

## Section B: District Project



### Riverview Perspective of Hotel



### **B.1: Proposed District Projects**

<b>Proposed Project</b>	<b>Total Cost</b>
Hotel Stanley and Conference Center	\$41,550,000
	<b>\$41,550,000</b>

### **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 5<sup>th</sup> and 6<sup>th</sup> 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 2<sup>nd</sup> 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 Uses <sup>5</sup>		Sourcing Uses	
Land Acquisition <sup>4</sup>	1,690,000	<b>Equity</b>	
Architectural Design	795,251	HIF <sup>1</sup>	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	<b>Grant</b>	
FF&E	1,764,534	HNI Furniture Grant	200,000
OS&E	1,622,668	<b>Debt</b>	
Pre-Opening Costs	1,729,505	USDA Loan <sup>2</sup>	21,000,000
Other	3,455,229	MMRLF <sup>3</sup>	350,000
Contingency	4,233,508		
<b>Total Project Budget</b>	<b>\$41,550,000</b>	<b>Total Funding Sources</b>	<b>\$41,550,000</b>

<sup>1</sup> HIF = Howe Investment Fund

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

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

<sup>4</sup> 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.

<sup>5</sup> 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

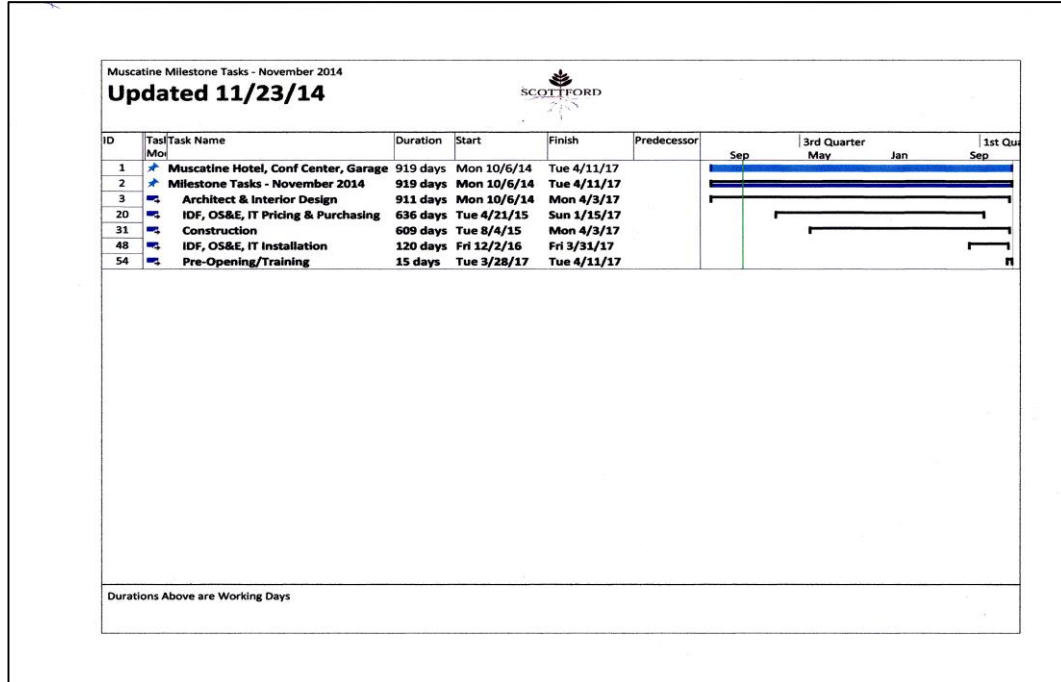
conference and resort destination company in Europe. Dolce is the only international company that specifically targets the large multi-national corporations for conference business.

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](http://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

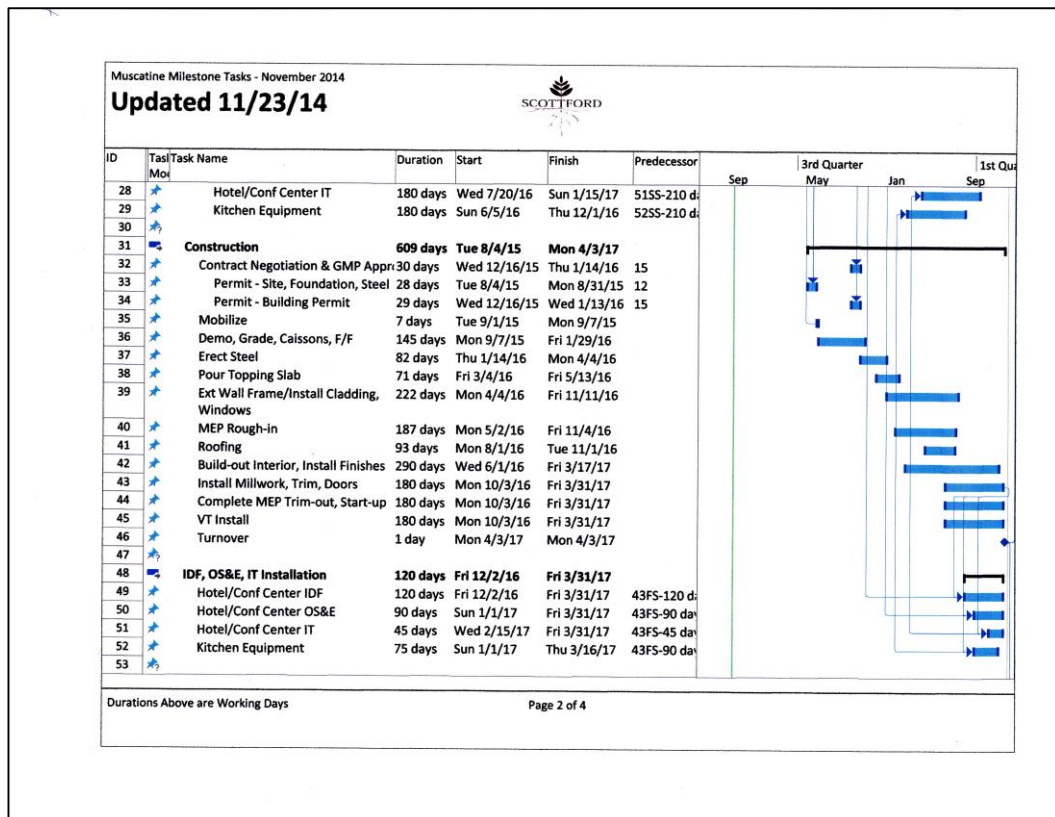
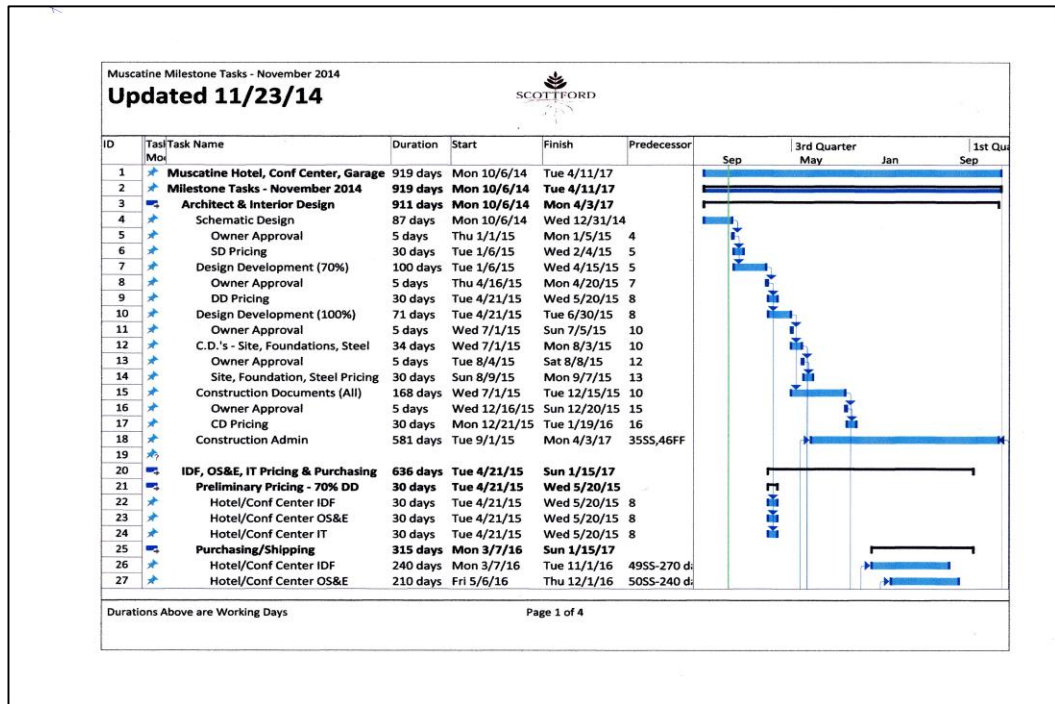
## B.4.6: Expected Milestone Timeline

### 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 Quarter
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

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**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	
Building SF		105,750 SF		108 Stalls	
				Total	
		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	-	8,183,146	
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 Markups		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	
<b>Operating Supplies &amp; Equip. (OS&amp;E)</b>			
<b>Interior Designer OS&amp;E Budget</b>			
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
<b>Owner OS&amp;E Budget</b>			
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
<b>Total OS&amp;E</b>	<b>1,883,837</b>	<b>-</b>	<b>1,883,837</b>
<b>OS&amp;E Costs S/F</b>	<b>\$18/SF</b>	<b>\$0/Stall</b>	
<b>Information Technology &amp; Signage</b>			
Information Technology	459,624	-	459,624
Interior & Exterior Signage	100,000	-	100,000
<b>Total IT &amp; Signage</b>	<b>559,624</b>	<b>-</b>	<b>559,624</b>
<b>IT &amp; Signage Cost/SF</b>	<b>\$5/SF</b>	<b>\$0/Stall</b>	
<b>Soft Costs</b>			
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
<b>Total Soft Costs</b>	<b>3,050,965</b>	<b>209,568</b>	<b>3,260,533</b>
<b>Soft Costs/SF</b>	<b>\$29/SF</b>	<b>\$1,940/Stall</b>	
<b>Subtotal Budget</b>	<b>30,812,645</b>	<b>3,084,343</b>	<b>33,896,988</b>
<b>Subtotal Budget Costs/SF</b>	<b>\$291/SF</b>	<b>\$28,559/Stall</b>	
<b>Contingency</b>			
Project Contingency (10%)	3,082,292	431,216	4,233,508
<b>Total Contingency</b>	<b>3,802,292</b>	<b>431,216</b>	<b>4,233,508</b>
<b>Total Budget + Contingency</b>	<b>33,893,910</b>	<b>4,236,587</b>	<b>38,130,497</b>
<b>Total Budget Cost/SF</b>	<b>\$327/SF</b>	<b>\$39,551 Stall<sup>1</sup></b>	
<b>Other Project Costs</b>			
Land Acquisition	530,000	1,160,000	1,690,000
Pre-Opening Costs	1,179,504	-	1,729,503
<b>Total Other Project Costs</b>	<b>1,709,504</b>	<b>1,160,000</b>	<b>3,329,503</b>
<b>Total Project Costs Budget</b>			<b>\$41,550,000</b>

<sup>1</sup> 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 6<sup>th</sup> 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 6<sup>th</sup> 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 depose 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](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**

**I. CONSTRUCTION**

**Building Construction**

	QTY	Unit \$	Total
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
<b>Subtotal Building Construction</b>	<b>105,750 SF</b>	<b>198.81</b>	<b>21,024,124</b>

**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	-
<b>Subtotal Contractor Markups</b>	<b>105,750 SF</b>	<b>20.43</b>	<b>2,160,597</b>

**Total Building Construction**

**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
<b>Subtotal Parking Garage (Merit 11/18/14)</b>	<b>108 Stall</b>	<b>19,861.56</b>	<b>2,145,048</b>

**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	-
<b>Subtotal Contractor Markups</b>	<b>108 Stall</b>	<b>2,154.74</b>	<b>232,712</b>

**Total Parking Garage (Merit 11/18/14)**

**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
<b>Total Site/Landscaping Added Scope</b>	<b>Allowance</b>	<b>497,015.00</b>	<b>497,015</b>

**Total Construction**

**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
<b>Subtotal Guestroom IDF</b>	<b>112</b>	<b>6,462.51</b>	<b>723,802</b>
<b>Guestroom Corridors IDF</b>			
Guestroom Corridor ( x 4)	4	25,738.00	102,952
<b>Subtotal Guestroom Corridors IDF</b>	<b>4</b>	<b>25,738.00</b>	<b>102,952</b>
<b>Subtotal Guestroom IDF</b>	<b>112</b>	<b>7,381.73</b>	<b>826,754</b>
<b>Public Areas (PA) IDF</b>			
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
<b>Subtotal Public Areas (PA) IDF</b>			<b>210,022</b>
<b>Meeting Rooms IDF</b>			
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
<b>Subtotal Meeting Rooms IDF</b>	<b>8</b>	<b>45,178.75</b>	<b>361,430</b>
<b>Subtotal CLO IDF Budget</b>	<b>112</b>	<b>12,483.98</b>	<b>1,398,206</b>
<b>Owner IDF Allowances</b>			
<b>Public Areas (PA) IDF</b>			
Fitness Allowance	1	25,000.00	25,000
Pool Area Allowance	1	10,000.00	10,000
<b>Subtotal Public Areas (PA) IDF</b>	<b>2</b>	<b>17,500.00</b>	<b>35,000</b>
<b>Meeting Rooms IDF</b>			
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
<b>Subtotal Meeting Rooms IDF</b>	<b>4</b>	<b>11,836.00</b>	<b>47,344</b>
<b>Back of House (BOH) Areas IDF</b>			
BOH Allowance	1	75,000.00	75,000
<b>Subtotal Back of House (BOH) Areas IDF</b>	<b>1</b>	<b>75,000.00</b>	<b>75,000</b>
<b>Site Areas IDF</b>			
Site IDF Allowance	1	25,000.00	25,000
<b>Subtotal Site Areas IDF</b>	<b>1</b>	<b>25,000.00</b>	<b>25,000</b>
<b>IDF Reserve</b>			
IDF Reserve	12.0%	1,533,205.64	183,985
<b>Subtotal IDF Reserve</b>			<b>183,985</b>

**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 \$	
<b>Subtotal Owner IDF Allowances</b>	<b>112</b>	<b>3,270.79</b>	<b>366,329</b>
<b>Subtotal IDF</b>	<b>112</b>	<b>15,754.77</b>	<b>1,764,534</b>
<b>IDF Supplements</b>			
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
<b>Subtotal IDF Supplements</b>	<b>112</b>	<b>3,294.32</b>	<b>368,964</b>
<b>Total Interior Design Furnishings (IDF)</b>	<b>112</b>	<b>19,049.09</b>	<b>2,133,498</b>
<b>Operating Supplies &amp; Equipment (OS&amp;E)</b>			
<b>Hatch OS&amp;E Budget</b>			
<b>Guestroom OS&amp;E</b>			
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
<b>Subtotal Guestroom OS&amp;E</b>	<b>112</b>	<b>2,929.22</b>	<b>328,073</b>
<b>Public Areas OS&amp;E</b>			
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	-
<b>Subtotal Public Areas OS&amp;E</b>	<b>1</b>	<b>20,160.00</b>	<b>20,160</b>
<b>Back of House OS&amp;E</b>			
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
<b>Subtotal Back of House OS&amp;E</b>	<b>1</b>	<b>58,408.00</b>	<b>58,408</b>
<b>Subtotal Hatch OS&amp;E Budget</b>	<b>157</b>	<b>2,590.07</b>	<b>406,641</b>
<b>Owner OS&amp;E Allowances</b>			
<b>Guestroom OS&amp;E</b>			
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
<b>Subtotal Guestroom OS&amp;E</b>			<b>158,000</b>



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



**Schematic Design**  
**Project Budget Estimate**

	Budget		
	QTY	Unit \$	Total
<b>Public Areas (PA) OS&amp;E</b>			
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
<b>Subtotal Public Areas (PA) OS&amp;E</b>			<b>288,670</b>
<b>Back of House (BOH) Areas OS&amp;E</b>			
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
<b>Subtotal Back of House (BOH) Areas OS&amp;E</b>			<b>595,500</b>
<b>OS&amp;E Reserve</b>			
OS&E Reserve	12.0%	1,448,811.00	173,857
<b>Subtotal OS&amp;E Reserve</b>			<b>173,857</b>
<b>Subtotal Owner OS&amp;E Allowances</b>			<b>1,216,027</b>
<b>Subtotal OS&amp;E</b>			<b>1,622,668</b>
<b>OS&amp;E Supplements</b>			
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
<b>Subtotal OS&amp;E Supplements</b>			<b>261,168</b>
<b>Total Operating Supplies &amp; Equipment (OS&amp;E)</b>	<b>157</b>	<b>11,998.96</b>	<b>1,883,837</b>
<b>Information Technology (IT)</b>			
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
<b>Total Information Technology (IT)</b>	<b>105,750 SF</b>	<b>4.35</b>	<b>459,624</b>
<b>Signage</b>			
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 \$	
<b>Total Signage</b>	<b>105,750 SF</b>	<b>0.95</b>	<b>100,000</b>
<b>Total IDF, OS&amp;E, IT &amp; SIGNAGE</b>	<b>105,750 SF</b>	<b>43.28</b>	<b>4,576,959</b>
<b>III. SOFT COSTS</b>			
<b>Professional Fees</b>			
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
<b>Subtotal Professional Fees</b>	<b>105,750 SF</b>	<b>28.59</b>	<b>3,023,863</b>
<b>Building Permits</b>			
Building Permits (in Construction)	0.0%	23,169,172	-
<b>Subtotal Building Permits</b>	<b>105,750 SF</b>	<b>-</b>	<b>0</b>
<b>Legal &amp; Accounting</b>			
Legal & Accounting Reserve	1	25,000	25,000
<b>Subtotal Legal &amp; Accounting</b>	<b>105,750 SF</b>	<b>0.24</b>	<b>25,000</b>
<b>Sales &amp; Use Tax</b>			
Sales & Use Tax	7.0%	3,023,863	211,670
<b>Subtotal Sales &amp; Use Tax</b>	<b>105,750 SF</b>	<b>2.00</b>	<b>211,670</b>
<b>Total Soft Costs</b>	<b>105,750 SF</b>	<b>30.83</b>	<b>3,260,533</b>
<b>IV. CONTINGENCY</b>			
Project Contingency	11.2%	33,896,988	3,802,292
Parking Garage Contingency	15.0%	2,874,775	431,216
<b>Total Contingency</b>	<b>105,750 SF</b>	<b>40.03</b>	<b>4,233,508</b>
<b>TOTAL BUDGET</b>	<b>105,750 SF</b>	<b>360.57</b>	<b>38,130,497</b>



### 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
<b>Rooms Department</b>																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
<b>Total</b>												0	0	0	0	0
<b>Food &amp; Beverage</b>																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
<b>Total</b>												0	0	0	0	0
<b>Conference</b>																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
<b>Total</b>												0	0	0	0	0
<b>Golf</b>																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
<b>Total</b>												0	0	0	0	0
<b>Spa</b>																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
<b>Total</b>												0	0	0	0	0
<b>Rental Management</b>																
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						
<b>Total</b>																
<b>Sale &amp; Marketing</b>																
Payroll & Related												0	0	5,962	5,769	7,212
Other												0	0	0	1,000	1,800
<b>Total</b>												0	0	5,962	6,769	9,012
<b>Administrative &amp; General</b>																
Payroll & Related												900	18,537	18,537	18,537	18,812
Other												900	18,537	18,537	30,537	33,812
<b>Total</b>												900	18,537	18,537	30,537	33,812
<b>Engineering</b>																
Payroll & Related												0	0	0	0	0
Other												0	0	0	0	0
<b>Total</b>												0	0	0	0	0
<b>Total</b>																
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	600	18,537	18,537	58,437	19,537	20,612
<b>Total</b>	<b>40,100</b>	<b>7,100</b>	<b>10,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,100</b>	<b>7,400</b>	<b>25,037</b>	<b>25,037</b>	<b>43,806</b>	<b>49,324</b>

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Total Expenses

Pre-Opening Budget Model January 31 2015.xls

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

	2017									
	January	February	March	April	May	June	July	August	September	TOTAL
<b>Rooms Department</b>										
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
<b>Total</b>	<b>0</b>	<b>7,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,368</b>	<b>14,824</b>	<b>22,008</b>	<b>95,068</b>	<b>154,428</b>
<b>Food &amp; Beverage</b>										
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,543</b>	<b>20,724</b>	<b>45,774</b>	<b>70,811</b>	<b>168,852</b>
<b>Conference</b>										
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>7,450</b>	<b>16,960</b>	<b>27,410</b>
<b>Golf</b>										
Payroll & Related	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Spa</b>										
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,600</b>	<b>3,600</b>
<b>Rental Management</b>										
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
<b>Total</b>										<b>209,900</b>
<b>Sale &amp; Marketing</b>										
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
<b>Total</b>	<b>50,269</b>	<b>18,899</b>	<b>23,342</b>	<b>52,842</b>	<b>59,342</b>	<b>58,582</b>	<b>64,842</b>	<b>69,142</b>	<b>80,582</b>	<b>499,582</b>
<b>Administrative &amp; General</b>										
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
<b>Total</b>	<b>30,812</b>	<b>32,312</b>	<b>34,812</b>	<b>73,012</b>	<b>57,512</b>	<b>50,316</b>	<b>48,563</b>	<b>52,563</b>	<b>68,050</b>	<b>619,812</b>
<b>Engineering</b>										
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,625</b>	<b>4,000</b>	<b>15,720</b>	<b>23,575</b>	<b>45,920</b>
<b>Total</b>										
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
<b>Total</b>	<b>88,181</b>	<b>65,311</b>	<b>65,254</b>	<b>132,954</b>	<b>123,954</b>	<b>170,534</b>	<b>160,053</b>	<b>219,757</b>	<b>365,746</b>	<b>1,729,505</b>

2/2/15 4:23 PM

Total Expenses

Pre-Opening Budget Model January 31 2015.xls

## 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	3,061	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 1<sup>st</sup> 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)																								
		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			
%											1.6%	2.0%	2.0%	2.0%	3.7%	3.7%	3.6%	5.5%	5.5%	7.8%	7.6%	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	2,048.0	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%	8.5%	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	64.0						100.0%	
%																			10.0%	20.0%	20.0%	20.0%	15.0%	4.0%	4.0%	4.0%	3.0%						0	
Parking Garage																																		0.0%
%																			213.3	426.7	426.7	426.7	320.0	85.3	85.3	85.3	64.0						2,133	
Total																			213.3	426.7	426.7	426.7	320.0	85.3	85.3	85.3	64.0						100.0%	
%																			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																																		100.0%
%																																		0.0%
Parking Garage																																		0.0%
%																																		1,883.8
Total																																		100.0%
%																																		100.0%
Information Technology (IT) & Signage																																		559.6
Hotel + Conference Center																																		100.0%
%																																		0.0%
Parking Garage																																		0.0%
%																																		559.6
Total																																		100.0%
%																																		100.0%

**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



	Predevelopment														Construction																				
	Schematic Design (SD)			Design Development (DD)					Construction Documents (CD)																				IDF/OS&E Install						
	Month	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	Total			
Project Management																																			
Hotel + Conference Center	25.0	50.0	0.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	878.0			
%	2.8%	5.7%	0.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	100.0%			
Parking Garage	5.0	10.0	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	150.0			
%	3.3%	6.7%	0.0%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	100.0%			
Total	30.0	60.0	0.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	1,028.0			
%	2.9%	5.8%	0.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	100.0%			
Professional Fees																																			
Hotel + Conference Center	39.4	244.2	20.0	94.7	181.1	181.1	181.1	181.1	181.1	86.9	86.9	86.9	86.9	86.9	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	2,172.9			
%	1.8%	11.2%	0.9%	4.4%	8.3%	8.3%	8.3%	8.3%	8.3%	4.0%	4.0%	4.0%	4.0%	4.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	100.0%			
Parking Garage	2.0	2.0	2.0	5.0	5.0	5.0	5.0	5.0	5.0	2.4	2.4	2.4	2.4	2.4	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	59.6			
%	3.3%	3.3%	3.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	4.0%	4.0%	4.0%	4.0%	4.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	100.0%			
Total	41.3	246.2	22.0	99.7	186.0	186.0	186.0	186.0	186.0	89.3	89.3	89.3	89.3	89.3	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	2,232.4			
%	1.9%	11.0%	1.0%	4.5%	8.3%	8.3%	8.3%	8.3%	8.3%	4.0%	4.0%	4.0%	4.0%	4.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	100.0%			
Contingency																																			
Hotel + Conference Center																										342.2	418.3	456.3	532.3	608.4	684.4	760.5	3,802.3		
%																										9.0%	11.0%	12.0%	14.0%	16.0%	18.0%	20.0%	100.0%		
Parking Garage																										38.8	47.4	51.7	60.4	69.0	77.6	86.2	431.2		
%																										9.0%	11.0%	12.0%	14.0%	16.0%	18.0%	20.0%	100.0%		
Total																										38.8	47.4	51.7	402.6	487.2	533.9	618.6	684.4	760.5	4,233.5
%																										9.9%	11.1%	12.2%	14.6%	16.4%	18.2%	20.0%	100.0%		
Total																																			
Hotel + Conference Center	84	294	20	120	206	206	206	206	206	112	539	581	575	575	916	916	893	1,541	1,763	2,282	2,530	2,581	2,514	2,847	2,600	2,233	2,077	2,032	1,587	1,404	34,615				
%	0.2%	0.8%	0.1%	0.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.3%	1.6%	1.7%	1.7%	1.7%	2.6%	2.6%	2.6%	4.5%	5.1%	6.6%	7.3%	7.4%	7.3%	8.2%	7.5%	6.5%	6.0%	5.9%	4.6%	4.1%	100.0%				
Parking Garage	7	12	2	10	10	10	10	10	10	7	7	7	7	7	6	6	6	121	178	236	332	398	460	497	448	371	322	6	6	6	3,516				
%	0.2%	0.3%	0.1%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	3.4%	5.1%	6.7%	9.4%	11.3%	13.1%	14.1%	12.8%	10.5%	9.2%	0.2%	0.2%	0.2%	100.0%				
Total	71	306	22	130	216	216	216	216	216	119	546	589	582	582	922	922	899	1,662	1,941	2,528	2,862	2,960	2,974	3,344	3,049	2,604	2,399	2,037	1,592	1,409	38,130				
%	0.2%	0.8%	0.1%	0.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.3%	1.4%	1.5%	1.5%	1.5%	2.4%	2.4%	2.4%	4.4%	5.1%	6.6%	7.5%	7.8%	7.8%	8.8%	8.0%	6.8%	6.3%	5.3%	4.2%	3.7%	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		Year	
		Y-1	%	Y-2	%	Y-3	%	Y-4	%	Y-5	%		
<b>Assumptions - Hotel</b>													
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			
<b>Revenue</b>													
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%		
<b>Total Revenue</b>		<b>6,124,835</b>	<b>100.0%</b>	<b>6,654,064</b>	<b>100.0%</b>	<b>7,144,298</b>	<b>100.0%</b>	<b>7,428,457</b>	<b>100.0%</b>	<b>7,687,118</b>	<b>100.0%</b>		
<b>Operating Expenses</b>													
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%		
<b>Total Expenses</b>		<b>2,258,984</b>	<b>36.9%</b>	<b>2,405,981</b>	<b>36.2%</b>	<b>2,532,779</b>	<b>35.5%</b>	<b>2,608,802</b>	<b>35.1%</b>	<b>2,687,546</b>	<b>35.0%</b>		
<b>GOI</b>		<b>3,865,851</b>	<b>63.1%</b>	<b>4,248,083</b>	<b>63.8%</b>	<b>4,611,520</b>	<b>64.5%</b>	<b>4,819,655</b>	<b>64.9%</b>	<b>4,999,572</b>	<b>65.0%</b>		
<b>Undistributed Expenses</b>													
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%		
<b>Total Undist.</b>		<b>1,371,856</b>	<b>22.4%</b>	<b>1,365,953</b>	<b>20.5%</b>	<b>1,406,931</b>	<b>19.7%</b>	<b>1,449,139</b>	<b>19.5%</b>	<b>1,492,613</b>	<b>19.4%</b>		
<b>GOP</b>		<b>2,493,995</b>	<b>40.7%</b>	<b>2,882,131</b>	<b>43.3%</b>	<b>3,204,589</b>	<b>48.2%</b>	<b>3,370,516</b>	<b>50.7%</b>	<b>3,506,959</b>	<b>52.7%</b>		
Management Fee		244,993	4.0%	266,163	4.0%	285,772	4.0%	297,138	4.0%	307,485	4.0%		
<b>Income Before Fixed</b>		<b>2,249,002</b>	<b>36.7%</b>	<b>2,615,968</b>	<b>39.3%</b>	<b>2,918,817</b>	<b>40.9%</b>	<b>3,073,377</b>	<b>41.4%</b>	<b>3,199,474</b>	<b>41.6%</b>		
<b>Fixed Expenses</b>													
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%		
<b>Total Fixed Expense</b>		<b>442,004</b>	<b>7.2%</b>	<b>443,904</b>	<b>6.7%</b>	<b>457,221</b>	<b>6.4%</b>	<b>470,938</b>	<b>6.3%</b>	<b>485,066</b>	<b>6.3%</b>		
<b>EBITDA</b>		<b>1,806,998</b>	<b>29.5%</b>	<b>2,172,064</b>	<b>32.6%</b>	<b>2,461,596</b>	<b>34.5%</b>	<b>2,602,440</b>	<b>35.0%</b>	<b>2,714,408</b>	<b>35.3%</b>		
Incentive Management Fee		180,700	3.0%	217,206	3.3%	246,160	3.4%	260,244	3.5%	271,441	3.5%		
<b>Net Income</b>		<b>1,626,298</b>	<b>26.6%</b>	<b>1,954,858</b>	<b>29.4%</b>	<b>2,215,436</b>	<b>31.0%</b>	<b>2,342,196</b>	<b>31.5%</b>	<b>2,442,968</b>	<b>31.8%</b>		

### B.4.9.2: Operating Proforma – Year 1 Summary

Muscatine														
Y-1	Summary	31 Jan	28 Feb	31 Mar	30 April	31 May	30 June	31 July	31 Aug	30 Sept	31 Oct	30 Nov	31 Dec	365 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	40,880
	Occupancy %	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	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
	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
	<b>Revenue</b>													
	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	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
	Telephone	367	331	367	355	367	355	367	367	355	367	355	367	4,317
	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
	<b>Total Revenue</b>	<b>516,658</b>	<b>484,489</b>	<b>516,658</b>	<b>506,935</b>	<b>516,658</b>	<b>506,935</b>	<b>516,658</b>	<b>516,658</b>	<b>506,935</b>	<b>516,658</b>	<b>506,935</b>	<b>516,658</b>	<b>6,124,835</b>
	<b>Product Cost</b>													
	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Product Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Operational Labor</b>													
	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	413,696
	<b>Total Labor</b>	<b>34,447</b>	<b>31,517</b>	<b>35,005</b>	<b>34,011</b>	<b>35,563</b>	<b>34,551</b>	<b>35,563</b>	<b>35,563</b>	<b>34,551</b>	<b>35,005</b>	<b>33,471</b>	<b>34,447</b>	<b>413,696</b>
	<b>Operating Expenses</b>													
	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	317,649
	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	20,639
	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
	<b>Total Operating Expenses</b>	<b>154,924</b>	<b>151,418</b>	<b>154,124</b>	<b>153,589</b>	<b>154,124</b>	<b>153,139</b>	<b>154,624</b>	<b>154,174</b>	<b>153,489</b>	<b>154,674</b>	<b>153,089</b>	<b>153,924</b>	<b>1,846,288</b>
	<b>GOP</b>	<b>327,287</b>	<b>301,564</b>	<b>327,529</b>	<b>318,336</b>	<b>326,971</b>	<b>318,246</b>	<b>326,471</b>	<b>326,921</b>	<b>317,896</b>	<b>326,979</b>	<b>319,376</b>	<b>326,287</b>	<b>3,865,651</b>
	<b>Undistributed Expenses</b>													
	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	485,382
	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	375,200
	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	266,280
	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	244,993
	<b>Total Undistributed Expenses</b>	<b>124,489</b>	<b>114,529</b>	<b>117,989</b>	<b>113,002</b>	<b>112,989</b>	<b>111,502</b>	<b>114,139</b>	<b>111,989</b>	<b>111,502</b>	<b>113,639</b>	<b>111,502</b>	<b>114,589</b>	<b>1,371,866</b>
	<b>GOP</b>	<b>202,798</b>	<b>187,026</b>	<b>209,540</b>	<b>205,334</b>	<b>213,982</b>	<b>206,744</b>	<b>212,332</b>	<b>214,932</b>	<b>206,394</b>	<b>213,340</b>	<b>207,874</b>	<b>213,698</b>	<b>2,493,995</b>
	<b>Management Fee</b>	<b>20,666.32</b>	<b>19,379.58</b>	<b>20,666.32</b>	<b>20,237.40</b>	<b>20,666.32</b>	<b>20,237.40</b>	<b>20,666.32</b>	<b>20,666.32</b>	<b>20,237.40</b>	<b>20,666.32</b>	<b>20,237.40</b>	<b>20,666.32</b>	<b>244,993</b>
	<b>Income Before Fixed</b>	<b>182,132</b>	<b>167,646</b>	<b>188,874</b>	<b>185,097</b>	<b>193,316</b>	<b>186,507</b>	<b>191,666</b>	<b>194,266</b>	<b>186,157</b>	<b>192,674</b>	<b>187,637</b>	<b>193,032</b>	<b>2,249,002</b>
	<b>Fixed Expenses</b>													
	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	38,000
	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
	<b>Total Fixed Expenses</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>442,004</b>
	<b>Net Profit/Loss</b>	<b>145,298</b>	<b>130,812</b>	<b>152,040</b>	<b>148,263</b>	<b>156,482</b>	<b>149,673</b>	<b>154,832</b>	<b>157,432</b>	<b>149,323</b>	<b>155,840</b>	<b>150,803</b>	<b>156,198</b>	<b>1,806,998</b>

### B.4.9.3: Operating ProForma - Year 2 Summary

Muscatine Year 2	31 Jan	28 Feb	31 Mar	30 April	31 May	30 June	31 July	31 Aug	30 Sept	31 Oct	30 Nov	31 Dec	365 TOTAL	
<b>Summary</b>														
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	40,880	
Occupancy %	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	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	
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	
<b>Revenue</b>														
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	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	203,174	3.1%
Telephone	389	351	389	376	389	376	389	389	376	389	376	389	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	2,382,840	35.8%
<b>Total Revenue</b>	<b>561,332</b>	<b>526,226</b>	<b>561,332</b>	<b>549,630</b>	<b>561,332</b>	<b>549,630</b>	<b>561,332</b>	<b>561,332</b>	<b>549,630</b>	<b>561,332</b>	<b>549,630</b>	<b>561,332</b>	<b>6,654,064</b>	<b>100.0%</b>
<b>Product Cost</b>														
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
<b>Total Product Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Operational Labor</b>														
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	434,494	6.5%
<b>Total Labor</b>	<b>36,176</b>	<b>33,213</b>	<b>36,062</b>	<b>35,777</b>	<b>36,708</b>	<b>36,366</b>	<b>37,278</b>	<b>37,354</b>	<b>36,366</b>	<b>37,278</b>	<b>35,777</b>	<b>36,138</b>	<b>434,494</b>	<b>6.5%</b>
<b>Operating Expenses</b>														
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	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	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	1,606,000	81.5%
<b>Total Operating Expenses</b>	<b>165,673</b>	<b>161,716</b>	<b>164,623</b>	<b>164,096</b>	<b>164,623</b>	<b>163,771</b>	<b>165,173</b>	<b>164,673</b>	<b>163,971</b>	<b>165,023</b>	<b>163,521</b>	<b>164,623</b>	<b>1,971,487</b>	<b>29.6%</b>
<b>GOI</b>	<b>359,482</b>	<b>331,297</b>	<b>360,646</b>	<b>349,766</b>	<b>360,000</b>	<b>349,492</b>	<b>358,880</b>	<b>359,304</b>	<b>349,292</b>	<b>359,030</b>	<b>350,331</b>	<b>360,570</b>	<b>4,248,063</b>	<b>63.8%</b>
<b>Undistributed Expenses</b>														
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	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	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	279,852	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	266,163	4.0%
<b>Total Operating</b>	<b>120,923</b>	<b>112,305</b>	<b>101,923</b>	<b>115,884</b>	<b>115,923</b>	<b>100,384</b>	<b>117,573</b>	<b>115,423</b>	<b>114,884</b>	<b>117,573</b>	<b>114,884</b>	<b>118,273</b>	<b>1,365,953</b>	<b>20.5%</b>
<b>GOP</b>	<b>238,559</b>	<b>218,991</b>	<b>258,723</b>	<b>233,873</b>	<b>244,077</b>	<b>249,109</b>	<b>241,307</b>	<b>243,881</b>	<b>234,409</b>	<b>241,457</b>	<b>236,448</b>	<b>242,297</b>	<b>2,882,131</b>	<b>43.3%</b>
<b>Management Fee</b>	<b>22,453.26</b>	<b>#####</b>	<b>#####</b>	<b>21,985.18</b>	<b>22,453.26</b>	<b>21,985.18</b>	<b>22,453.26</b>	<b>22,453.26</b>	<b>21,985.18</b>	<b>22,453.26</b>	<b>21,985.18</b>	<b>22,453.26</b>	<b>266,163</b>	<b>4.0%</b>
<b>Income Before Fixed</b>	<b>216,106</b>	<b>197,942</b>	<b>236,270</b>	<b>211,887</b>	<b>221,624</b>	<b>227,123</b>	<b>218,854</b>	<b>221,428</b>	<b>212,423</b>	<b>219,004</b>	<b>213,462</b>	<b>219,844</b>	<b>2,615,968</b>	<b>39.3%</b>
<b>Fixed Expenses</b>														
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	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	404,004	6.1%
<b>Total Fixed Expenses</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>36,992</b>	<b>443,904</b>	<b>6.7%</b>
<b>Net Profit/Loss</b>	<b>179,114</b>	<b>160,950</b>	<b>199,278</b>	<b>174,895</b>	<b>184,632</b>	<b>190,131</b>	<b>181,862</b>	<b>184,436</b>	<b>175,431</b>	<b>182,012</b>	<b>176,470</b>	<b>182,852</b>	<b>2,172,064</b>	<b>32.6%</b>



### B.4.9.4: Operating Proforma – Year 1 Detail

#### LABOR (YR1)

Muscatine Labor Worksheet		Y-1	31	28	31	30	31	30	31	31	30	31	30	31	Total
	Position	Rate / 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	8	6	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	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	19,167	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	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	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	16,008	16,008	16,008	16,008	16,008	16,008	16,008	16,008	16,008	16,008	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)

<b>Muscatine</b>														
<b>Y-1</b>														
	<b>Rooms</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
<b>REVENUE</b>														
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		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>		<b>332,041</b>	<b>299,908</b>	<b>332,041</b>	<b>321,330</b>	<b>332,041</b>	<b>321,330</b>	<b>332,041</b>	<b>332,041</b>	<b>321,330</b>	<b>332,041</b>	<b>321,330</b>	<b>332,041</b>	<b>3,909,518</b>
<b>PAYROLL</b>														
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
<b>subtotal</b>		<b>29,587</b>	<b>27,127</b>	<b>30,145</b>	<b>29,307</b>	<b>30,703</b>	<b>29,847</b>	<b>30,703</b>	<b>30,703</b>	<b>29,847</b>	<b>30,145</b>	<b>28,767</b>	<b>29,587</b>	<b>356,464</b>
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
<b>TOTAL PAYROLL</b>		<b>34,447</b>	<b>31,517</b>	<b>35,005</b>	<b>34,011</b>	<b>35,563</b>	<b>34,551</b>	<b>35,563</b>	<b>35,563</b>	<b>34,551</b>	<b>35,005</b>	<b>33,471</b>	<b>34,447</b>	<b>413,696</b>
<b>OTHER EXPENSES</b>														
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	-	-	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		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER EXPENSES</b>		<b>27,618</b>	<b>24,124</b>	<b>26,818</b>	<b>26,287</b>	<b>26,818</b>	<b>25,837</b>	<b>27,318</b>	<b>26,868</b>	<b>26,187</b>	<b>27,368</b>	<b>25,787</b>	<b>26,618</b>	<b>317,649</b>
<b>Net Profit / Loss</b>		<b>269,976</b>	<b>244,267</b>	<b>270,218</b>	<b>261,033</b>	<b>269,660</b>	<b>260,943</b>	<b>269,160</b>	<b>269,610</b>	<b>260,593</b>	<b>269,668</b>	<b>262,073</b>	<b>270,976</b>	<b>3,178,173</b>
<b>Assumptions</b>														
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	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	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)

<b>Muscatine</b>													
<b>Y-1</b>													
<b>A&amp;G</b>													
<b>PAYROLL</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
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
<b>TOTAL PAYROLL</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>168,000</b>
<b>OTHER EXPENSES</b>													
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	-	-	-	-	-	-	-	-	-	-	-	-	0
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
<b>TOTAL OTHER EXPENSES</b>	<b>8,025</b>	<b>6,359</b>	<b>7,025</b>	<b>6,803</b>	<b>7,025</b>	<b>6,803</b>	<b>7,025</b>	<b>7,025</b>	<b>6,803</b>	<b>7,025</b>	<b>6,803</b>	<b>8,025</b>	<b>84,742</b>
<b>TOTAL EXPENSES</b>	<b>22,025</b>	<b>20,359</b>	<b>21,025</b>	<b>20,803</b>	<b>21,025</b>	<b>20,803</b>	<b>21,025</b>	<b>21,025</b>	<b>20,803</b>	<b>21,025</b>	<b>20,803</b>	<b>22,025</b>	<b>252,742</b>

## 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	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
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	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
TOTAL EXPENSE	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
Net Profit / Loss	58,667	58,667	58,667	58,667	58,667	58,667	58,667	58,667	58,667	58,667	58,667	58,667	704,000
Assumptions													

## SALES AND MARKETING (YR1)

<b>Muscatine</b>													
<b>Y-1</b>													
<b>Sales and Marketing</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
<b>Labor</b>													
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
<b>Total Labor</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>60,000</b>
<b>Marketing Materials</b>													
Directories	1,000												
Photography	2,000											600	1,600
T&L Rack Brochures	500												2,000
<b>E-Marketing</b>													
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
<b>Advertising</b>													
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
<b>Public Relations</b>													
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
<b>Trade Shows</b>													
Meetings (Bravo - Portland)													-
Dues & Subs.	500												500
<b>Miscellaneous</b>													
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							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
<b>Total Expenses</b>	<b>20,025</b>	<b>14,025</b>	<b>14,525</b>	<b>10,525</b>	<b>9,525</b>	<b>9,025</b>	<b>10,675</b>	<b>8,525</b>	<b>9,025</b>	<b>10,175</b>	<b>9,025</b>	<b>10,125</b>	<b>135,200</b>
<b>Net Profit / Loss</b>	<b>(25,025)</b>	<b>(19,025)</b>	<b>(19,525)</b>	<b>(15,525)</b>	<b>(14,525)</b>	<b>(14,025)</b>	<b>(15,675)</b>	<b>(13,525)</b>	<b>(14,025)</b>	<b>(15,175)</b>	<b>(14,025)</b>	<b>(15,125)</b>	<b>(195,200)</b>

### 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
<b>Payroll</b>													
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
<b>Total Salaries and Wages</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>19,200</b>	<b>230,400</b>
<b>OTHER EXPENSES</b>													
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
<b>OTHER EXPENSES</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>2,990</b>	<b>35,880</b>
<b>Net Profit / Loss</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(22,190)</b>	<b>(266,280)</b>

### Assumptions

Budgeting \$15.00 per occ room per month for cable TV

## UTILITIES (YR1)

<b>Muscatine</b>													
<b>Y-1</b>													
	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
<b>UTILITIES</b>													
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
<b>Total Operating Exp.</b>	<b>20,666</b>	<b>19,380</b>	<b>20,666</b>	<b>20,237</b>	<b>20,666</b>	<b>20,237</b>	<b>20,666</b>	<b>20,666</b>	<b>20,237</b>	<b>20,666</b>	<b>20,237</b>	<b>20,666</b>	<b>244,993</b>
<b>Net Profit</b>	<b>(20,666)</b>	<b>(19,380)</b>	<b>(20,666)</b>	<b>(20,237)</b>	<b>(20,666)</b>	<b>(20,237)</b>	<b>(20,666)</b>	<b>(20,666)</b>	<b>(20,237)</b>	<b>(20,666)</b>	<b>(20,237)</b>	<b>(20,666)</b>	<b>244,993</b>
	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
<b>Assumptions</b>													



***FIXED EXPENSES (YR1)***

<b>Muscatine</b>													
<b>Y-1</b>													
<b>FIXED EXPENSES</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
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	<b>38,000</b>
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	<b>404,004</b>
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total Operating Exp.</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>442,004</b>
<b>Net Profit</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(442,004)</b>
<b>Assumptions</b>													

### B.4.9.5: Operating Proforma – Year 2 Detail

#### LABOR (YR2)

Muscatine Labor Worksheet															
Year 2		Rate /	31	28	31	30	31	30	31	31	30	31	30	31	Total
Position		Salary	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Rooms</b>															
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
	hours per day		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
	hours per day		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
	hours per day		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
	hours per day		40	40	40	40	40	40	40	40	40	40	40	40	
Housekeeping / Laundry		\$ 12.60	-	-	-	-	-	-	-	-	-	-	-	-	-
	hours per day		-	-	-	-	-	-	-	-	-	-	-	-	-
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
	hours per day		8	8	8	8	8	8	8	8	8	8	8	8	
Night Attendant Relief		\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-
	hours per day		-	-	-	-	-	-	-	-	-	-	-	-	-
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
<b>Food and Beverage</b>															
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	
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	18,576	19,583	19,247	19,583	19,247	19,583	19,583	19,247	19,583	19,247	19,583	232,640
<b>Sales and Marketing</b>															
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
<b>ADMIN</b>															
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	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
<b>Engineering and Grounds</b>															
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
	hours per day		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
<b>Assumptions:</b>															
			0												
			0												
			0												
			0												

## ROOM (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	
<b>Rooms</b>															
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	
Bell Staff	hours per day \$ 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	
Front Desk Staff	hours per day \$ 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	
Housekeeping 1	hours per day \$ 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	
Housekeeping / Laundry	hours per day \$ 12.60	-	-	-	-	-	-	-	-	-	-	-	-	-	
Night Attendant 1	hours per day \$ 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	
Night Attendant Relief	hours per day \$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	
<b>Food and Beverage</b>															
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	
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	
Servers	hours per day \$ 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	
Houseman	hours per day \$ 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	
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	
<b>Sales and Marketing</b>															
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	
<b>ADMIN</b>															
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	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000	
<b>Engineering and Grounds</b>															
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	
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	
<b>Assumptions:</b>															
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													0
Local													
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	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	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)

<b>Muscatine</b>													
<b>Y-2</b>													
<b>A&amp;G</b>													
	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
<b>PAYROLL</b>													
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
<b>TOTAL PAYROLL</b>	<b>14,000</b>	<b>14,000</b>		<b>14,000</b>	<b>14,000</b>		<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>140,000</b>
<b>OTHER EXPENSES</b>													
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
<b>Contract Accounting</b>	-	-	-	-	-	-	-	-	-	-	-	-	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
<b>TOTAL OTHER EXPENSES</b>	<b>8,291</b>	<b>6,586</b>	<b>7,291</b>	<b>7,056</b>	<b>7,291</b>	<b>7,056</b>	<b>7,291</b>	<b>7,291</b>	<b>7,056</b>	<b>7,291</b>	<b>7,056</b>	<b>8,541</b>	<b>88,098</b>
<b>TOTAL EXPENSES</b>	<b>22,291</b>	<b>20,586</b>	<b>7,291</b>	<b>21,056</b>	<b>21,291</b>	<b>7,056</b>	<b>21,291</b>	<b>21,291</b>	<b>21,056</b>	<b>21,291</b>	<b>21,056</b>	<b>22,541</b>	<b>228,098</b>

**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	2,382,840
TOTAL REVENUE	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
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	1,606,000
subtotal	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
TOTAL EXPENSE	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
Net Profit / Loss	64,737	64,737	64,737	64,737	64,737	64,737	64,737	64,737	64,737	64,737	64,737	64,737	776,840
Assumptions													

## SALES AND MARKETING (YR2)

<b>Muscatine</b>														
	Y-2													
<b>Sales and Marketing</b>		<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
<b>Labor</b>														
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
<b>Total Labor</b>		<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>5,250</b>	<b>63,000</b>
<b>Marketing Materials</b>														
Directories		1,000											600	1,600
Photography		1,000												1,000
T&L Rack Brochures											500			500
<b>E-Marketing</b>														
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
<b>Advertising</b>														
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
<b>Public Relations</b>														
Opening Campaign														-
Property Opening														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
<b>Trade Shows</b>														
Meetings (Bravo - Portland)														-
Dues & Subs.		500												500
<b>Miscellaneous</b>														
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
<b>Total Operating Expenses</b>		<b>13,025</b>	<b>8,525</b>	<b>9,025</b>	<b>10,025</b>	<b>9,025</b>	<b>8,525</b>	<b>10,675</b>	<b>8,525</b>	<b>9,025</b>	<b>10,675</b>	<b>9,025</b>	<b>10,125</b>	<b>116,200</b>
<b>Net Profit / Loss</b>		<b>(18,275)</b>	<b>(13,775)</b>	<b>(14,275)</b>	<b>(15,275)</b>	<b>(14,275)</b>	<b>(13,775)</b>	<b>(15,925)</b>	<b>(13,775)</b>	<b>(14,275)</b>	<b>(15,925)</b>	<b>(14,275)</b>	<b>(15,375)</b>	<b>(179,200)</b>



## MAINTENANCE (YR2)

<b>Muscatine</b>													
<b>Y-2</b>													
<b>Maintenance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
<b>Payroll</b>													
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
<b>Total Salaries and Wages</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>20,160</b>	<b>241,920</b>
<b>OTHER EXPENSES</b>													
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
<b>OTHER EXPENSES</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>3,161</b>	<b>37,932</b>
<b>Net Profit / Loss</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(23,321)</b>	<b>(279,852)</b>



## UTILITIES (YR2)

Muscatine													
Y-2													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>UTILITIES</b>													
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
<b>Total Operating Expense</b>	<b>22,453</b>	<b>21,049</b>	<b>22,453</b>	<b>21,985</b>	<b>22,453</b>	<b>21,985</b>	<b>22,453</b>	<b>22,453</b>	<b>21,985</b>	<b>22,453</b>	<b>21,985</b>	<b>22,453</b>	<b>266,163</b>
<b>TOTAL UTILITY EXPENSE</b>	<b>(22,453)</b>	<b>(21,049)</b>	<b>(22,453)</b>	<b>(21,985)</b>	<b>(22,453)</b>	<b>(21,985)</b>	<b>(22,453)</b>	<b>(22,453)</b>	<b>(21,985)</b>	<b>(22,453)</b>	<b>(21,985)</b>	<b>(22,453)</b>	<b>(266,163)</b>
	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)***

<b>Muscatine</b>													
<b>Y-1</b>													
<b>FIXED EXPENSES</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
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	<b>38,000</b>
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	<b>404,004</b>
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total Operating Exp.</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>36,834</b>	<b>442,004</b>
<b>Net Profit</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(36,834)</b>	<b>(442,004)</b>
<b>Assumptions</b>													

**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	Occ	ADR	Occ	ADR	Occ	ADR	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.	Occ Rms.	Rev.	Occ Rms.	Rev.	Occ Rms.	Rev.	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 dark ink, appearing to read 'G. Randle McCaslin'.

G. Randle McCaslin, CRE  
Senior Vice President

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PKF Consulting USA | 1010 Lamar, Suite 400 | Houston, TX 77002  
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**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
<b>Revenues</b>										
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%
<b>Total Revenues</b>	<b>6,557,000</b>	<b>100.0%</b>	<b>7,171,000</b>	<b>100.0%</b>	<b>7,784,000</b>	<b>100.0%</b>	<b>8,031,000</b>	<b>100.0%</b>	<b>8,251,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
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%
<b>Total Departmental Expenses</b>	<b>2,626,000</b>	<b>40.0%</b>	<b>2,795,000</b>	<b>39.0%</b>	<b>2,970,000</b>	<b>38.2%</b>	<b>3,061,000</b>	<b>38.1%</b>	<b>3,150,000</b>	<b>38.2%</b>
<b>Departmental Profit</b>	<b>3,931,000</b>	<b>60.0%</b>	<b>4,376,000</b>	<b>61.0%</b>	<b>4,814,000</b>	<b>61.8%</b>	<b>4,970,000</b>	<b>61.9%</b>	<b>5,101,000</b>	<b>61.8%</b>
<b>Undistributed Expenses</b>										
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%
<b>Total Undistributed Operating Expenses</b>	<b>1,455,000</b>	<b>22.2%</b>	<b>1,523,000</b>	<b>21.2%</b>	<b>1,578,000</b>	<b>20.3%</b>	<b>1,627,000</b>	<b>20.3%</b>	<b>1,674,000</b>	<b>20.3%</b>
<b>Gross Operating Profit</b>	<b>2,476,000</b>	<b>37.8%</b>	<b>2,853,000</b>	<b>39.8%</b>	<b>3,236,000</b>	<b>41.6%</b>	<b>3,343,000</b>	<b>41.6%</b>	<b>3,427,000</b>	<b>41.5%</b>
<b>Base Management Fee</b>	<b>197,000</b>	<b>3.0%</b>	<b>215,000</b>	<b>3.0%</b>	<b>234,000</b>	<b>3.0%</b>	<b>241,000</b>	<b>3.0%</b>	<b>248,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>										
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%
<b>Total Fixed Expenses</b>	<b>171,000</b>	<b>2.6%</b>	<b>176,000</b>	<b>2.5%</b>	<b>182,000</b>	<b>2.3%</b>	<b>187,000</b>	<b>2.3%</b>	<b>193,000</b>	<b>2.3%</b>
<b>Net Operating Income</b>	<b>2,108,000</b>	<b>32.1%</b>	<b>2,462,000</b>	<b>34.3%</b>	<b>2,820,000</b>	<b>36.2%</b>	<b>2,915,000</b>	<b>36.3%</b>	<b>2,986,000</b>	<b>36.2%</b>
<b>FF&amp;E Reserve</b>	<b>131,000</b>	<b>2.0%</b>	<b>215,000</b>	<b>3.0%</b>	<b>311,000</b>	<b>4.0%</b>	<b>321,000</b>	<b>4.0%</b>	<b>330,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>	<b>\$1,977,000</b>	<b>30.2%</b>	<b>\$2,247,000</b>	<b>31.3%</b>	<b>\$2,509,000</b>	<b>32.2%</b>	<b>\$2,594,000</b>	<b>32.3%</b>	<b>\$2,656,000</b>	<b>32.2%</b>
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
<b>Revenues</b>										
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%
<b>Total Revenues</b>	<b>5,701,000</b>	<b>100.0%</b>	<b>6,250,000</b>	<b>100.0%</b>	<b>6,827,000</b>	<b>100.0%</b>	<b>7,054,000</b>	<b>100.0%</b>	<b>7,256,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
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%
<b>Total Departmental Expenses</b>	<b>2,339,000</b>	<b>41.0%</b>	<b>2,496,000</b>	<b>39.9%</b>	<b>2,661,000</b>	<b>39.0%</b>	<b>2,744,000</b>	<b>38.9%</b>	<b>2,826,000</b>	<b>38.9%</b>
<b>Departmental Profit</b>	<b>3,362,000</b>	<b>59.0%</b>	<b>3,754,000</b>	<b>60.1%</b>	<b>4,166,000</b>	<b>61.0%</b>	<b>4,310,000</b>	<b>61.1%</b>	<b>4,430,000</b>	<b>61.1%</b>
<b>Undistributed Expenses</b>										
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%
<b>Total Undistributed Operating Expenses</b>	<b>1,268,000</b>	<b>22.2%</b>	<b>1,329,000</b>	<b>21.3%</b>	<b>1,388,000</b>	<b>20.3%</b>	<b>1,433,000</b>	<b>20.3%</b>	<b>1,474,000</b>	<b>20.3%</b>
<b>Gross Operating Profit</b>	<b>2,094,000</b>	<b>36.7%</b>	<b>2,425,000</b>	<b>38.8%</b>	<b>2,778,000</b>	<b>40.7%</b>	<b>2,877,000</b>	<b>40.8%</b>	<b>2,956,000</b>	<b>40.7%</b>
<b>Base Management Fee</b>	<b>171,000</b>	<b>3.0%</b>	<b>188,000</b>	<b>3.0%</b>	<b>205,000</b>	<b>3.0%</b>	<b>212,000</b>	<b>3.0%</b>	<b>218,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>										
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%
<b>Total Fixed Expenses</b>	<b>171,000</b>	<b>3.0%</b>	<b>176,000</b>	<b>2.8%</b>	<b>182,000</b>	<b>2.7%</b>	<b>187,000</b>	<b>2.7%</b>	<b>193,000</b>	<b>2.7%</b>
<b>Net Operating Income</b>	<b>1,752,000</b>	<b>30.7%</b>	<b>2,061,000</b>	<b>33.0%</b>	<b>2,391,000</b>	<b>35.0%</b>	<b>2,478,000</b>	<b>35.1%</b>	<b>2,545,000</b>	<b>35.1%</b>
<b>FF&amp;E Reserve</b>	<b>114,000</b>	<b>2.0%</b>	<b>188,000</b>	<b>3.0%</b>	<b>273,000</b>	<b>4.0%</b>	<b>282,000</b>	<b>4.0%</b>	<b>290,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>	<b>\$1,638,000</b>	<b>28.7%</b>	<b>\$1,873,000</b>	<b>30.0%</b>	<b>\$2,118,000</b>	<b>31.0%</b>	<b>\$2,196,000</b>	<b>31.1%</b>	<b>\$2,255,000</b>	<b>31.1%</b>
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: 1<sup>st</sup> 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: 1<sup>st</sup> 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 dark ink, appearing to read 'Timothy M. Nelson', 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](http://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

Howe Investment Fund L.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: Managing Director

Date: 11/20/15



### 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	
<b>Revenue:</b>						
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
<b>Total Revenue:</b>	<b>6,124,835</b>	<b>6,654,064</b>	<b>7,144,298</b>	<b>7,428,457</b>	<b>7,687,118</b>	<b>35,038,772</b>
<b>Departmental Expenses:</b>						
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
<b>Total Expenses</b>	<b>2,258,984</b>	<b>2,405,981</b>	<b>2,532,779</b>	<b>2,608,802</b>	<b>2,687,546</b>	<b>12,494,091</b>
<b>Departmental Profit:</b>	<b>3,865,851</b>	<b>4,248,083</b>	<b>4,611,520</b>	<b>4,819,655</b>	<b>4,999,572</b>	<b>22,544,681</b>
<b>Undistributed Expenses:</b>						
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
<b>Undistributed Subtotal:</b>	<b>1,371,856</b>	<b>1,365,953</b>	<b>1,406,931</b>	<b>1,449,139</b>	<b>1,492,613</b>	<b>7,086,492</b>
<b>Management Fees, Property Taxes and Insurance</b>						
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
<b>Total Management Fees and Fixed Exp.</b>	<b>686,997</b>	<b>710,067</b>	<b>742,993</b>	<b>768,076</b>	<b>792,551</b>	<b>3,700,684</b>
<b>NET OPERATING PROFIT (LOSS):</b>	<b>1,806,998</b>	<b>2,172,064</b>	<b>2,461,596</b>	<b>2,602,440</b>	<b>2,714,408</b>	<b>11,757,505</b>
<b>Incentive Management Fee</b>	<b>180,700</b>	<b>217,206</b>	<b>246,160</b>	<b>260,244</b>	<b>271,441</b>	<b>1,175,751</b>
<b>Government Incentives (TIF +IRD )</b>	<b>827,542</b>	<b>865,026</b>	<b>901,580</b>	<b>920,197</b>	<b>936,342</b>	<b>4,450,686</b>
<b>FF&amp;E Reserve</b>	<b>244,993</b>	<b>266,163</b>	<b>285,772</b>	<b>297,138</b>	<b>307,485</b>	<b>1,401,551</b>
<b>NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:</b>	<b>\$ 2,208,846</b>	<b>\$ 2,553,721</b>	<b>\$ 2,831,244</b>	<b>\$ 2,965,255</b>	<b>\$ 3,071,824</b>	<b>\$ 13,630,890</b>

TOTAL INVESTMENT CASH FLOWS:						INVESTOR IRR
Total Initial Equity Investment						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	
Occupancy %	62%	66%	70%	70%	70%	
ADR	\$ 132.00	\$ 136.00	\$ 140.00	\$145.00	\$149.00	
<b>Revenue:</b>						
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
<b>Total Revenue:</b>	<b>5,727,955</b>	<b>6,240,015</b>	<b>6,713,067</b>	<b>6,988,627</b>	<b>7,240,406</b>	<b>32,910,070</b>
<b>Departmental Expenses:</b>						
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
<b>Total Expenses</b>	<b>2,232,525</b>	<b>2,378,664</b>	<b>2,504,731</b>	<b>2,579,913</b>	<b>2,657,791</b>	<b>12,353,624</b>
<b>Departmental Profit:</b>	<b>3,495,430</b>	<b>3,861,351</b>	<b>4,208,335</b>	<b>4,408,713</b>	<b>4,582,615</b>	<b>20,556,445</b>
<b>Undistributed Expenses:</b>						
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
<b>Undistributed Subtotal:</b>	<b>1,351,075</b>	<b>1,344,485</b>	<b>1,384,820</b>	<b>1,426,364</b>	<b>1,469,155</b>	<b>6,975,899</b>
<b>Management Fees, Property Taxes and Insurance</b>						
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
<b>Total Management Fees and Fixed Exp.</b>	<b>671,122</b>	<b>693,505</b>	<b>725,744</b>	<b>750,483</b>	<b>774,682</b>	<b>3,615,536</b>
<b>NET OPERATING PROFIT (LOSS):</b>	<b>1,473,233</b>	<b>1,823,362</b>	<b>2,097,772</b>	<b>2,231,866</b>	<b>2,338,778</b>	<b>9,965,011</b>
<b>Incentive Management Fee</b>	<b>147,323</b>	<b>182,336</b>	<b>209,777</b>	<b>223,187</b>	<b>233,878</b>	<b>996,501</b>
<b>Government Incentives (TIF +IRD )</b>	<b>793,546</b>	<b>829,559</b>	<b>864,641</b>	<b>882,522</b>	<b>898,078</b>	<b>4,268,345</b>
<b>FF&amp;E Reserve</b>	<b>229,118</b>	<b>249,601</b>	<b>268,523</b>	<b>279,545</b>	<b>289,616</b>	<b>1,316,403</b>
<b>NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:</b>	<b>\$ 1,890,337</b>	<b>\$ 2,220,984</b>	<b>\$ 2,484,113</b>	<b>\$ 2,611,657</b>	<b>\$ 2,713,362</b>	<b>\$ 11,920,452</b>

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**

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

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

<sup>1</sup> 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, appearing to read "Gary L. Carlson". The signature is fluid and cursive, with the first name "Gary" and last name "Carlson" clearly distinguishable.

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.

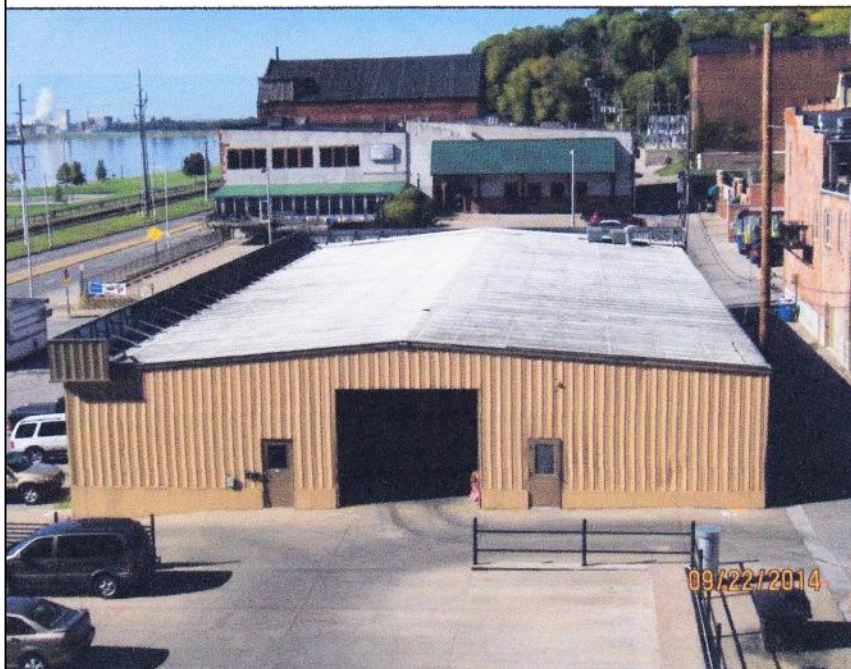
This property lies within a blighted area of downtown Muscatine and overlooks the renovated river park and the Mississippi River. The hotel and conference center will replace the run down metal building and parking lot and will match the historic nature of the surroundings buildings and architecture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

Current views of the property:





Front



Aerial View



### 112 2<sup>nd</sup> 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.



This property was added as a more feasible alternative to adding additional floors to the 2<sup>nd</sup> Avenue parking structure.

Current views of the property:





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:

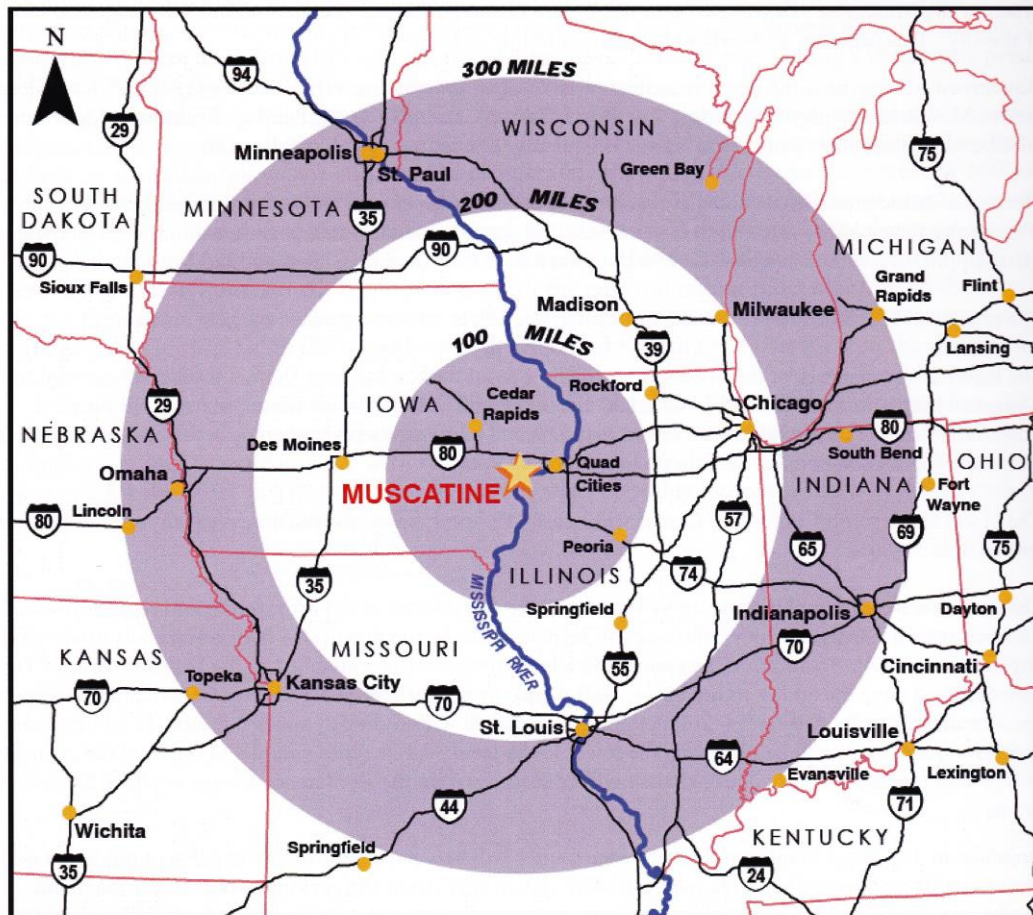




## B.4.16: Visual Aids

### B.4.16.1: Location

#### Location of Muscatine in the Midwest

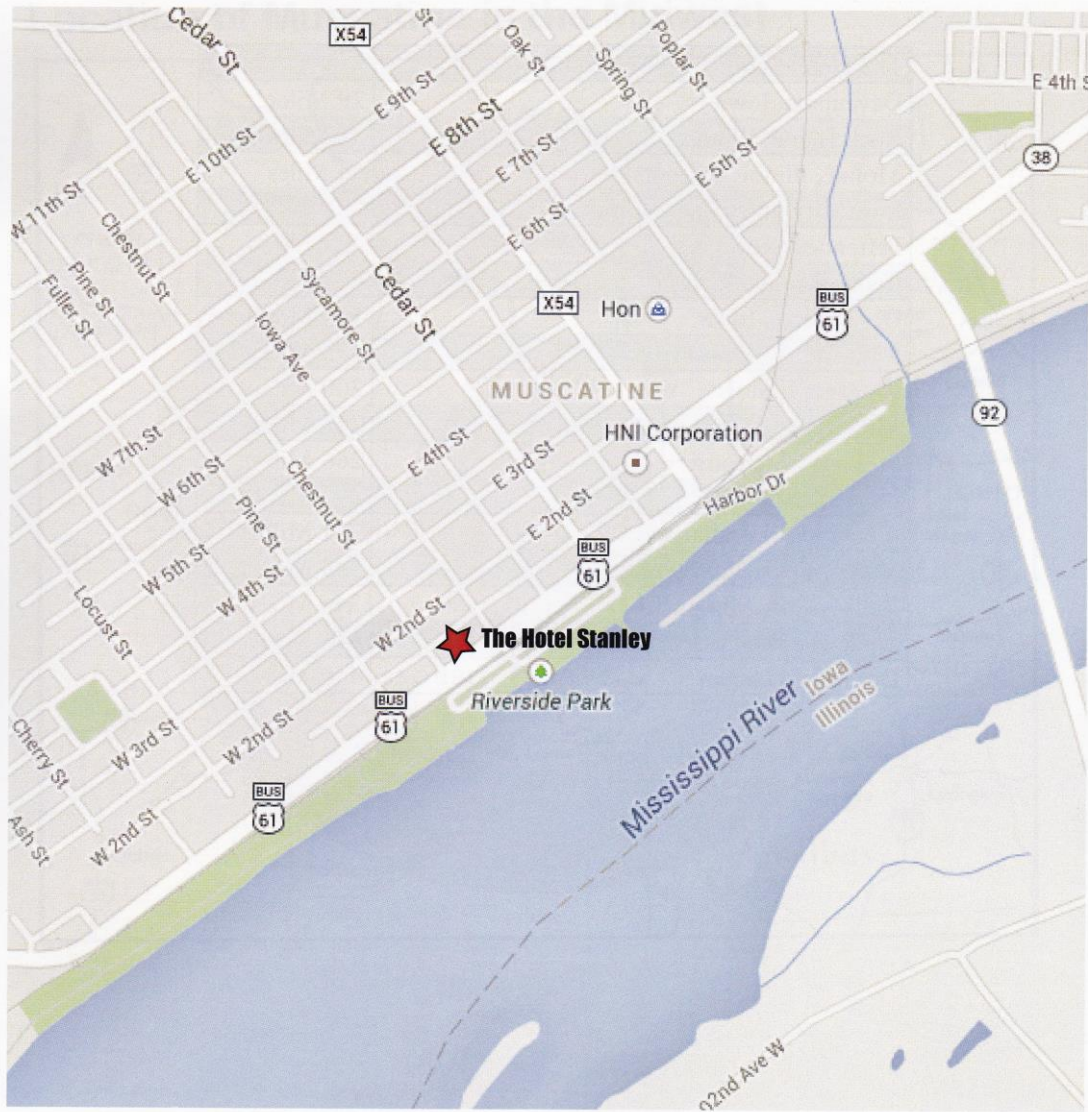


<b>MAJOR CITIES WITHIN 6.5 MILE DRIVE OF THE HOTEL STANLEY</b>	
Davenport, Iowa	29 Miles
Rock Island, Illinois	32 Miles
Moline, Illinois	34 Miles
Iowa City, Iowa	36 Miles
Bettendorf, Iowa	42 Miles
Cedar Rapids, Iowa	67 Miles
Des Moines, Iowa	150 Miles
Madison, Wisconsin	193 Miles
Chicago, Illinois	200 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

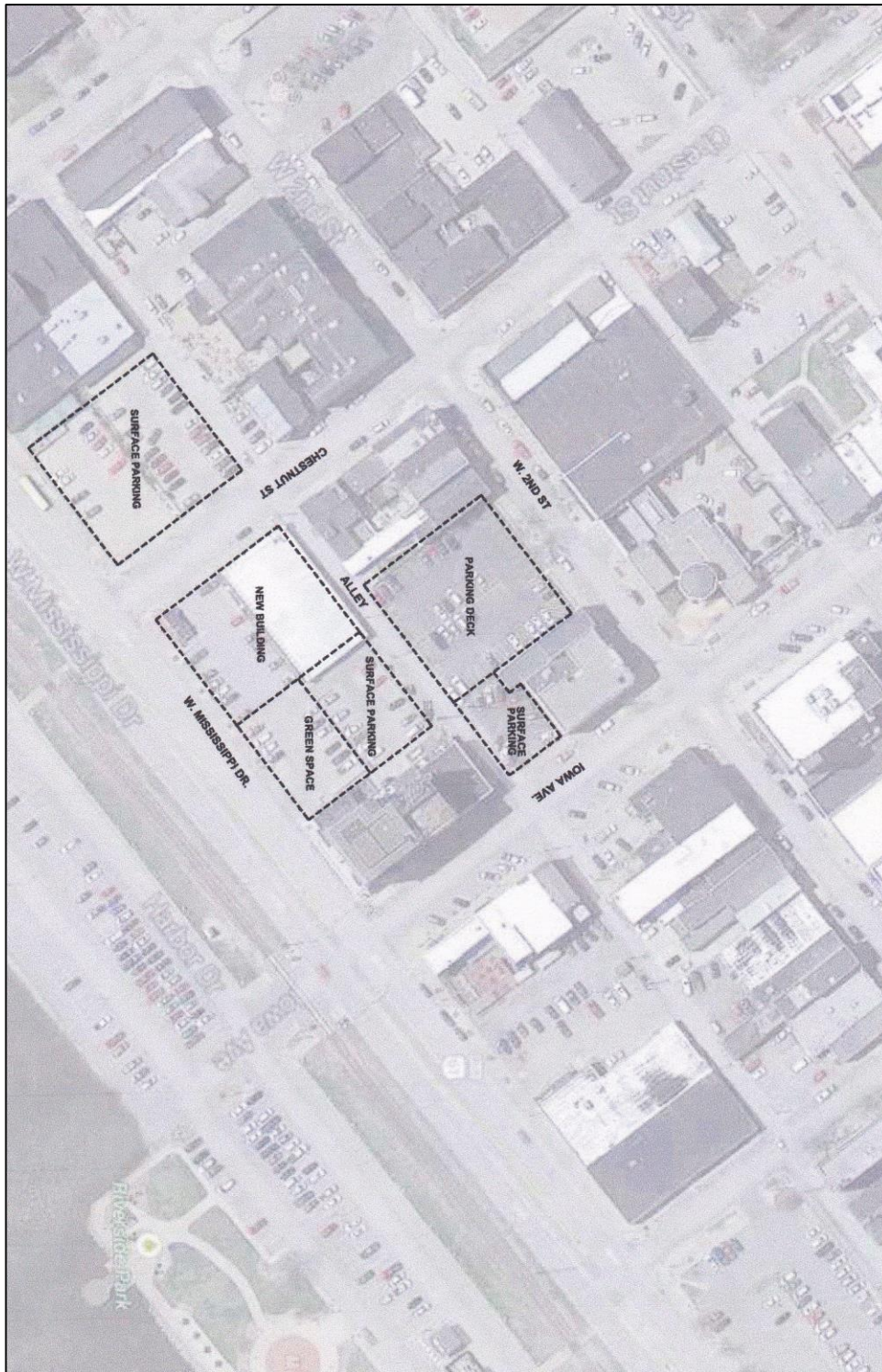




## Site Map



***B.4.16.2: Project Overview – Aerial Views***







***B.4.16.3: Riverview Perspective***

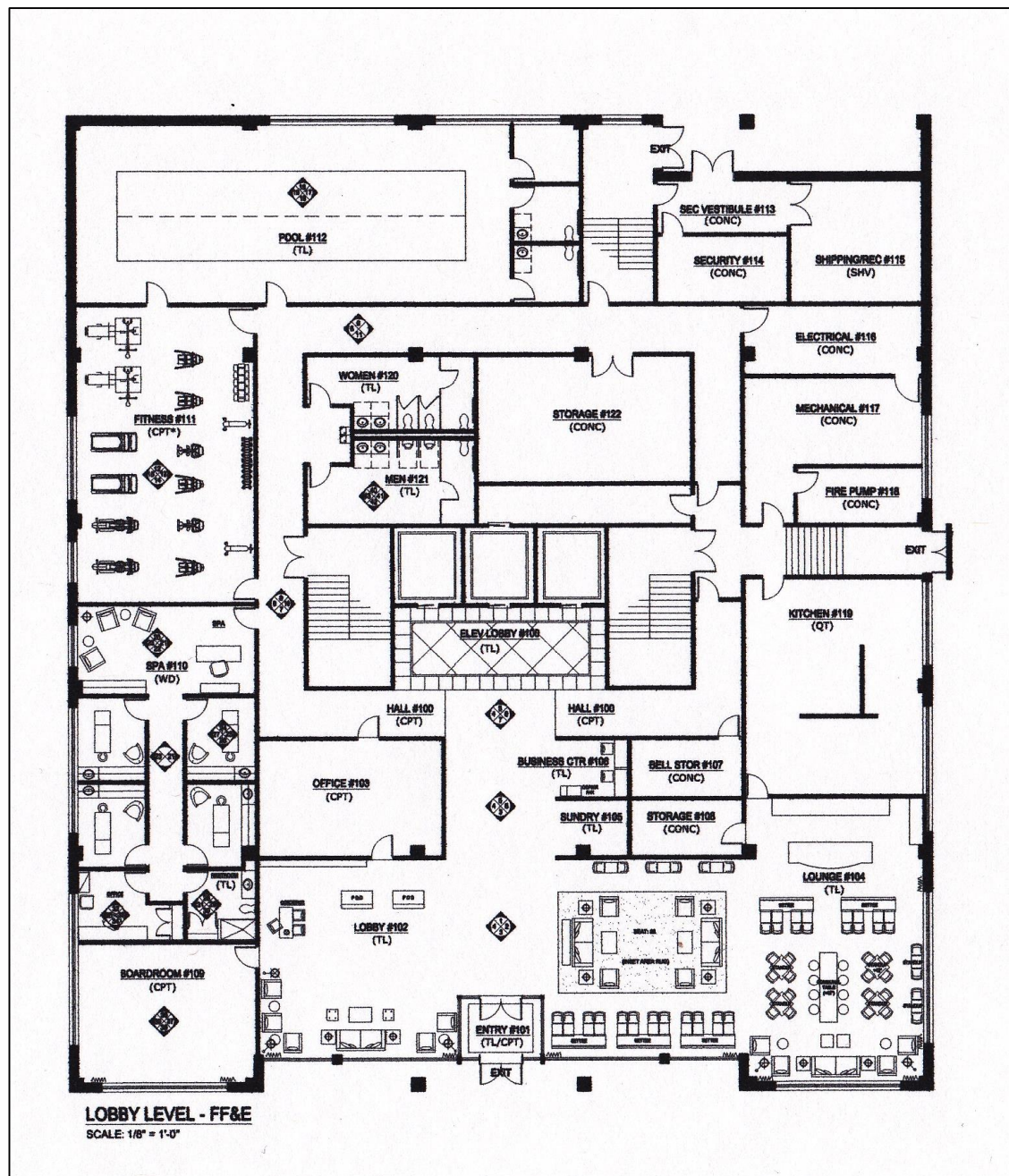


**Riverview Perspective of Hotel**





# B.4.16.4: Lobby







1 ELEVATION - LOBBY







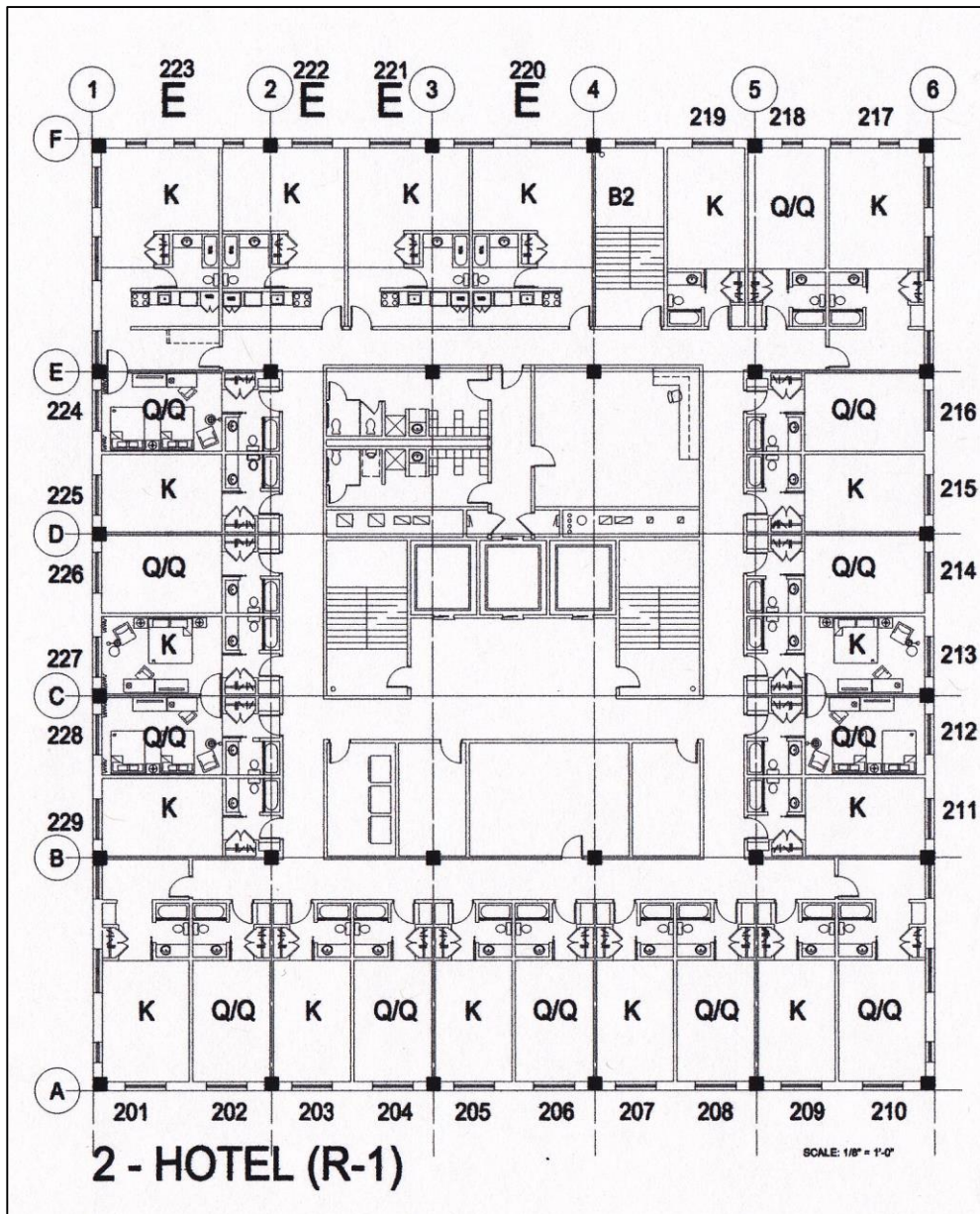
***B.4.16.5: Executive Boardroom***



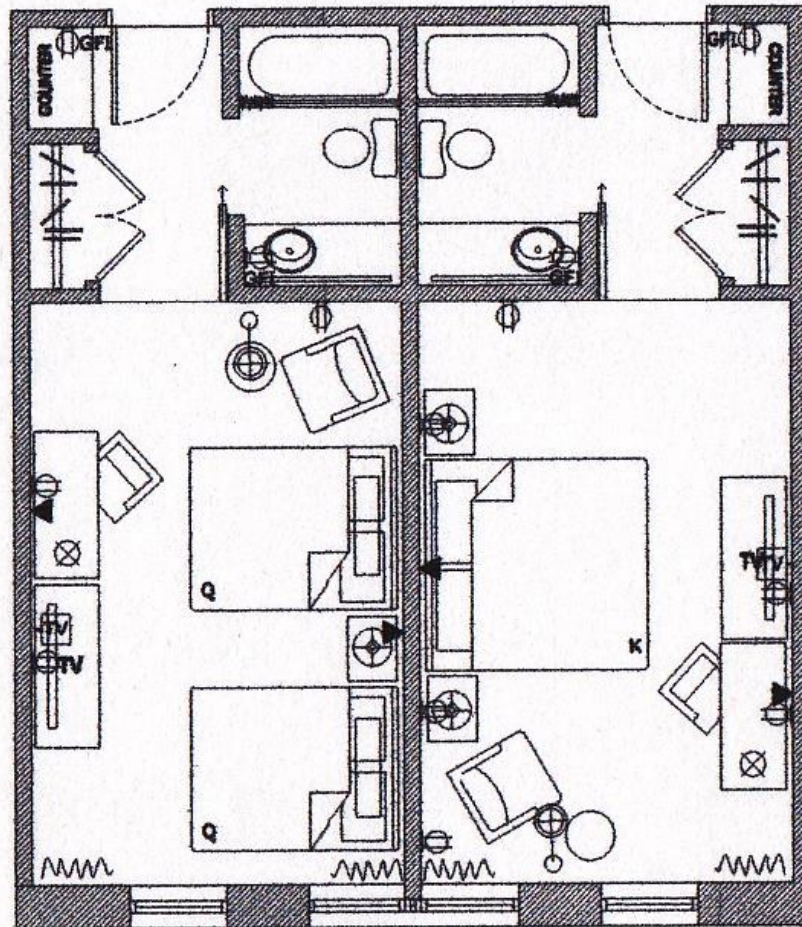
***B.4.16.6: Spa***



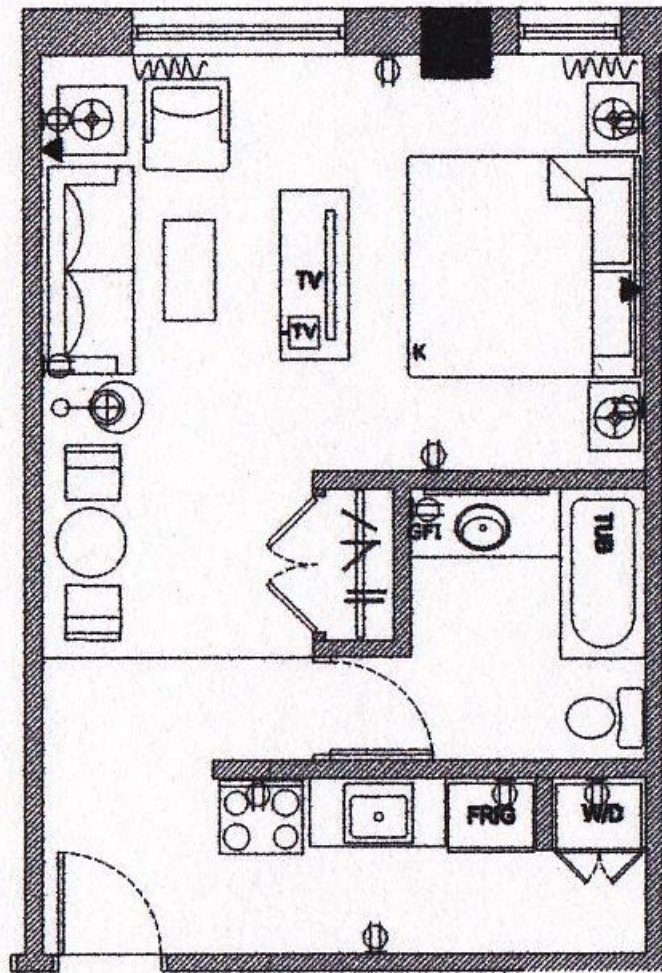
**B.4.16.7: Typical Guest Room Floor**



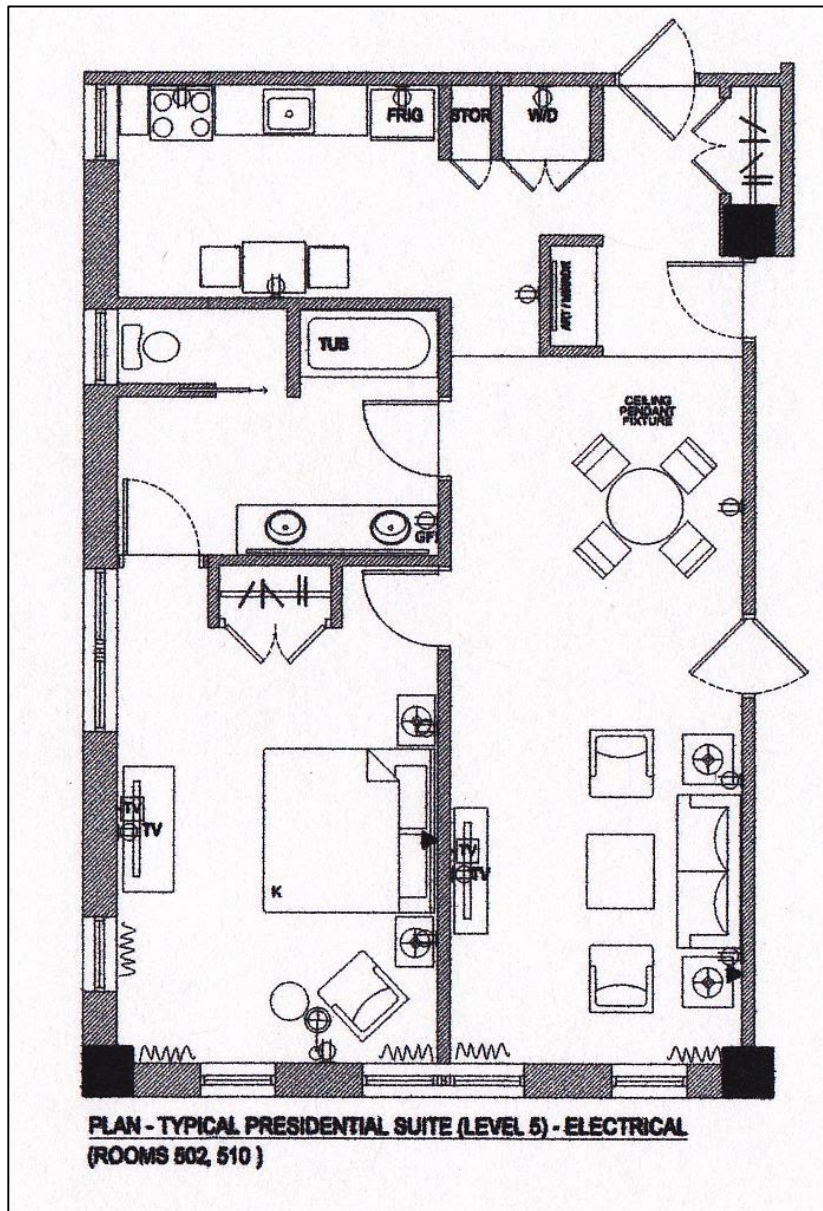




**PLAN - TYPICAL GUESTROOM**  
**(Q/Q & K)**



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



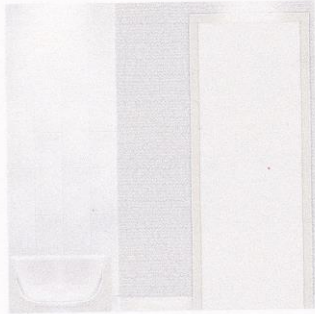
NOTE: Pres. Suite has the ability to attach to standard room to create 2 bedroom suite.



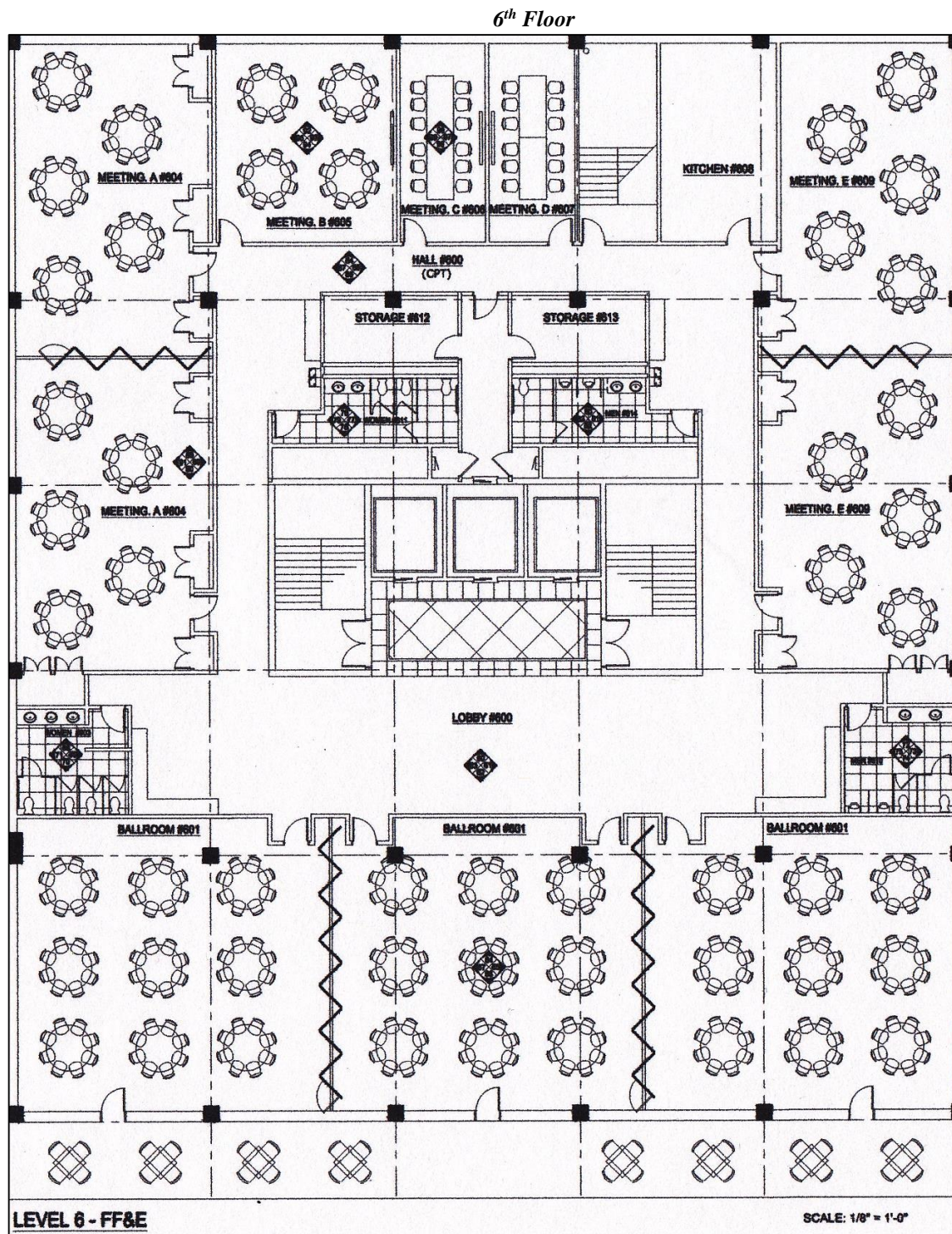




## BATHROOM ELEVATIONS

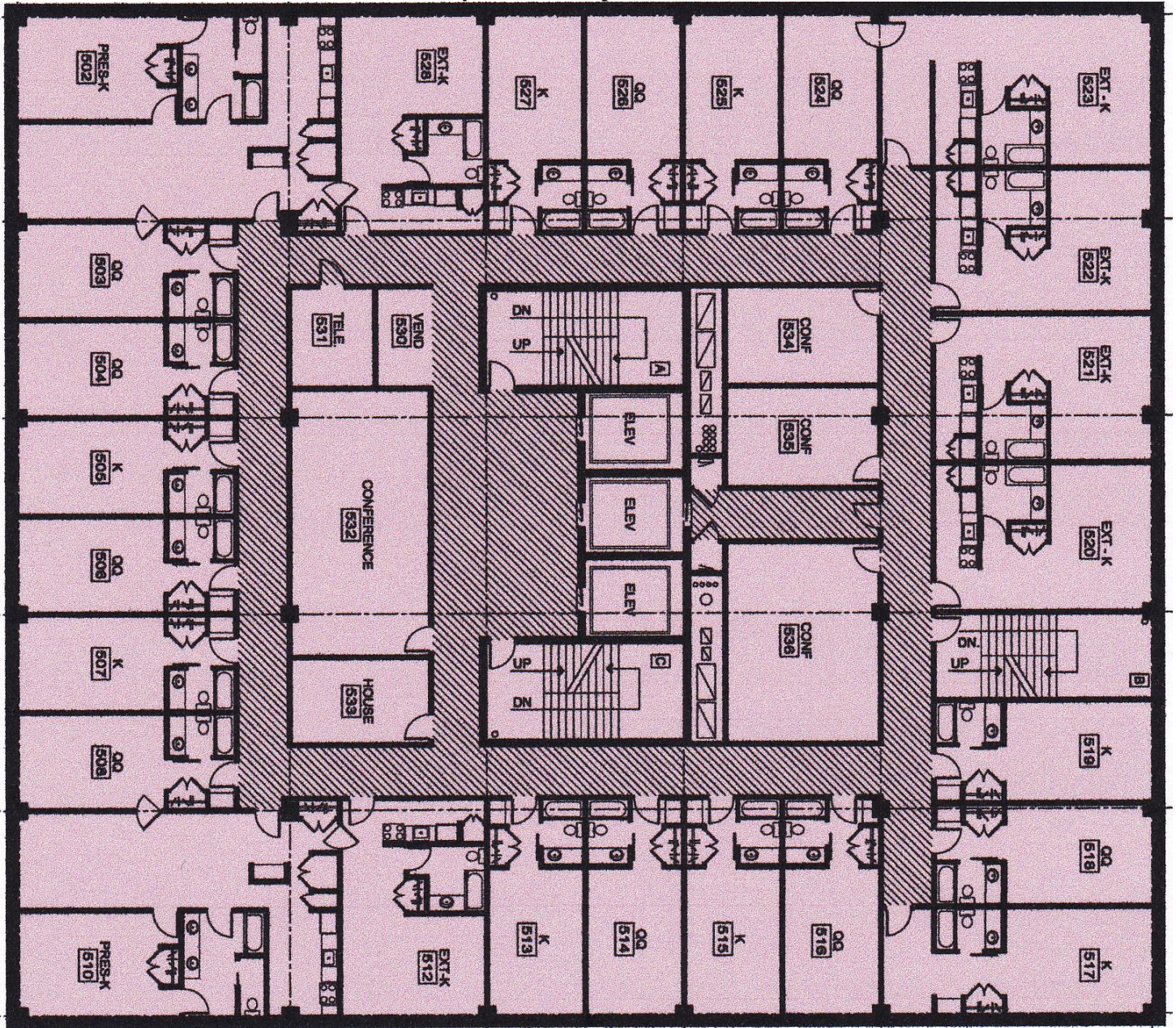


**B.4.16.8: Conference Center (5<sup>th</sup> & 6<sup>th</sup> Floor)**





5<sup>th</sup> Floor Ancillary Conference Spaces Located within 5<sup>th</sup> Floor





	Total Sq. Footage
<b>LEVEL 5</b>	
Conference 5A	220
Conference 5B	220
Conference 5C	450
Conference 5D	540
<b>LEVEL 6</b>	
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





**Site Plan Details:**

- Streets:** CHESTNUT ST. (top), IOWA AVE. (right), W. MISSISSIPPI DR. (left).
- Hotel Building:** 112,000 sq. ft. building with a central entrance and multiple wings.
- Parking Areas:**
  - 2ND LEVEL PARKING:** 141'-0" x 123'-0". Includes a central entrance and multiple parking spaces.
  - 3RD LEVEL PARKING:** 65'-0" x 62'-0". Includes a central entrance and multiple parking spaces.
  - PARKING - OPTION 1 (SURFACE + DECK):** 141'-0" x 123'-0". Includes a central entrance and multiple parking spaces.
- Legend:**
  - GREEN: OPEN AREA (SURFACE LOT AND DECK PARKING ABOVE)
  - RED: LOT TO HANDICAP PARKING
  - BLUE: LOT TO HANDICAP PARKING
  - ORANGE: LOT TO HANDICAP PARKING
  - YELLOW: LOT TO HANDICAP PARKING
  - WHITE: TOTAL SURFACE PARKING
  - 10 SPACES
  - 40 SPACES
  - 100 SPACES
  - 150 SPACES
- Scale:** 0' 8' 16' 32' 64'
- North Arrow:** N

## **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](http://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.**



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.

<b>Competitive Market</b>		
<b>2013 Mix of Demand</b>		
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:

<b>Proposed 112-Room Hotel Stanley</b>			
<b>2019 Mix of Demand &amp; Market Penetration</b>			
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:

<b>Proposed 174-Room Hotel Stanley</b>			
<b>2019 Mix of Demand &amp; Market Penetration</b>			
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:

<b>Estimated Operating Performance Proposed 112-Room Hotel Stanley</b>			
<b>Year</b>	<b>Annual Occupancy</b>	<b>Average Daily Rate*</b>	<b>Net Operating Income</b>
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:

<b>Estimated Operating Performance Proposed 174-room Hotel Stanley</b>			
<b>Year</b>	<b>Annual Occupancy</b>	<b>Average Daily Rate*</b>	<b>Net Operating Income</b>
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.

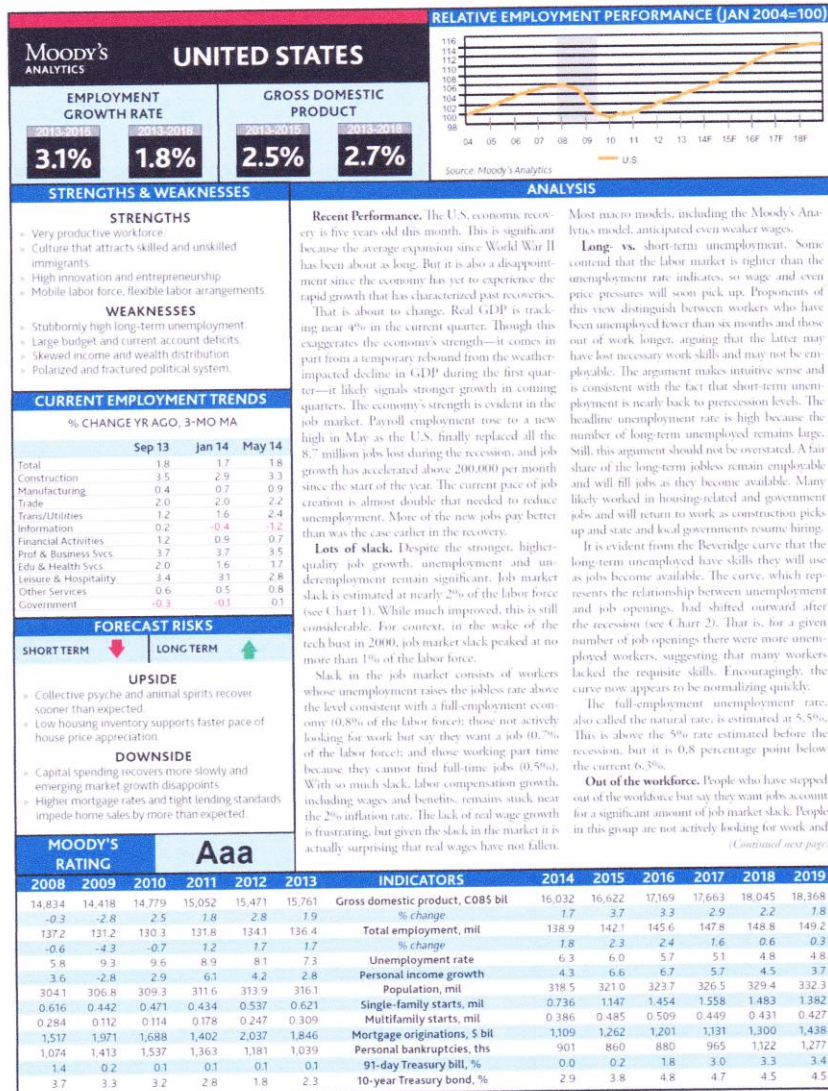
The Quad Cities MSA is located on the border of Illinois and Iowa along the Mississippi River. The metro area includes the communities and surrounding areas of Moline, East Moline in Illinois, and Davenport and Bettendorf in Iowa. More than 27,000 businesses including John Deere World Headquarters, Alcoa, 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.



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

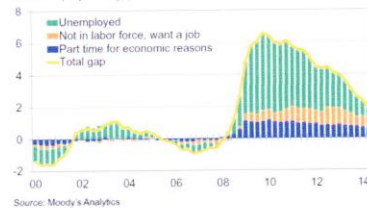
Proposed Hotel Stanley &amp; Conference Center

PKF Consulting USA

## PRÉCIS® U.S. METRO MIDWEST » United States

## Still Lots of Slack

Underemployment gap, % of labor force



## The Beveridge Curve Is Normalizing

Unemployment rate (x-axis); job openings rate (y-axis)



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.

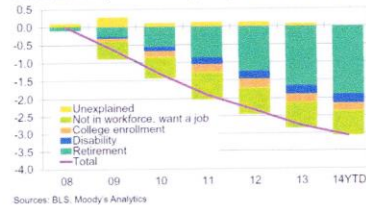
Of course, things can go and have gone wrong. The housing recovery could be stillborn, especially if interest rates spike as the Federal Reserve normalizes monetary policy. China could stumble as its leaders attempt to wring some of the excesses out of their economy. Europe's problems could boil over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

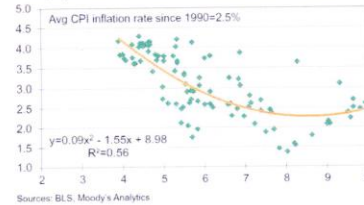
## Explaining the Fall in Labor Force Participation

Cumulative change in labor force participation since 2007, ppt

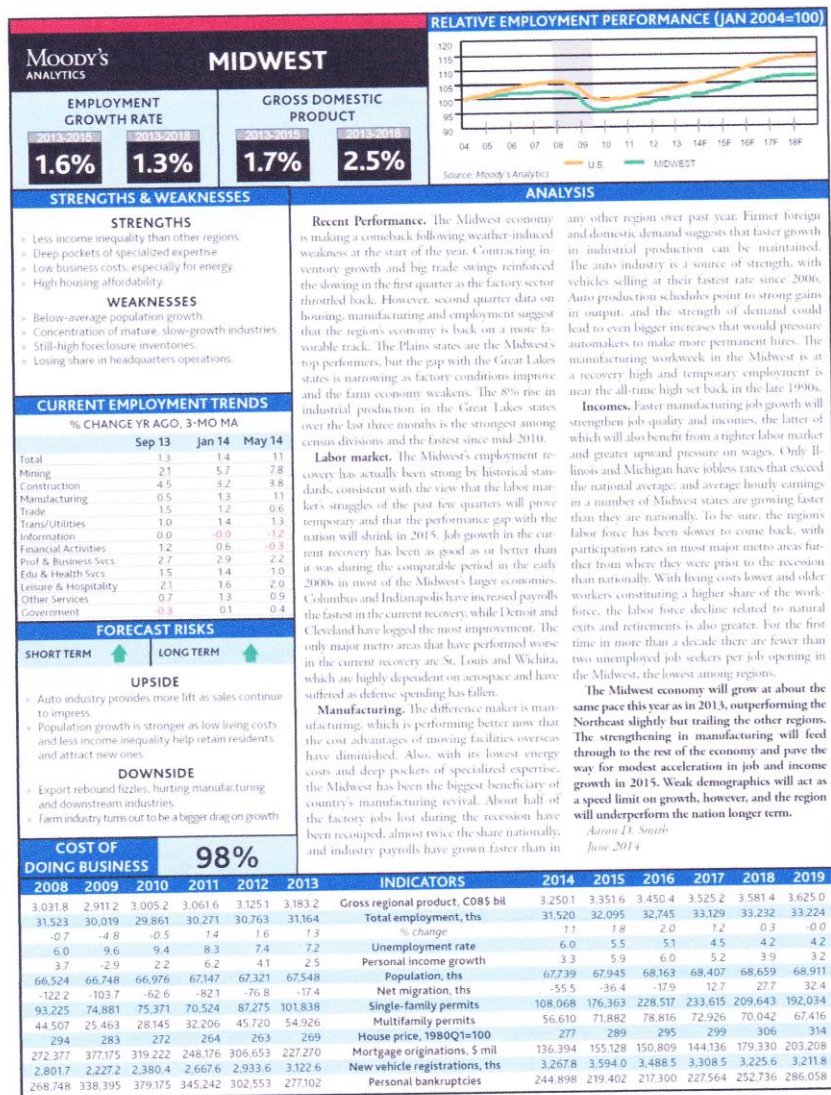


## An Inflation Floor Under Wage Growth

Unemployment rate (x-axis); hourly earnings growth (y-axis)







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Proposed Hotel Stanley &amp; Conference Center

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Proposed Hotel Stanley &amp; Conference Center

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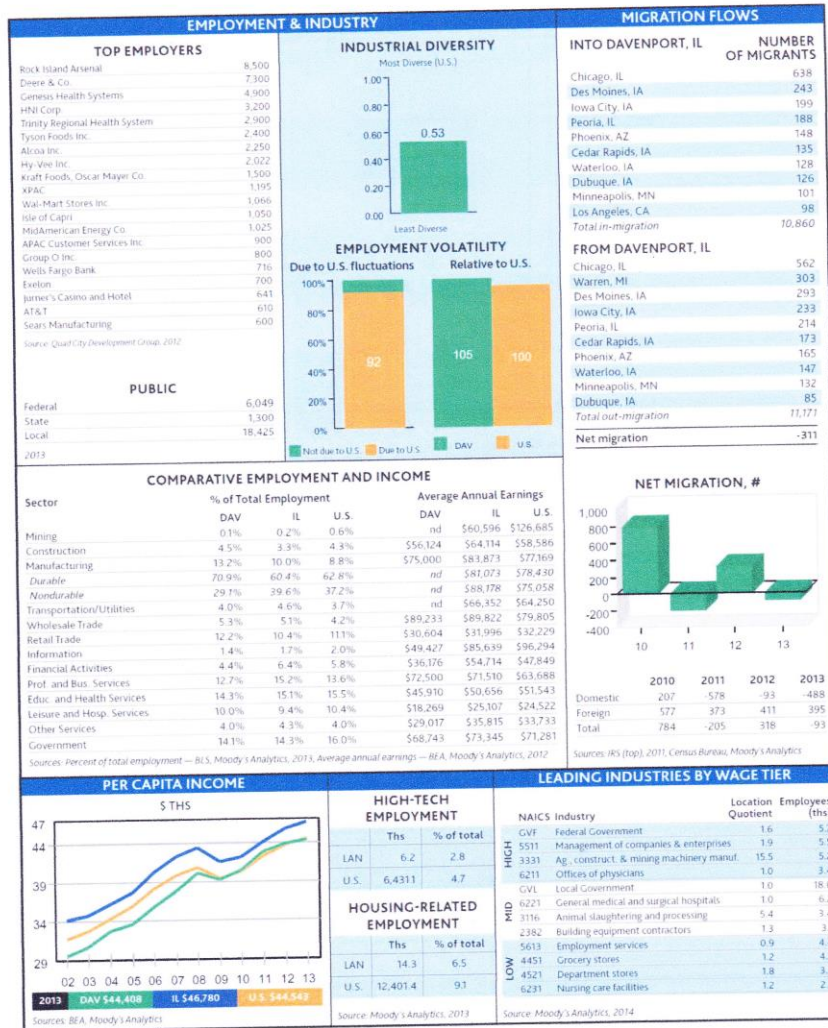
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Proposed Hotel Stanley &amp; Conference Center

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.



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**Largest Quad Cities Employers**


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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

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Source: Moody's Analytics

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**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%
<b>Quad Cities</b>	<b>7.5%</b>	<b>7.1%</b>	<b>7.0%</b>

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
<b>Total Population</b>		
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 <sup>(1)</sup>	0.1%	0.1%
<b>Number of Households</b>		
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 <sup>(1)</sup>	0.2%	0.2%
<b>Income (2014 Estimate)</b>		
Average Household	\$57,015	\$61,127
Median Household	\$44,464	\$49,731
Per Capita	\$22,659	\$23,498
<sup>(1)</sup> 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		
Year	Passenger Activity	
	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 <sup>(1)</sup>	1.2%	-
2013 YTD	780,802	-
2014 YTD	853,638	9.3%
<sup>(1)</sup> 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%
<b>Muscatine</b>	<b>6.4%</b>	<b>5.4%</b>	<b>4.7%</b>
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 2<sup>nd</sup> 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
<b>Total/Average</b>		<b>1,164</b>	<b>10,711</b>	<b>5,600</b>	<b>78</b>

\* 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

Proposed Hotel Stanley and Conference Center

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.

<b>Competitive Market 2013 Mix of Demand</b>		
<b>Market Segment</b>	<b>Room Nights</b>	<b>Ratio</b>
Corp Individual	174,100	65%
Leisure	26,800	10%
Group	67,000	25%
<b>Total</b>	<b>268,000</b>	<b>100%</b>
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
<b>ROOMS SUPPLY</b>	1,110						
<b>Additions/(Deletions) to Supply</b>							
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%
<b>DEMONSTRATED DEMAND IN BASE YR</b>							
Corp Individual	174,073	65%					
Leisure	26,780	10%					
Group	66,951	25%					
<b>TOTAL DEMONSTRATED DEMAND</b>	267,804	100%					
<b>INDUCED/(UNSATISFIED) DEMAND</b>							
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
<b>TOTAL INDUCED/(UNSATISFIED) DEMAND</b>		0	0	0	5,500	2,500	0
<b>GROWTH RATES</b>							
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%
<b>PROJECTED DEMAND</b>							
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
<b>Total</b>	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
<b>Total</b>	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
<b>Total</b>	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%
<b>Total Market Demand</b>	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%
<b>Market Occupancy</b>		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
<b>ROOMS SUPPLY</b>	1,110						
<b>Additions/(Deletions) to Supply</b>							
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%
<b>DEMONSTRATED DEMAND IN BASE YR</b>							
Corp Individual	174,073	65%					
Leisure	26,780	10%					
Group	66,951	25%					
<b>TOTAL DEMONSTRATED DEMAND</b>	267,804	100%					
<b>INDUCED/(UNSATISFIED) DEMAND</b>							
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
<b>TOTAL INDUCED/(UNSATISFIED) DEMAND</b>		0	0	0	9,000	3,500	0
<b>GROWTH RATES</b>							
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%
<b>PROJECTED DEMAND</b>							
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
<b>Total</b>	174,100	179,300	184,700	190,200	198,400	205,400	211,500
Growth Over Prior Year	N/A	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
<b>Total</b>	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	81,556	86,063
Induced/(Unsatisfied)	0	0	0	0	6,000	2,000	0
<b>Total</b>	67,000	68,300	69,700	71,000	79,200	83,600	86,100
Growth Over Prior Year	N/A	1.9%	2.0%	1.9%	11.5%	5.6%	3.0%
<b>Total Market Demand</b>	267,900	274,900	282,300	289,600	307,400	320,200	329,400
Growth Over Prior Year	N/A	2.6%	2.7%	2.6%	6.1%	4.2%	2.9%
<b>Market Occupancy</b>		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.

<b>Proposed 112-Room Hotel Stanley</b>			
<b>Market Penetration and Projected Occupancy</b>			
	2017	2018	2019
<b>TOTAL ROOMS AVAILABLE</b>			
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%
	=====	=====	=====
<b>ESTIMATED TOTAL MARKET DEMAND</b>			
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
	=====	=====	=====
<b>FAIR SHARE OF DEMAND</b>			
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
	=====	=====	=====
<b>SUBJECT PENETRATION</b>			
Corp Individual	110%	112%	114%
Leisure	68%	68%	68%
Group	75%	80%	88%
	=====	=====	=====
<b>ROOM NIGHTS CAPTURED</b>			
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
	=====	=====	=====
<b>MARKET SHARE CAPTURED</b>	8.9%	9.1%	9.4%
	=====	=====	=====
<b>OVERALL MARKET PENETRATION</b>	97%	100%	103%
	=====	=====	=====
<b>SUBJECT OCCUPANCY</b>	66%	70%	74%
	=====	=====	=====
<b>MARKET MIX</b>			
Corp Individual	74%	73%	72%
Leisure	7%	7%	7%
Group	19%	20%	21%
	=====	=====	=====
TOTAL	100%	100%	100%
	=====	=====	=====
Source: PKF Consulting USA			



<b>Proposed 174-Room Hotel Stanley</b>			
<b>Market Penetration and Projected Occupancy</b>			
	2017	2018	2019
<b>TOTAL ROOMS AVAILABLE</b>			
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%
	=====	=====	=====
<b>ESTIMATED TOTAL MARKET DEMAND</b>			
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
	-----	-----	-----
<b>FAIR SHARE OF DEMAND</b>			
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
	-----	-----	-----
<b>SUBJECT PENETRATION</b>			
Corp Individual	102%	104%	106%
Leisure	75%	75%	75%
Group	98%	100%	104%
	-----	-----	-----
<b>ROOM NIGHTS CAPTURED</b>			
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
	=====	=====	=====
<b>MARKET SHARE CAPTURED</b>	13.3%	13.6%	13.9%
<b>OVERALL MARKET PENETRATION</b>	98%	100%	102%
	-----	-----	-----
<b>SUBJECT OCCUPANCY</b>	64%	68%	72%
	-----	-----	-----
<b>MARKET MIX</b>			
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 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
	Range	Average	Median	Stabilized Year
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 <sup>(1)</sup>	\$723 - \$1,057	\$907	\$925	\$1,000
Insurance <sup>(1)</sup>	\$132- \$634	\$370	\$358	\$402
<sup>(1)</sup> 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 <sup>(1)</sup>	\$723 - \$1,057	\$907	\$925	\$1,000
Insurance <sup>(1)</sup>	\$132- \$634	\$370	\$358	\$402
<sup>(1)</sup> 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	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Number of Units:		112		112		112		112	
Number of Annual Rooms Available:		40,880		40,880		40,880		40,880	
Number of Annual Rooms Occupied:		28,980	68%	28,620	70%	30,250	74%	30,250	74%
Annual Occupancy:		68%		70%		74%		74%	
Average Daily Rate:		\$138.00		\$142.00		\$146.00		\$151.00	
Revenue Per Available Room:		\$91.08		\$99.40		\$108.04		\$111.74	
Revenues		\$3,723,000	59.8%	\$4,064,000	59.7%	\$4,417,000	59.7%	\$4,689,000	59.7%
Rooms		2,211,000	35.5%	2,416,000	35.5%	2,630,000	35.5%	2,799,000	35.5%
Food & Beverage		221,000	3.5%	246,000	3.6%	269,000	3.6%	290,000	3.6%
Other Operated Departments		291,000	4.6%	302,000	4.5%	318,000	4.5%	330,000	4.5%
Rents and Other Income		100,000	1.6%	81,000	1.2%	88,000	1.2%	93,000	1.2%
Total Revenues		6,225,000	100.0%	6,803,000	100.0%	7,386,000	100.0%	7,851,000	100.0%
Departmental Expenses									
Rooms		866,000	23.3%	919,000	22.6%	972,000	22.0%	1,003,000	22.0%
Food & Beverage		1,507,000	68.2%	1,606,000	66.5%	1,710,000	65.0%	1,781,000	65.0%
Other Operated Departments		144,000	85.2%	157,000	64.9%	171,000	64.9%	176,000	64.9%
Total Departmental Expenses		2,517,000	40.4%	2,682,000	39.4%	2,853,000	38.6%	2,943,000	38.5%
Departmental Profit		3,710,000	59.6%	4,121,000	60.6%	4,545,000	61.4%	4,898,000	61.5%
Undistributed Expenses									
Administrative & General		487,000	7.5%	495,000	7.3%	516,000	7.0%	535,000	7.0%
Marketing		404,000	6.5%	429,000	6.3%	444,000	6.0%	458,000	6.0%
Property Operation and Maintenance		285,000	4.3%	269,000	4.0%	281,000	3.8%	280,000	3.8%
Utility Costs		249,000	4.0%	253,000	3.7%	260,000	3.5%	267,000	3.5%
Total Undistributed Operating Expenses		1,385,000	22.2%	1,446,000	21.3%	1,501,000	20.3%	1,550,000	20.3%
Gross Operating Profit		2,325,000	37.3%	2,675,000	39.3%	3,042,000	41.1%	3,148,000	41.2%
Base Management Fee		187,000	3.0%	204,000	3.0%	222,000	3.0%	229,000	3.0%
Fixed Expenses									
Property Taxes		122,000	2.0%	128,000	1.9%	130,000	1.8%	134,000	1.8%
Insurance		49,000	0.8%	50,000	0.7%	52,000	0.7%	53,000	0.7%
Total Fixed Expenses		171,000	2.7%	178,000	2.6%	182,000	2.5%	187,000	2.5%
Net Operating Income		1,967,000	31.6%	2,295,000	33.7%	2,639,000	35.7%	2,732,000	35.2%
FF&E Reserve		125,000	2.0%	204,000	3.0%	296,000	4.0%	306,000	4.0%
Net Operating Income After Reserve		\$1,842,000	29.6%	\$2,091,000	30.7%	\$2,342,000	31.7%	\$2,426,000	31.8%
Source: PKF Consulting USA		Full Year of Operation							

Proposed Hotel Stanley and Conference Center

PKF Consulting USA

**Proposed 112-Room Hotel Stanley**Projected Operating Results  
Calendar Years

	2022		2023		2024		2025		2026	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Number of Units:</b>										
Number of Annual Rooms Available:	112		112		112		112		112	
Number of Rooms Occupied:	40,880		40,880		40,880		40,880		40,880	
Annual Occupancy:	30,250		30,250		30,250		30,250		30,250	
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	
<b>Revenues</b>										
Rooms	\$4,840,000	59.8%	\$4,991,000	59.8%	\$5,143,000	59.8%	\$5,294,000	59.8%	\$5,445,000	59.8%
Food & Beverage	2,874,000	35.5%	2,980,000	35.5%	3,045,000	35.5%	3,140,000	35.5%	3,235,000	35.5%
Other Operated Departments	287,000	3.5%	296,000	3.5%	305,000	3.5%	314,000	3.5%	323,000	3.5%
Rentals and Other Income	98,000	1.2%	99,000	1.2%	100,000	1.2%	101,000	1.2%	102,000	1.2%
<b>Total Revenues</b>	<b>8,097,000</b>	<b>100.0%</b>	<b>8,346,000</b>	<b>100.0%</b>	<b>8,598,000</b>	<b>100.0%</b>	<b>8,853,000</b>	<b>100.0%</b>	<b>9,111,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
Rooms	1,064,000	22.0%	1,098,000	22.0%	1,129,000	22.0%	1,163,000	22.0%	1,197,000	22.0%
Food & Beverage	1,869,000	65.0%	1,924,000	65.0%	1,982,000	65.0%	2,041,000	65.0%	2,103,000	65.0%
Other Departmental Expenses	187,000	62.2%	192,000	64.9%	198,000	64.9%	204,000	65.0%	210,000	65.0%
<b>Total Departmental Expenses</b>	<b>3,119,000</b>	<b>38.5%</b>	<b>3,212,000</b>	<b>38.5%</b>	<b>3,309,000</b>	<b>38.5%</b>	<b>3,408,000</b>	<b>38.5%</b>	<b>3,510,000</b>	<b>38.5%</b>
<b>Departmental Profit</b>	<b>4,978,000</b>	<b>61.5%</b>	<b>5,134,000</b>	<b>61.5%</b>	<b>5,290,000</b>	<b>61.5%</b>	<b>5,445,000</b>	<b>61.5%</b>	<b>5,601,000</b>	<b>61.5%</b>
<b>Undistributed Expenses</b>										
Administrative & General	587,000	7.0%	584,000	7.0%	602,000	7.0%	620,000	7.0%	638,000	7.0%
Marketing	448,000	6.0%	501,000	6.0%	516,000	6.0%	531,000	6.0%	547,000	6.0%
Property Operation and Maintenance	308,000	3.8%	317,000	3.8%	327,000	3.8%	338,000	3.8%	346,000	3.8%
Utility Costs	284,000	3.5%	292,000	3.5%	301,000	3.5%	310,000	3.5%	319,000	3.5%
<b>Total Undistributed Operating Expenses</b>	<b>1,645,000</b>	<b>20.3%</b>	<b>1,694,000</b>	<b>20.3%</b>	<b>1,746,000</b>	<b>20.3%</b>	<b>1,797,000</b>	<b>20.3%</b>	<b>1,850,000</b>	<b>20.3%</b>
<b>Gross Operating Profit</b>	<b>3,333,000</b>	<b>41.2%</b>	<b>3,440,000</b>	<b>41.2%</b>	<b>3,544,000</b>	<b>41.2%</b>	<b>3,648,000</b>	<b>41.2%</b>	<b>3,751,000</b>	<b>41.2%</b>
<b>Base Management Fee</b>	<b>243,000</b>	<b>3.0%</b>	<b>250,000</b>	<b>3.0%</b>	<b>258,000</b>	<b>3.0%</b>	<b>266,000</b>	<b>3.0%</b>	<b>273,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>										
Property Taxes	142,000	1.8%	146,000	1.7%	151,000	1.8%	155,000	1.8%	160,000	1.8%
Insurance	57,000	0.7%	58,000	0.7%	60,000	0.7%	62,000	0.7%	64,000	0.7%
<b>Total Fixed Expenses</b>	<b>199,000</b>	<b>2.5%</b>	<b>204,000</b>	<b>2.4%</b>	<b>211,000</b>	<b>2.5%</b>	<b>217,000</b>	<b>2.5%</b>	<b>224,000</b>	<b>2.5%</b>
<b>Net Operating Income</b>	<b>2,891,000</b>	<b>35.7%</b>	<b>2,986,000</b>	<b>35.8%</b>	<b>3,075,000</b>	<b>35.8%</b>	<b>3,165,000</b>	<b>35.8%</b>	<b>3,254,000</b>	<b>35.7%</b>
<b>FF&amp;E Reserve</b>	<b>324,000</b>	<b>4.0%</b>	<b>334,000</b>	<b>4.0%</b>	<b>344,000</b>	<b>4.0%</b>	<b>354,000</b>	<b>4.0%</b>	<b>364,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>	<b>\$2,567,000</b>	<b>31.7%</b>	<b>\$2,652,000</b>	<b>31.8%</b>	<b>\$2,731,000</b>	<b>31.8%</b>	<b>\$2,811,000</b>	<b>31.8%</b>	<b>\$2,890,000</b>	<b>31.7%</b>

Source: PKF Consulting USA

Proposed 174-Room Hotel Stanley		2017		2018		2019		2020		2021	
Projected Operating Results		Calendar Years									
Number of Units:		174		174		174		174		174	
Number of Annual Rooms Available:		63,510		63,510		63,510		63,510		63,510	
Number of Rooms Occupied:		45,730		45,730		45,730		45,730		45,730	
Annual Occupancy:		64%		68%		72%		72%		72%	
Average Daily Rate:		\$138.00		\$142.00		\$146.00		\$151.00		\$155.00	
Revenue Per Available Room:		\$88.32		\$96.56		\$105.12		\$108.72		\$111.60	
Revenues		Amount		Ratio		Amount		Ratio		Amount	
Rooms		\$5,810,000		57.1%		\$6,677,000		57.0%		\$7,088,000	
Food & Beverage		3,776,000		38.4%		4,306,000		38.2%		4,640,000	
Other Operated Departments		333,000		3.4%		395,000		3.6%		422,000	
Rents and Other Income		111,000		1.1%		133,000		1.1%		141,000	
Total Revenues		9,930,000		100.0%		11,714,000		100.0%		12,432,000	
Departmental Expenses		Amount		Ratio		Amount		Ratio		Amount	
Rooms		1,310,000		23.4%		1,469,000		22.0%		1,559,000	
Food & Beverage		2,379,000		63.0%		2,704,000		60.0%		2,864,000	
Other Operated Departments		217,000		65.2%		258,000		64.9%		274,000	
Total Departmental Expenses		3,906,000		39.7%		4,431,000		37.8%		4,701,000	
Departmental Profit		5,924,000		60.3%		7,283,000		62.2%		7,731,000	
Undistributed Expenses		Amount		Ratio		Amount		Ratio		Amount	
Administration & General		741,000		7.5%		824,000		7.0%		874,000	
Marketing		639,000		6.5%		706,000		6.0%		749,000	
Property Operation and Maintenance		418,000		4.3%		444,000		3.8%		471,000	
Utility Costs		390,000		4.0%		414,000		3.5%		439,000	
Total Undistributed Operating Expenses		2,188,000		22.3%		2,388,000		20.4%		2,553,000	
Gross Operating Profit		3,736,000		38.0%		4,895,000		41.8%		5,198,000	
Base Management Fee		295,000		3.0%		351,000		3.0%		373,000	
Fixed Expenses		Amount		Ratio		Amount		Ratio		Amount	
Property Taxes		190,000		1.9%		202,000		1.7%		214,000	
Insurance		76,000		0.8%		81,000		0.7%		86,000	
Total Fixed Expenses		266,000		2.7%		283,000		2.4%		300,000	
Net Operating Income		3,175,000		32.3%		4,261,000		36.5%		4,525,000	
FF&E Reserve		197,000		2.0%		469,000		4.0%		497,000	
Net Operating Income After Reserve		\$2,978,000		30.3%		\$3,792,000		32.4%		\$4,028,000	
Source: PKF Consulting USA		Full Year of Operation									

Proposed Hotel Stanley and Conference Center

PKF Consulting USA



Prospective Financial Analysis

VI-9

Proposed 174-Room Hotel Stanley Projected Operating Results Calendar Years		2022		2023		2024		2025		2026	
Number of Units:		174	174	174	174	174	174	174	174	174	174
Number of Annual Rooms Available:		63,510	63,510	63,510	63,510	63,510	63,510	63,510	63,510	63,510	63,510
Number of Annual Rooms Occupied:		46,730	46,730	46,730	46,730	46,730	46,730	46,730	46,730	46,730	46,730
Annual Occupancy:		72%	72%	72%	72%	72%	72%	72%	72%	72%	72%
Average Daily Rate:		\$160.00	\$165.00	\$168.00	\$170.00	\$172.40	\$175.00	\$176.00	\$176.00	\$176.00	\$176.00
Revenue Per Available Room:		\$115.20	\$118.80	\$122.40	\$124.00	\$126.00	\$126.00	\$126.00	\$126.00	\$126.00	\$126.00
Revenues		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Rooms		\$7,317,000	57.1%	\$7,545,000	57.1%	\$7,774,000	57.1%	\$8,003,000	57.1%	\$8,231,000	57.1%
Food & Beverage		4,924,000	38.4%	5,072,000	38.4%	5,220,000	38.4%	5,369,000	38.4%	5,517,000	38.4%
Other Operated Departments		434,000	3.4%	449,000	3.4%	464,000	3.4%	479,000	3.4%	494,000	3.4%
Rents and Other Income		435,000	3.4%	449,000	3.4%	464,000	3.4%	479,000	3.4%	494,000	3.4%
Total Revenues		12,820,000	100.0%	13,214,000	100.0%	13,613,000	100.0%	14,017,000	100.0%	14,425,000	100.0%
Departmental Expenses		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Rooms		1,608,000	22.0%	1,657,000	22.0%	1,707,000	22.0%	1,758,000	22.0%	1,809,000	22.0%
Food & Beverage		2,954,000	60.0%	3,043,000	60.0%	3,134,000	60.0%	3,228,000	60.0%	3,325,000	60.0%
Other Operated Departments		282,000	65.0%	291,000	65.0%	300,000	65.1%	309,000	65.1%	318,000	65.0%
Total Departmental Expenses		4,844,000	37.8%	4,991,000	37.8%	5,141,000	37.8%	5,295,000	37.8%	5,452,000	37.8%
Departmental Profit		7,976,000	62.2%	8,223,000	62.2%	8,472,000	62.2%	8,722,000	62.2%	8,973,000	62.2%
Undistributed Expenses		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Administrative & General		901,000	7.0%	928,000	7.0%	956,000	7.0%	985,000	7.0%	1,014,000	7.0%
Marketing		771,000	6.0%	795,000	6.0%	818,000	6.0%	843,000	6.0%	868,000	6.0%
Property Operation and Maintenance		485,000	3.8%	499,000	3.8%	514,000	3.8%	530,000	3.8%	546,000	3.8%
Utility Costs		452,000	3.5%	465,000	3.5%	479,000	3.5%	494,000	3.5%	509,000	3.5%
Total Undistributed Operating Expenses		2,609,000	20.4%	2,687,000	20.3%	2,767,000	20.3%	2,852,000	20.3%	2,937,000	20.4%
Gross Operating Profit		5,367,000	41.9%	5,536,000	41.9%	5,706,000	41.9%	5,870,000	41.9%	6,036,000	41.8%
Base Management Fee		385,000	3.0%	396,000	3.0%	408,000	3.0%	421,000	3.0%	433,000	3.0%
Fixed Expenses		220,000	1.7%	227,000	1.7%	234,000	1.7%	241,000	1.7%	248,000	1.7%
Property Taxes		88,000	0.7%	91,000	0.7%	94,000	0.7%	98,000	0.7%	99,000	0.7%
Insurance		308,000	2.4%	318,000	2.4%	328,000	2.4%	337,000	2.4%	347,000	2.4%
Total Fixed Expenses		4,674,000	36.5%	4,822,000	36.5%	4,969,000	36.5%	5,112,000	36.5%	5,296,000	36.4%
Net Operating Income		513,000	4.0%	529,000	4.0%	545,000	4.0%	561,000	4.0%	577,000	4.0%
FF&E Reserve		\$4,161,000	32.5%	\$4,293,000	32.5%	\$4,424,000	32.5%	\$4,551,000	32.5%	\$4,679,000	32.4%
Net Operating Income After Reserve											
Source: PKF Consulting USA											

Proposed Hotel Stanley and Conference Center

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
<b>Business/Corporation</b> 	<b>50.0%</b>	<b>66</b>
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)	<b>28.2%</b> <b>(20)</b>	25.4% (18)	7.0% (5)	1.4% (1)	71
B. Social Event/Wedding	24.5% (13)	<b>26.4%</b> <b>(14)</b>	17.0% (9)	13.2% (7)	18.9% (10)	3.8% (2)	0.0% (0)	53
C. Meeting/Training	<b>36.9%</b> <b>(38)</b>	<b>36.9%</b> <b>(38)</b>	28.2% (29)	8.7% (9)	2.9% (3)	0.0% (0)	0.0% (0)	103
D. Trade/Consumer Show	<b>36.4%</b> <b>(12)</b>	15.2% (5)	18.2% (6)	6.1% (2)	15.2% (5)	3.0% (1)	6.1% (2)	33
E. Convention/Conference	<b>29.3%</b> <b>(12)</b>	9.8% (4)	<b>29.3%</b> <b>(12)</b>	19.5% (8)	17.1% (7)	2.4% (1)	0.0% (0)	41
F. Sports Events	<b>71.4%</b> <b>(15)</b>	0.0% (0)	4.8% (1)	9.5% (2)	4.8% (1)	0.0% (0)	9.5% (2)	21
G. Other Events	<b>39.0%</b> <b>(16)</b>	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.)**

	<b>Below \$100</b>	<b>\$100- \$125</b>	<b>\$125- \$150</b>	<b>\$150- \$175</b>	<b>\$175- \$200</b>	<b>Above \$200</b>	<b>Rating Count</b>
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)	<b>57.7% (41)</b>	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)	<b>55.1% (27)</b>	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)	<b>56.1% (60)</b>	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)	<b>27.3% (9)</b>	6.1% (2)	9.1% (3)	9.1% (3)	0.0% (0)
E. Convention/Conference	2.6% (1)	20.5% (8)	<b>25.6% (10)</b>	<b>25.6% (10)</b>	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)	<b>41.7% (15)</b>	5.6% (2)	2.8% (1)	2.8% (1)	2.8% (1)
Other (please specify)/Comments								
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.)**

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



**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.)**

	<b>Below \$100</b>	<b>\$100- \$125</b>	<b>\$125- \$150</b>	<b>\$150- \$175</b>	<b>\$175- \$200</b>	<b>Above \$200</b>	<b>Rating Count</b>
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.**

	<b>Response Count</b>
	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
<b>answered question</b>	<b>7</b>
<b>skipped question</b>	<b>0</b>

**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
<b>answered question</b>						<b>7</b>
<b>skipped question</b>						<b>0</b>



**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)	<b>42.9%</b> (3)	28.6% (2)	14.3% (1)	0.0% (0)	0.0% (0)	0.0% (0)	7
B. Board / Shareholders Meeting	<b>33.3%</b> (2)	<b>33.3%</b> (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)	<b>42.9%</b> (3)	28.6% (2)	0.0% (0)	0.0% (0)	7
D. Seminar / Conference	16.7% (1)	16.7% (1)	<b>50.0%</b> (3)	16.7% (1)	0.0% (0)	0.0% (0)	0.0% (0)	6
E. Trade / Consumer Show	<b>75.0%</b> (3)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	25.0% (1)	0.0% (0)	4
F. Gala / Holiday Party	<b>40.0%</b> (2)	0.0% (0)	0.0% (0)	<b>40.0%</b> (2)	0.0% (0)	20.0% (1)	0.0% (0)	5
G. Other Events	<b>60.0%</b> (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.)**

	<b>Below \$100</b>	<b>\$100- \$125</b>	<b>\$125- \$150</b>	<b>\$150- \$175</b>	<b>\$175- \$200</b>	<b>Above \$200</b>	<b>Rating Count</b>
A. Meeting / Training	20.0% (1)	<b>100.0% (5)</b>	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	5
B. Board / Shareholders Meeting	16.7% (1)	<b>66.7% (4)</b>	50.0% (3)	16.7% (1)	0.0% (0)	0.0% (0)	6
C. Banquet / Awards Event	33.3% (1)	<b>66.7% (2)</b>	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	3
D. Seminar / Conference	33.3% (2)	<b>66.7% (4)</b>	33.3% (2)	0.0% (0)	0.0% (0)	0.0% (0)	6
E. Trade / Consumer Show	33.3% (1)	<b>66.7% (2)</b>	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	3
F. Gala / Holiday Party	<b>50.0% (2)</b>	25.0% (1)	25.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	4
G. Other Events	<b>50.0% (1)</b>	<b>50.0% (1)</b>	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)	<b>66.7% (4)</b>	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	6
B. Individuals with a Group	<b>33.3% (2)</b>	<b>33.3% (2)</b>	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	6
C. Company / Organization Employees	<b>28.6% (2)</b>	14.3% (1)	<b>28.6% (2)</b>	<b>28.6% (2)</b>	0.0% (0)	0.0% (0)	7
D. Vendors	28.6% (2)	14.3% (1)	<b>42.9% (3)</b>	28.6% (2)	0.0% (0)	0.0% (0)	7
E. Customers	<b>33.3% (2)</b>	<b>33.3% (2)</b>	16.7% (1)	16.7% (1)	0.0% (0)	0.0% (0)	6
F. Other	<b>50.0% (2)</b>	0.0% (0)	<b>50.0% (2)</b>	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.**

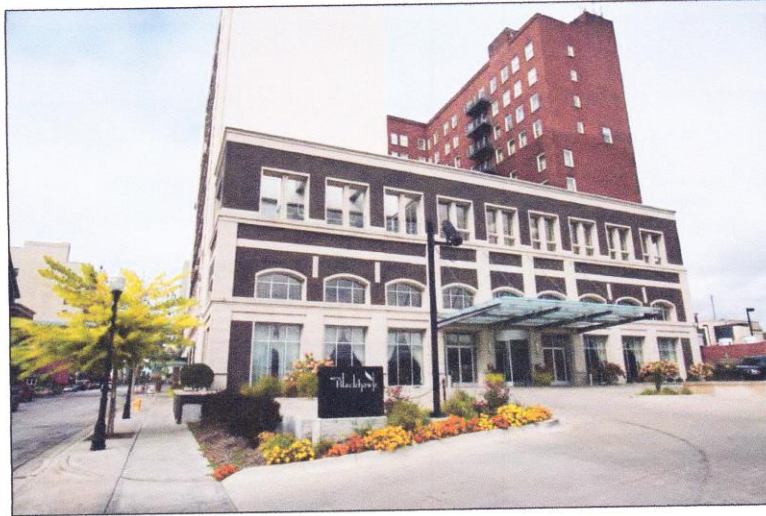
	Response Count
	3
answered question	3
skipped question	4



**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



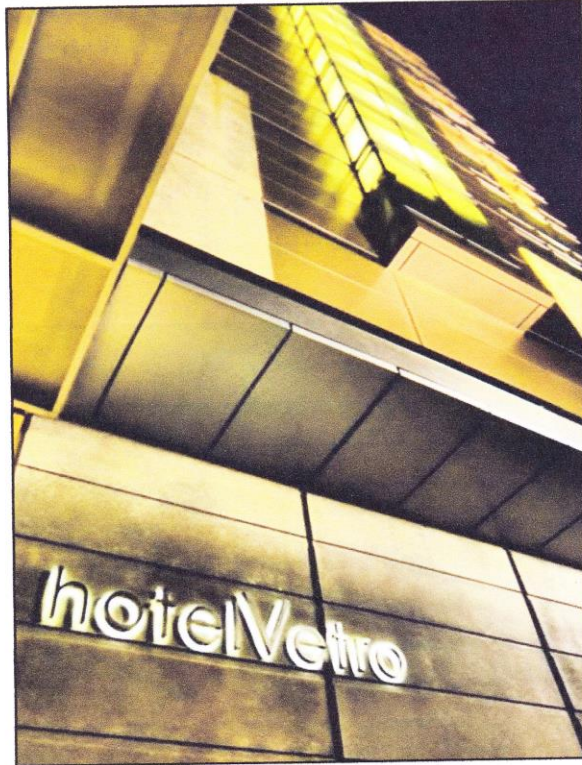
Radisson Quad City Plaza



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 6<sup>th</sup> floor conference center. We would maintain the conference rooms on the 5<sup>th</sup> floor as adding rooms on this floor is not feasible as they are inner corridor (interior) spaces.

Assumptions:

- Cost reduction to eliminate the 6<sup>th</sup> 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 6<sup>th</sup> 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	
Occupancy %	66%	70%	74%	74%	74%	
ADR	\$ 128.00	\$ 132.00	\$ 136.00	\$141.00	\$145.00	
<b>Revenue:</b>						
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
<b>Total Revenue:</b>	<b>3,904,712</b>	<b>4,258,756</b>	<b>4,627,079</b>	<b>4,801,258</b>	<b>4,944,441</b>	<b>22,536,247</b>
<b>Departmental Expenses:</b>						
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
<b>Total Expenses</b>	<b>929,742</b>	<b>986,558</b>	<b>1,018,984</b>	<b>1,054,128</b>	<b>1,090,507</b>	<b>5,079,919</b>
<b>Departmental Profit:</b>	<b>2,974,970</b>	<b>3,272,198</b>	<b>3,608,094</b>	<b>3,747,130</b>	<b>3,853,935</b>	<b>17,456,328</b>
<b>Undistributed Expenses:</b>						
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	208,680	219,372	225,953	232,732	239,714	1,126,451
Utilities	158,188	170,350	175,461	180,725	186,146	868,870
<b>Undistributed Subtotal:</b>	<b>812,811</b>	<b>1,209,660</b>	<b>1,245,950</b>	<b>1,283,329</b>	<b>1,321,828</b>	<b>5,873,578</b>
<b>Management Fees, Property Taxes and Insurance</b>						
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
<b>Total Management Fees and Fixed Exp.</b>	<b>598,192</b>	<b>614,254</b>	<b>642,304</b>	<b>662,988</b>	<b>682,844</b>	<b>3,200,583</b>
<b>NET OPERATING PROFIT (LOSS):</b>	<b>1,563,967</b>	<b>1,448,284</b>	<b>1,719,840</b>	<b>1,800,814</b>	<b>1,849,263</b>	<b>8,382,167</b>
Incentive Management Fee	156,397	144,828	171,984	180,081	184,926	838,217
Government Incentives (TIF +IRD )	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
<b>NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:</b>	<b>\$ 1,977,167</b>	<b>\$ 1,888,583</b>	<b>\$ 2,149,144</b>	<b>\$ 2,229,271</b>	<b>\$ 2,278,673</b>	<b>\$ 10,522,838</b>

TOTAL INVESTMENT CASH FLOWS:						INVESTOR IRR
<b>Total Initial Equity Investment</b>	<b>20,000,000.00</b>					<b>6%</b>
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
<b>Total Debt Service</b>	<b>14,483,553</b>	<b>1,030,889</b>	<b>1,030,889</b>	<b>1,030,889</b>	<b>1,030,889</b>	<b>5,154,449</b>
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
<b>Total Investment Cash Flow</b>	<b>(19,053,722)</b>	<b>857,694</b>	<b>1,118,254</b>	<b>1,198,381</b>	<b>20,757,147</b>	<b>\$ 20,757,147</b>
						<b>\$ 26,508,240</b>

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

#### ***B.4.18.2: Scenario 2 – Elimination of the Current 5<sup>th</sup> Floor***

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

##### **Assumptions:**

- Cost reduction to eliminate the 6<sup>th</sup> 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 5<sup>th</sup> 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	
<b>Revenue:</b>						
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
<b>Total Revenue:</b>	<b>5,199,323</b>	<b>5,548,122</b>	<b>5,942,270</b>	<b>6,185,243</b>	<b>6,410,941</b>	<b>29,285,900</b>
<b>Departmental Expenses:</b>						
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
<b>Total Expenses</b>	<b>2,144,850</b>	<b>2,276,560</b>	<b>2,399,882</b>	<b>2,471,918</b>	<b>2,546,556</b>	<b>11,839,765</b>
<b>Departmental Profit:</b>	<b>3,054,473</b>	<b>3,271,563</b>	<b>3,542,389</b>	<b>3,713,325</b>	<b>3,864,386</b>	<b>17,446,135</b>
<b>Undistributed Expenses:</b>						
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
<b>Undistributed Subtotal:</b>	<b>1,315,695</b>	<b>1,299,486</b>	<b>1,338,471</b>	<b>1,378,625</b>	<b>1,419,984</b>	<b>6,752,261</b>
<b>Management Fees, Property Taxes and Insurance</b>						
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
<b>Total Management Fees and Fixed Exp.</b>	<b>649,977</b>	<b>665,829</b>	<b>694,912</b>	<b>718,347</b>	<b>741,504</b>	<b>3,470,569</b>
<b>NET OPERATING PROFIT (LOSS):</b>	<b>1,088,801</b>	<b>1,306,247</b>	<b>1,509,006</b>	<b>1,616,353</b>	<b>1,702,898</b>	<b>7,223,305</b>
<b>Incentive Management Fee</b>	<b>108,880</b>	<b>130,625</b>	<b>150,901</b>	<b>161,635</b>	<b>170,290</b>	<b>722,331</b>
<b>Government Incentives (TIF +HRD )</b>	<b>748,299</b>	<b>770,333</b>	<b>798,656</b>	<b>813,748</b>	<b>827,073</b>	<b>3,958,108</b>
<b>FF&amp;E Reserve</b>	<b>207,973</b>	<b>221,925</b>	<b>237,691</b>	<b>247,410</b>	<b>256,438</b>	<b>1,171,436</b>
<b>NET CASH FLOW GAIN/(LOSS) AFTER RESERVE:</b>	<b>\$ 1,520,247</b>	<b>\$ 1,724,030</b>	<b>\$ 1,919,070</b>	<b>\$ 2,021,056</b>	<b>\$ 2,103,244</b>	<b>\$ 9,287,647</b>

TOTAL INVESTMENT CASH FLOWS:						INVESTOR
						IRR
Total Initial Equity Investment	20,000,000.00					1%
Net Operating Cash Flow b/4 tax	1,520,247	1,724,030	1,919,070	2,021,056	2,529,971	\$ 9,714,375
Debt Service						\$ -
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)