¹ Construction cost estimated by project team		
² According to local representatives		
Multiplier Source: US Department of Commerce - Bureau of Economic Analysis		

Economic Impact from Operations

Direct economic impact from employment is generated by the creation of jobs and the paying of wages to the employees of the proposed facility. According to our comparables, a typical hotel would have payroll costs of approximately 30% of its total revenue. As much as 30% of these wages are typically withheld for taxes and savings and are not spent, which leaves 70% of these wages to be spent on household products and services. For purposes of the analysis, we estimated that 50% of the wages would be spent within the local economy.

After calculating the amount spent by employees in the local economy, we then applied the multipliers provided by the U.S. Department of Commerce's Bureau of Economic Analysis. Indirect impact occurs when the industries that produce these products and deliver these services hire more persons and pay more wages. The local economic impact from operations is presented in the following table.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa							
Local Economic Impact From Operations							
	Total Revenue ¹	Total Payroll (30% of Total Revenue)	Taxes & Savings - (30% of Payroll)	Amount Spent In Local Economy (50%)	Economic Impact		Total Impact From Operations Employment
					Output ² 1.3142	Wages ² 0.2677	
2017	6,229,000	\$1,868,700	\$560,610	\$654,045	\$859,546	\$175,088	\$1,034,634
2018	6,803,000	\$2,040,900	\$612,270	\$714,315	\$938,753	\$191,222	\$1,129,975
2019	7,398,000	\$2,219,400	\$665,820	\$776,790	\$1,020,857	\$207,947	\$1,228,804
2020	7,638,000	\$2,291,400	\$687,420	\$801,990	\$1,053,975	\$214,693	\$1,268,668
2021	7,851,000	\$2,355,300	\$706,590	\$824,355	\$1,083,367	\$220,680	\$1,304,047
2022	8,097,000	\$2,429,100	\$728,730	\$850,185	\$1,117,313	\$227,595	\$1,344,908
2023	8,346,000	\$2,503,800	\$751,140	\$876,330	\$1,151,673	\$234,594	\$1,386,266
2024	8,599,000	\$2,579,700	\$773,910	\$902,895	\$1,186,585	\$241,705	\$1,428,290
2025	8,853,000	\$2,655,900	\$796,770	\$929,565	\$1,221,634	\$248,845	\$1,470,479
2026	9,111,000	\$2,733,300	\$819,990	\$956,655	\$1,257,236	\$256,097	\$1,513,333
Total	\$78,925,000	\$23,677,500	\$7,103,250	\$8,287,125	\$10,890,940	\$2,218,463	\$13,109,403

¹PKF Consulting performance projections for the proposed Hotel Stanley and Conference Center
²Multiplier Source: US Department of Commerce - Bureau of Economic Analysis
Source: PKF Consulting USA

Total Economic Impact

The following table summarizes the local economic impact of the proposed Hotel Stanley and Conference Center beginning with construction in 2016 through the proposed facilities first 10 years (2017 through 2026) of operations.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa
Total Economic Impact

Year	Construction	Operations	Total Economic Impact
2016	\$18,522,848	--	\$18,522,848
2017	--	\$1,034,634	\$1,034,634
2018	--	\$1,129,975	\$1,129,975
2019	--	\$1,228,804	\$1,228,804
2020	--	\$1,268,668	\$1,268,668
2021	--	\$1,304,047	\$1,304,047
2022	--	\$1,344,908	\$1,344,908
2023	--	\$1,386,266	\$1,386,266
2024	--	\$1,428,290	\$1,428,290
2025	--	\$1,470,479	\$1,470,479
2026	--	\$1,513,333	\$1,513,333
Total	\$18,522,848	\$13,109,403	\$31,632,251

Source: PKF Consulting USA

EMPLOYMENT IMPACT

The proposed Hotel Stanley and Conference Center will have a direct, indirect and induced impact on employment. The direct impact is the number of jobs created at the Hotel Stanley and Conference Center. However, when these new employees spend their earned payroll in Muscatine County and when the hotel guests purchase goods and services in the Muscatine market, additional jobs will be created, which produces an indirect impact. For example, the additional revenues generated by this spending at existing businesses may require the businesses to add more employees or open a new business. Induced impact is generated when these new employees spend their earned payroll at businesses in Muscatine County, creating additional jobs.

The following table presents the number of direct, indirect and induced jobs that are estimated to be created by the development of the proposed Hotel Stanley and Conference Center in Muscatine County.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa
Summary of Employment Impact

Direct Jobs from Hotel Operation ¹	70 Jobs
Indirect Jobs within Muscatine County ²	8.1 Jobs
Induced Jobs within Muscatine County ²	4.7 Jobs

Source:

¹Based on estimates of staffing provided by the Management Company for the proposed Hotel Stanley & Conference Center

²Based on estimates presented in the "Economic Impact Analysis: Iowa Reinvestment District-City of Muscatine" by Dave Swenson

FISCAL IMPACT

In addition to the economic impact, we have also identified the fiscal benefit to the local community. This analysis estimates fiscal impacts for the governmental units that levy taxes in the jurisdiction. The fiscal impacts are tax revenues that result from the spending and income related to the activities at the new hotel. PKF Consulting estimated fiscal impact by multiplying the applicable tax rates by the estimated amounts of direct and indirect spending.

Hotel Occupancy Tax

The City of Muscatine will benefit from the collection of a 7% City Hotel Occupancy Tax levied on the rooms revenue of the proposed 112-Room Hotel Stanley and Conference Center. The following table summarizes the potential hotel occupancy taxes for the period 2017 through 2026, the first 10 years of hotel operations.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa		
Potential Hotel Occupancy Tax Revenues		
Year	Projected Rooms Revenue	Potential Hotel Occupancy Tax Revenues (7%)
2017	3,723,000	\$260,610
2018	4,064,000	\$284,480
2019	4,417,000	\$309,190
2020	4,568,000	\$319,760
2021	4,689,000	\$328,230
2022	4,840,000	\$338,800
2023	4,991,000	\$349,370
2024	5,143,000	\$360,010
2025	5,294,000	\$370,580
2026	5,445,000	\$381,150
Total	\$47,174,000	\$3,302,180

Source: PKF Consulting USA

Sales Tax

The following table summarizes the potential sales taxes generated by the proposed 112-Room Hotel Stanley and Conference Center for the period 2016 through 2026, which encompasses the period from construction through the first 10 years of operations. The table presents the taxable revenues realized by the City of Muscatine from the construction spending and operation of the Hotel Stanley and Conference Center in Muscatine County.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa					
Potential Sales Tax Revenues					
Year	Construction	Hotel Revenues	Operations Employment	Total Taxable Revenues	Potential Sales Tax Revenues (5%)
2016	\$18,522,848	--	--	\$18,522,848	\$926,142
2017	--	6,229,000	\$1,034,634	\$7,263,634	\$363,182
2018	--	6,803,000	\$1,129,975	\$7,932,975	\$396,649
2019	--	7,398,000	\$1,228,804	\$8,626,804	\$431,340
2020	--	7,638,000	\$1,268,668	\$8,906,668	\$445,333
2021	--	7,851,000	\$1,304,047	\$9,155,047	\$457,752
2022	--	8,097,000	\$1,344,908	\$9,441,908	\$472,095
2023	--	8,346,000	\$1,386,266	\$9,732,266	\$486,613
2024	--	8,599,000	\$1,428,290	\$10,027,290	\$501,364
2025	--	8,853,000	\$1,470,479	\$10,323,479	\$516,174
2026	--	9,111,000	\$1,513,333	\$10,624,333	\$531,217
Total	\$18,522,848	\$78,925,000	\$13,109,403	\$110,557,251	\$5,527,863

Source: PKF Consulting USA

Property Tax

For purposes of this analysis, PKF Consulting has utilized the tax rebates schedule estimated by the City of Muscatine, which was provided to the developer. Based on the TIF schedule, the property taxes collected will initially be zero for the first five years, 25% in year six through 14, 50% in year 15 through 20 and 100% beginning in the 21st year of operation. Estimates of property taxes collections for the period 2017 through 2036, the first 20 years of operation of the proposed Hotel Stanley and Conference Center are shown in the following table. (The full 20-year rebate period is shown for property taxes to show the full impact.)

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa	
Forecasted Property Tax	
Year	Forecasted Property Tax*
2017	\$0
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$101,082
2023	\$101,082
2024	\$101,082
2025	\$101,082
2026	\$101,082
2027	\$101,082
2028	\$101,082
2029	\$101,082
2030	\$101,082
2031	\$143,199
2032	\$202,163
2033	\$202,163
2034	\$202,163
2035	\$202,163
2036	\$202,163
Total	\$2,063,750

*Based on estimated TIF rebate schedule provided by the developer/City.
Source: Riverview Hotel Development, LLC

Beginning in 2037, the 21st year of operations, property tax collections will equal \$404,326 per year.

TOTAL PROJECTED ECONOMIC, EMPLOYMENT AND FISCAL IMPACT SUMMARY

The table below presents the Total Projected Economic, Employment and Fiscal Impact for the proposed 112-Room Hotel Stanley and Conference Center in Muscatine County, Iowa.

IMPACT OF THE DISTRICT ON THE LOCAL MARKET AREA

Hotel and conference center projects are known as catalysts of economic development. The proposed Hotel Stanley and Conference Center will attract new corporate, group meeting and leisure demand into downtown Muscatine, which will create the need for additional services in the downtown area. These new visitors will frequent existing restaurants, bars, entertainment and retail venues in the downtown area, increasing their revenues and profits and creating a need to hire additional employees. Additionally, the new activity will create a need for new restaurants, bars, entertainment and retail venues, drawing new businesses to the area.

The proposed Hotel Stanley and Conference Center will also have a positive economic impact on the existing local hotels. Many of the survey respondents indicated a desire to pay less than \$100 for the hotel rooms associated with their group meetings. While an adequate number of respondents indicated that they would pay more, which supports the proposed Hotel Stanley, the more price sensitive visitors will frequent the existing hotels increasing hotel occupancies.

The proposed District with the new Hotel Stanley and Conference Center will enable existing Muscatine corporations to utilize hotel accommodations, meeting rooms and food and beverage venues in the local market rather than being forced to leave Muscatine for many of these services. This should reduce travel expenses and increase the profitability of local businesses.

The increased spending will also increase tax revenues for the City, as more people visit Muscatine and local companies spend more money within the community. The District also becomes an economic impact engine for the City, enabling it to attract new businesses to Muscatine. The presence of the Hotel Stanley, as an upscale, full-service, boutique hotel, will make a statement about the quality of life and commitment to growth that is present in the City of Muscatine.

Section D: Uniqueness



www.barkleyphoto.com

D.1: Uniqueness

D.1.1: Unique Economic Engine

Downtown Muscatine is a historic community beautifully situated on the pristine banks of the Muscatine River. However this town is at a precipice. Historic buildings are crumbling. Area retail, food/beverage and entertainment are struggling to survive. The view from the riverfront shows a downtown blighted with old buildings, many abandoned. The downtown is slowly dying.



Example of an abandoned building in downtown Muscatine 1 street away from the riverfront.

This is not to say that there has not been a revitalization movement in the downtown. Old buildings have been converted into residences. New retail shops have been added. However, the revitalization movement lives on the edge because the economic infrastructure is too weak to support and grow this revitalization movement.

The Hotel Stanley and Conference Center will be the economic infrastructure to support the downtown revitalization that is sorely needed. Hotel projects such as The Stanley Hotel and Conference Center are catalyst for economic growth. This project will infuse over 70+ people into the downtown community on a daily basis aiding to give support not only to the existing struggling businesses but to give support to newly created businesses as well.

This project was not conceived for profitability although it meets this criteria. It was conceived to create the economic infrastructure necessary to create a thriving downtown community. Uniquely, this project will not aid a small area of a community, or even just the district in itself. It will be the key component in bringing downtown Muscatine back to life and sustaining that life for the future.

D.1.2: Maintenance of the Historic Architecture

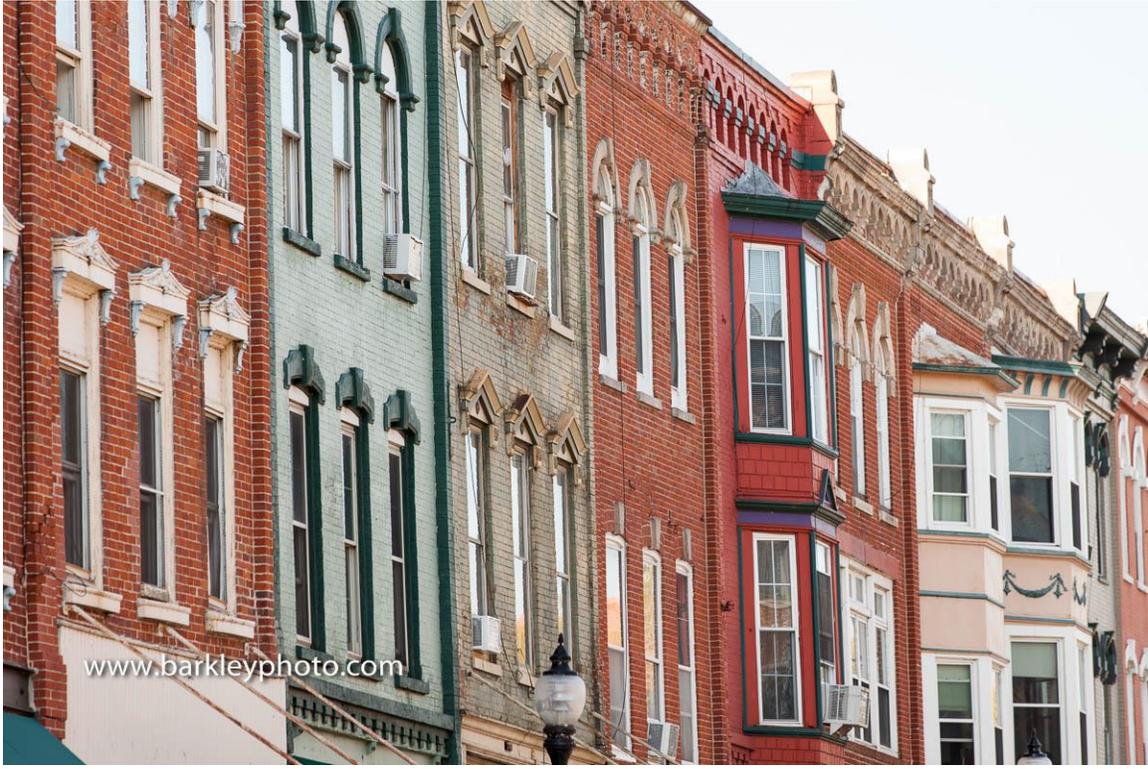
Downtown Muscatine is a historic community with elegant architecture representing the city's unique history. The Hotel Stanley and Conference Center intends to incorporate this architecture into the hotel and conference center so that the hotel will match the existing buildings along the riverfront in order to create a uniquely cohesive storyline of a quaint Midwest riverfront community.

Some examples of the unique architecture of the community:









D.1.3: Unique Interface with the River

The Hotel Stanley and Conference Center sits along the banks of the Mississippi River with uniquely pristine views.





In addition, the Hotel will be situated directly across from the city's riverfront park which boasts riverfront running/biking trails, a marina, fountains, playgrounds, a basketball court, entertain venues and a ice rink.











In the near future, the city of Muscatine will undergo another revitalization of the riverfront park. Some of the amenities in discussion to be included are:



Covered Picnic Area



© 2014 Sarasmita

Covered area for mobile food vending as well as outdoor entertainment events



Outdoor amphitheater



Outdoor Sculpture Garden showcasing Muscatine local artist



Stairs to water's edge



Outdoor fitness equipment for riverfront gym



Extended Fishing Pier

The Hotel Stanley and Conference center intends to incorporate this unique riverfront park opportunity into it's marketing plans creating packages that will take full advantage of the park's entertainment amenities.

D.1.4: Making Downtown Muscatine Uniquely Walkable

The city of Muscatine, in conjunction with the Walkable and Livable Institute, have created a plan to make downtown Muscatine into a pedestrian friendly walkable community. (See current plan: <http://www.muscatineiowa.gov/768/Other-Blue-Zones-Resources>)

Walkability is the cornerstone and key to an urban area's efficient ground transportation. Every trip begins and ends with walking. Walking remains the cheapest form of transport for all people. Construction of a walkable community provides the most affordable and equitable transportation system any community can plan, design, build and maintain. Walkable communities return urban environments to scale, pattern and mix for sustainability of resources (both natural and economic). They lead to more social interaction, physical fitness, diminished crime, and increased wellness, addressing many social and economic problems. Walkable communities are more liveable built environments and lead to whole, happy, healthy lives for the people who live in them. Walkable communities attract and keep jobs, young adults, families, children and grandchildren.

Dan Burden, Co-Founder of the Walkable and Liveable Institute has spent most of his life helping the world get "back on its feet." In 2014, the White House recognized Dan as a Champion of Change for his efforts to make places more walkable, including the leadership he has provided through the WALC Institute's technical assistance program and the resulting changes made in dozens communities the Institute has served. In 2009, a user's poll by Planetizen named Dan as one of the Top 100 Urban Thinkers of all time. That same year, Dan co-founded the WALC Institute to create a focus on education, capacity-building and training to support communities in becoming more engaged and healthier through active living. Dan also serves on the board of advisors for Walkscore (www.walkscore.com) and is the Director of Innovation & Inspiration for Blue Zones, LLC. Dan was also key in creating the city plan for Seaside, Florida.

Under Dan's direction, the city of Muscatine has developed a plan to add downtown Muscatine to the list of walkable communities (EXHIBIT L: Vision Toward a Future Mississippi Drive).

Plans include:

- Revamp of Iowa Ave and other key downtown streets to improve pedestrian walkability and create a draw to the riverfront. This includes boulevards, bike paths and front out parking.

- Revamp of Mississippi Drive to include roundabouts, better access to the riverfront, reduce speed, bike paths and off street front out parking.
- Stanley Hotel and Conference Center will be located on the corner of Iowa and Mississippi. Our project including the proposed green space will work in conjunction with the city projects.

Examples of similar renovations include:







The Hotel Stanley and Conference Center will be uniquely centered within this walkable community allowing guests to enjoy the full advantages of downtown Muscatine and the riverfront.

D.1.5: Unique Chinese Involvement

The Hotel Stanley and Conference Center has the unique involvement of 2 Chinese real estate developers as investors. These investors are non EB-5 investors who have also purchased two homes in Muscatine (one being the home where President Xi stayed).

Glad Chen and Daniel Wang plan to leverage President Xi's unique love and respect for Muscatine into several multi-cultural business opportunities. According to Daniel, the average Chinese national is more aware of Muscatine, IA than any other city in the U.S.

Xi Jinping came to Muscatine, IA in 1985 on an agricultural research excursion. 27 years later in 2012 he returned to Muscatine as Chinese Vice President.

“Coming here is really like coming back home. You can't even imagine what a deep impression I had from my visit 27 years ago to Muscatine ... For me, you are America.”
(The Daily Iowan 2/16/2012).

President Xi's love of Muscatine is transferred to the Chinese people. They too see Muscatine as the heartland of America.

In addition, because of President Xi's relationship with Muscatine, Iowa has a strong trade relationship with China. In 2010, Iowa exported \$599 million in goods to China and imported over \$1 billion making China the second-largest import trading partner to Iowa (US Census Bureau).

Glad and Daniel plans are to use the hotel as a springboard for several unique projects which will create additional economic impact to the district and Muscatine county.

These include:



Potential Future Home of the Chinese Cultural Center

Chinese Cultural Center

This center will feature Chinese culture and products. The planned building for this center is just behind the hotel within the district and downtown Muscatine. Currently a blighted building, the plan is to renovate the 3 floors into a Chinese cultural learning and education center. The center will feature learning events, Chinese products/technology, and cultural events.

Expo Center

Another goal of these investors is to create a 200 acre Expo center within Muscatine county that will feature Chinese wholesale products and technology that will be made available to the US markets.

Tourism

Currently it is estimated that over 200,000 Chinese nationalists visit Chicago annually. Plans are in the works to create a Heartland tourist package for Chinese nationals that features the amenities of the American Heartland that President Xi so greatly admires. Expected tourism is estimated at 2,000 Chinese nationalist annually.

Chinese business relationships require a unique relationship between its partners. Chinese business relationship inevitably becomes a social relationship after a while. Unlike Western business relationship which remains professional and perhaps, aloof, even after a long time, Chinese business relationship becomes a social one. The more you share your personal life, including family, hobbies, political views, aspirations, the closer you are in your business relationship. Sometimes, a lot of time is spent discussing matters outside of business, but then a lot of time, the other party is also making up his mind about your deal based on how much he sees your personal relationship with him.

The Hotel Stanley and Conference Center project along with the city of Muscatine have been able to create such a relationship with these investors. As our bond continues to strengthen with these associates, more business opportunities will be available to the Muscatine community. It will be a win-win for all parties involved.

D.1.6: Unique Learning Experience for Muscatine Community

The Muscatine Hotel and Conference Center intends to give back to the community through education by working in conjunction with the area universities to aid in the hospitality field of education. Plans include hospitality and culinary management internships. This will aid in growing the depth of the area university offerings.

D.1.7: Unique State of the Art Conference Center in In-Room Work Spaces



The Hotel Stanley and Conference Center will collaborate with HNI Corporation, a global leader in office furniture, to create a state of the art purposeful conference center and in room workspace environment. Using HNI space designers, the Stanley Hotel and Conference Center will become a global showcase for hotel conference spaces. In addition, plans are in the works to create a state of the art ergonomic work station that will be used in the hotel rooms allowing business travelers a uniquely comfortable efficient work environment that is a must for today's travelers.

D.1.8: Unique Community Support

This project from its inception has been seen as a unique community project necessary to create a sustaining economic infrastructure for downtown Muscatine.

The Hotel Stanley and Conference Center has uniquely seen overwhelming support from the Muscatine community as a whole. All investors within the project are community leaders and/or developers. In addition, all Muscatine banks are supporting the project via loans. The city and county have provided support via a \$6M TIF rebate as well as low interest loans. Corporations within the community also support this project. Kent Feeds for example is a major investor in the project. HNI has also provided a 200K grant as well as development support for the conference center. Other major corporations intend to be loyal customers of the hotel.

In addition, the development of an indoor conference center to meet the city's need for larger meeting more comprehensive meeting spaces as declared City's Comprehensive Development Plan adopted in September 2013 (Goal C.15).

Several letters from Muscatine key leaders exemplify this support (see next page):



300 EAST SECOND STREET • MUSCATINE, IOWA 52761
PHONE (563) 263-4221 • FAX (563) 262-4213 • MEMBER F.D.I.C
www.fnbmusc.com • info@fnbmusc.com

D. SCOTT INGSTAD
President & CEO

June 10, 2014

Mr. David Bernstein
c/o Alaina Santizo, IEDA staff
200 E Grand Ave
Des Moines IA 50309

Dear Mr. Bernstein:

On behalf of First National Bank of Muscatine, I respectfully request your positive consideration of the application of the Muscatine Reinvestment District for economic support from the Iowa Economic Development Authority.

This exciting project will provide a number of important benefits to our community, and ultimately to the state of Iowa. Muscatine's downtown, already the beneficiary of a number of successful projects undertaken and completed by Tom and Ann Mecker, will be tremendously enhanced by a development of this magnitude. The significant capital investment plus the ongoing parade of visitors, both professional and recreational, to our community will create huge financial and social gains for Muscatine and southeast Iowa. More and more people will have reasons to come and enjoy the many attributes we have to offer.

When the combination of our strong business community and outstanding recreational and sports facilities is added to the great relationship already established between Muscatine and the People's Republic of China, it is hard to imagine a better place in Iowa to proceed with a project such as this one. The need for a first class facility as envisioned by the Meekers is clear, and I am enthusiastic in my support of their application to your organization. I am certain you will not regret a decision to provide financial assistance.

Sincerely,


D. Scott Ingstad
President & CEO



June 10, 2014

Mr. David Bernstein
c/o Alaina Santizo, IEDA Staff
IEDA Board Chair
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Bernstein:

Subject: Muscatine Reinvestment District Application

On behalf of Stanley Consultants, I would like to offer our support for the Muscatine Reinvestment District application submitted by the City of Muscatine to the Iowa Economic Development Authority on June 20, 2014.

Stanley Consultants, Inc., is a global consulting engineering firm that provides program management, planning, engineering, environmental and construction services worldwide. Our company's rich history took root in Muscatine in 1913 and has continued to grow for more than a century, serving clients across the United States and around the world. Although we have offices in several domestic and international locations, we continue to maintain our headquarters in downtown Muscatine. We are proud of our community and believe the proposed project at the core of the application would greatly enhance and revitalize downtown development, which would benefit our citizens as well as attract new businesses.

Thank you for your consideration in approving Muscatine's Reinvestment District application.

Sincerely,

Stanley Consultants, Inc.

A handwritten signature in blue ink that reads 'Gayle Roberts'.

Gayle Roberts, P.E.
President and CEO

gar.mkf.garcorres/IEDA-Bernstein-Ltr-061014.docx



MONSANTO COMPANY
AGRICULTURAL SECTOR
P.O. BOX 473
MUSCATINE, IOWA 52751
PHONE (563) 263-0093
<http://www.monsanto.com>

June 11, 2014

David Bernstein
c/o Alaina Santizo, IEDA staff
IEDA Board Chair
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Bernstein,

This letter is being sent on behalf of the Monsanto site located in Muscatine, Iowa to express our support for the Muscatine Reinvestment District application before the Iowa Economic Development Authority on June 20, 2014.

We currently employ over 400 employees at our location and having an active and healthy community in which we work and operate is key to our success as a company. The current proposed project will not only bring additional jobs and an influx of capital into the community, but will also provide long term benefits for the further development and utilization of our downtown city center. Continued revitalization of this area will enable Muscatine to draw and retain employees to the community.

Our entire community will benefit from a downtown that is able to attract our citizens to their city center, and can lead to a more prosperous and successful community. The region and state can benefit from Muscatine's downtown being able to attract visitors and businesses to our community.

Again, we ask you to approve Muscatine's application. As a local employer in the area we support this project.

Regards,

A handwritten signature in black ink, appearing to read "Shawn Schrader".

Shawn Schrader
Monsanto Plant Manager
Muscatine, IA

Corporate: 100 1st Ave West · PO Box 808 · Oskaloosa, IA 52577 · 641/673-0411 · 800/825-6020 · Fax: 641/673-4740
Manufacturing: 2107 Stewart Road · PO Box 260 · Muscatine, IA 52761 · 563/263-2281 · 800/756-1205 · Fax: 800/374-6402
Web: www.musco.com · **Email:** lighting@musco.com



David Bernstein
C/o Alaina Santizo, IEDA staff
IEDA Board Chair
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Bernstein,

As a representative of Musco Sports Lighting, I am writing this letter in support of the Muscatine Reinvestment District application before the Iowa Economic Development Authority on June 20, 2014.

Musco believes this is a significant project for the future of Muscatine. We ask that you strongly consider providing the requested support towards this project.

This project will provide much needed positive impact to the continued development of Muscatine's downtown district.

It will serve to anchor current and future development activities in this area.

It will provide quality overnight lodging options in a location more central to many of the significant businesses in the community.

It will provide much needed conference facilities for the community. Currently, Muscatine is greatly limited by the lack of large conference and meeting facilities. The availability of this type of space will directly benefit Musco as well as other businesses in town.

It will provide synergies with one of the most important resources of the community, the Mississippi River.

It will serve as an on-going focal point for Muscatine's unique relationship with the People's Republic of China.

It will provide significant community development and economic impact for Muscatine.

We ask you to approve this application.

Respectfully,

A handwritten signature in black ink, appearing to read "Brett Nelson", with a long horizontal flourish extending to the right.

Brett Nelson
General Manager
Musco Sports Lighting
Muscatine, IA

Lighting . . . We Make It Happen.



June 6, 2014

Mr. David Bernstein
C/o Alaina Santizo, IEDA staff
IEDA Board Chair
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Bernstein,

I am writing on behalf of HNI Corporation to express our support for the Muscatine Reinvestment District application before the Iowa Economic Development Authority June 20, 2014.

The project proposed for this district has the potential to be quite meaningful to Muscatine, the region, and the State of Iowa.

- Redevelopment of downtown Muscatine: The heart of the community is the downtown but like many Iowa communities, Muscatine's downtown revitalization efforts have been challenging. This project would be the economic development boost to stimulate other infrastructure investments such as professional/commercial offices, higher end residential living space, and retail investment.
- For Iowa corporations to maintain headquarters or significant operations in Iowa, communities need to have appropriate amenities supporting the ability for the companies to compete on a national scale. When HNI customers or vendors visit Muscatine on business, it is critical we have the types of facilities conducive for professional travel. Muscatine does not have a hotel offering meeting those standards today, causing people to stay in hotels, and consequently dining, in communities outside of Muscatine. Often, those alternative choices are found in bordering Illinois.
- Community amenities also enhance the local corporations' abilities to recruit talent, not only to the respective companies as new employees but to the communities and state of Iowa as new residents. Progressive communities are a factor in creating a healthy business environment. A healthy business environment creates jobs.

This project is important to our community and to Iowa.

Sincerely,

A handwritten signature in black ink that reads "Gary L. Carlson". The signature is fluid and cursive.

Gary Carlson
Vice President, Community Relations

Heinz North America



Division of H.J. Heinz Company, L.P.
1357 Iselt Avenue
Muscatine, Iowa 52761-4589

David Bernstein
C/o Alaina Santizo, IEDA staff
IEDA Board Chair
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Bernstein,

I am writing on behalf of Heinz to express our support for the Muscatine Reinvestment District application before the Iowa Economic Development Authority June 20, 2014.

The project proposed for this district is important to the future of our community. Beyond the obvious value of new jobs and capital investment the project will provide quality lodging and needed conference and meeting space making it possible for large events for our community and our businesses to be held.

This initiative can be a catalyst for further development and utilization of our city center. Continued revitalization of our downtown area can enable Muscatine to draw and retain employees which is key to the long term success of our community as well as the state of Iowa.

It will provide an excellent venue for us to continue to grow our relationships with the People's Republic of China. These relationships are important from both social and economic perspectives.

Again, we ask you to approve Muscatine's application. We thank you for the work you do for Iowa, and look forward to hearing about the success of our project June 20.

Regards,

Thomas C. Green

Senior Factory Manager

H.J. Heinz Company



**COMMUNITY BANK
& TRUST**
Member FDIC

June 10, 2014

Mr. David Bernstein
C/O Alaina Santizo, IEDA Staff
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Bernstein,

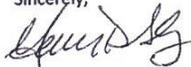
I am sending this letter to offer my support for approval of the Muscatine Reinvestment District application coming before the Iowa Economic Development Authority on June 20, 2014.

I have personally known and worked with Tom and Ann Meeker for many years in my capacity as President of Community Bank & Trust. The Muscatine project, under their stewardship, will greatly benefit not only Muscatine, but the entire area of Eastern Iowa and Western Illinois. This project, situated with a view of the Mississippi river, has the potential to make Muscatine a featured destination for many people. In addition, the anticipated partnership with investors from the Peoples Republic of China can only strengthen a relationship that continues to prosper and grow.

Muscatine has long been a hub for manufacturing and development. Our local industries, both large and small, provide an excellent base for employment by providing good paying jobs and opportunities for growth. The addition of this downtown project will provide a catalyst for attracting businesses and visitors to Muscatine.

In closing, I support the Muscatine Reinvestment District and urge the IEDA to approve the Muscatine application.

Sincerely,



Gary D. Slight
President

229 Main Street
P.O. Box 268
Columbus Junction, Iowa 52738
(319) 728-2226

615 Cedar Street
P.O. Box 500
Muscatine, Iowa 52761
(563) 263-1122

2506 Park Avenue
Muscatine, Iowa 52761
(563) 263-1057

206 Hwy. 61 N
P.O. Box 96
Wapello, Iowa 52653
(319) 523-8390

210 W. 4th Street
P.O. Box 1120
Wilton, Iowa 52778
(563) 732-2077



David Bernstein
C/o Alaina Santizo, IEDA staff
IEDA Board Chair
200 East Grand Avenue
Des Moines, IA 50309

June 9, 2014

Dear Mr. Bernstein,

This letter is being sent on behalf of the Greater Muscatine Chamber of Commerce and Industry to express our support for the Muscatine Reinvestment District application before the Iowa Economic Development Authority June 20, 2014.

The project proposed for this district is important to the future of our community. Beyond the obvious value of new jobs and capital investment the project will be a catalyst for further development and utilization of our city center. Continued revitalization of our downtown area can enable Muscatine to draw and retain employees which is key to the long term success of our community as well as the state of Iowa.

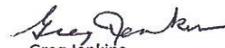
Our entire community will benefit from a downtown that is able to attract our citizens to their city center, and can lead to a more prosperous and successful community. The region and state can benefit from Muscatine's downtown being able to attract visitors and businesses to our community.

This initiative can provide an excellent venue for us to continue to grow our relationships with the People's Republic of China. These relationships are important from both social and economic perspectives.

Again, we ask you to approve Muscatine's application. Greater Muscatine Chamber of Commerce and Industry and our nearly four hundred members support this project.

Regards,


Doug Krieger
Board Chair


Greg Jenkins
President and CEO

Greater Muscatine Chamber of Commerce & Industry
102 Walnut Street • Muscatine, Iowa 52761 USA
563-263-8895 • 563-263-6373 • Fax 563-263-7662

Section E: Certification and Release of Information



SECTION E – Certification and Release of Information

I hereby give permission to the Iowa Economic Development Authority (IEDA) to engage in due diligence, make credit checks, contact the applicant's financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IEDA state tax information pertinent to the state income tax, sales and use tax, and state tax credits involved with the Iowa Reinvestment District.

I understand that all information submitted to IEDA related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22).

I understand that IEDA reserves the right to negotiate the financial assistance.

I understand this application is subject to final approval by IEDA and the Project may not be initiated until final approval is secured.

I hereby certify that all representations, warranties, or statements made or furnished to IEDA in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

FOR THE APPLICANT:



[Name, Title] Signature
City of Muscatine

2/2/15

Date

