Exhibit G:
Scottford Enterprises
Market Feasibility Study
2013
Scottford Enterprises, LLC, was established in 1995 by Andy MacLellan. Andy has over 35 years experience in all aspects of the Hotel and Resort Business from Midscale to Five Star Properties, in General Management to top Corporate positions including ownership.

Scottford Enterprises was contracted by the Atlanta Committee for the 1996 Olympic Games to provide accommodations services for the HOST Campus Network at residence facilities that included all Georgia colleges and universities, the Georgia International Horse Park and Atlanta Union Mission, leased by ACOG to approximately 13,000 officials, press staff, volunteers and other guests during the Olympic Games.

Since then, Scottford has evolved into a multiple service hospitality and resort community consulting, management and development firm, specifically for hotels, resorts, conference centers and resort communities. Scottford has the resources to provide:

- Property Management
- Pre-Development Services
- Development Services
- Asset Management
- Interim Management
- Operations Analysis
- Property Repositioning
- Partnerships
- Equity Investors and Resources in Real Estate Finance
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**Proposed Downtown Hotel**  
**Muscatine, Iowa**  
Preliminary Market Study, Program, Preliminary Project Costs, Preliminary Pro-forma and Investment Analysis
July 1, 2013

EXECUTIVE SUMMARY

Muscatine is a Historic city beautifully placed on the Mississippi River, 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, launching areas and several venues for people to gather. The paddle-boat that is docked at the riverside provides an additional amenity to locals and tourists. The landscape on the other side of the river is a pristine area on the Illinois side, therefore the views from the city are breathtaking. Much of the downtown area has been renovated to honor the old buildings, heritage, and streetscape that provide the community with a lure for tourists. The downtown area is home to many large companies, financial institutions, residential, retail, restaurants, bars and services.

Muscatine is a vibrant community with a lot of activity, both from residents and visitors. It sits close to a large market from the Quad Cities and from the surrounding states. Currently, however, much of the retail, restaurant and accommodation activity is going elsewhere primarily due to the lack of facilities in Muscatine.

The City has good guest room night demand as well as meeting space demand. The beneficiaries of this demand, however, are Davenport and Iowa City in addition to what can be accommodated in Muscatine. It appears that many companies pay more for rooms and services outside of Muscatine, again, due primarily to the lack of facilities in town.

Scottford Hospitality interviewed over 20 captains of industry as well as important people in town who are involved in major organizations. Overwhelmingly, there is great support for a Hotel and conference facilities in downtown Muscatine. There is a desire to have a more upscale property with additional services than what is currently offered in Muscatine.

It appears that between a 70 and 90 room Hotel is desirable and economically feasible for the downtown area. There should also be a restaurant and bar associated with the Hotel, although, it does not need to be in the same building. Other facilities should include meeting space (with one room able to fit up to 350 people) that will accommodate the large number of meetings that take place (or should take place) in Muscatine. There seems to be good support for a fitness center with some Spa services as well. We have provided a complete program with the approximate costs in the body of this report. Please note that there is a need for parking in the Downtown area and we have included the cost of the city funded parking deck.

We have provided two five-year pro-formas for the projected Hotel; we did one for a 70 room property and one for a 90 room property. The occupancy and rates were derived from the actual market that is currently in Muscatine along with what Davenport is doing (provided by Smith Travel Research). We started our occupancy with what the fair share would be in the local market without anticipating and increase in the National, Regional or Local economies in order to be conservative. The Investment analysis shows an unleveraged return of between 8-16% for the 70 and 90 room models respectively and a 50% leveraged return of 12-25% return.
respectively. The addition of residential Condominium units will only enhance these returns.

We believe that a specific product (that meets the needs of the various clients) would be a great economic engine for the community. In addition to the returns for the Hotel, the ancillary revenues for downtown will increase dramatically. Funding for this project will be a combination of equity, debt and incentives from local, state and national grants and incentive programs.

**ASSIGNMENT**

It is our purpose to look at the downtown Muscatine market in terms of determining the viability of a Hotel. Secondly, to look at the amenities that should be added in existing buildings to support a new build Hotel and determine what the new structures should contain. For our Initial Scope, we have provided a Preliminary Market Study, Preliminary Program, Pro-forma and Investment Analysis of the proposed Hotel.

Secondly, we have reviewed the existing site, surrounding buildings and determined the approximate amount of square footage that should be added for the Hotel and amenities. We will provide a preliminary budget for the Hotel project to include the renovation of existing facilities to support the Hotel.

**SITUATION ANALYSIS**

- The current primary market has 22,537 households
- The current secondary market has 49,914 households
- The current primary trade area has a population of 58,000
- The secondary trade area has a population of 115,000
- The average age in the primary market is 37.4 years
- The average age in the secondary market is 28.9 years
- The number of Hotel rooms in the Muscatine market are approx. 600
- Total rooms revenue in the competitive set in Muscatine (437 rooms that participate in the Smith Travel Report) is $5,272,981
- Total occupancy for Muscatine for 2013 is expected to be at 46%
- Average rate for Muscatine for 2013 is $71.71
- Currently there are no Hotel accommodations downtown
- Leakage (meaning the business going to other Quad Cities instead of Muscatine) is substantial. (will address under Room Night Projections for the Prospective Hotel)

- Strengths of the market (per the tapestry survey):
  - Attractiveness
  - Cleanliness
  - Customer service
  - Convenience
  - Location on the River
- Weaknesses of the market (per tapestry report):
  - Selection / variety of services
  - Entertainment
Lack of accommodations

- Appears to be high demand for accommodations from businesses downtown and in the surrounding areas per the interviews with the multiple business executives and other key people in the community. There is great support for the downtown area as a destination.

**Room night demand in Muscatine:**
Smith Travel Report has consolidated the occupancies of the competitive set to be 40.7% for 2012.
The Smith Travel Report for Muscatine in its entirety is Attachment # 2.
In 2013 year to date, the occupancy has shown a 28.6 % increase over 2012. For the purposes of this report, we will not include the month of April (which showed an increase of 101% increase year over year) as an anomaly, and therefore, average the year without April to bring the increase to 4.5% year to date. The projection for 2013 is 46%.
The following hotels were included in the Smith Travel Report for Muscatine; (see details of competitive set on Attachment #4)
  - Comfort Inn 49 rooms
  - Americainn 59
  - Hampton Inn 76
  - Clarion Hotel 111
  - Travelodge 91
  - Fairfield Inn 51

Room demand in Muscatine is lowest in Dec-April and the high months are June – September.
The supply has been constant in the market with no new rooms added in the past several years.
Demand from 2011 to 2012 was down 13.3%.
Demand from 2012 to 2013 so far is up 27%.
**Room Night Demand in Davenport:**
In our interviews with various local companies, we determined that much of the room business is going to Davenport (with some to Iowa City). Therefore, we had a Smith Travel Report for the Davenport market developed; see Attachment #3

Davenport occupancy for 2012 was 57.7%.
So far, occupancy for 2013 is 3.1% over 2012. We estimate the Davenport Occupancy to be approximately 60% for 2013.

The following Hotels were included in the Davenport Hotel Survey by Smith Travel Research; (see details of Davenport competitive Hotels in Attachment #5)

- Hotel Blackhawk 130 rooms
- Radisson Quad Cities Plaza 221
- Residence Inn 78
- Clarion Hotel and Conf. Center 288
- Hampton Inn and Suites 103
- Staybridge Suites 80

The demand in Davenport is lowest in December-January. Demand in Davenport is highest in June –September.
The supply has been constant in the past several years. However, the demand 2012 over 2011 was up 5% (note it was down in Muscatine …possibly because of the leakage from Muscatine to Davenport). Demand is up 3% so far in 2013 over 2012.

**ADR (Average Daily Rate) Muscatine:** (see Smith Travel Report: Attachment #2)
The ADR in Muscatine for 2012 is $70.24. So far in 2013, ADR is up 2.1% over 2012. We estimate the ADR for 2013 to be $71.71.
The low months for ADR are January, August, October- December. The high months for ADR are February-July.

**ADR for Davenport** (see Attachment #3)
The ADR in Davenport for 2012 was $98.69. So far, 2013 is 3.1% over 2012. We estimate the Davenport ADR to be $101.89 for 2013.
The low months for ADR in Davenport are December and January. The high months are June-October.

**Room Night Projections for Prospective Hotel**
The room night projections for the Proposed Hotel have certain assumptions as follows:

- Assume total rooms nights consumed by the competitive set is 73,372 room nights per year
- Assume the base market is the existing 46% occupancy and that the proposed Hotel would get their fair share.
- Does not take into consideration future improvement of the local hotel business.
• Local Corporate Market (per our discussions with top business and organizations leaders in Muscatine) are room nights that would use a downtown hotel instead of the bypass Hotels and the out-of-town Hotels. (See Attachment # 6)
  o We will assume that only 50% of the local corporate market will use the new hotel based on availability and rate.
• Assume Stabilized occupancy is in the 3rd year of operation.
• Leakage refers to the number of Hotel room nights that are leaving the Muscatine market even though they may be generated by the market. The Buxton report (3/26/2013) shows that there is extensive leakage in other segments of the market as follows;
  ▪ To other markets % of total revenue lost
    o Food service and Bars $4,600,000 23%
    o Convenience Stores $2,000,000 75%
    o Specialty Food $550,000 31%
    o Beer/ Wine and liquor $1,800,000 48%
    o General Merchandise $7,300,000 47%
    o Retail in General $3,900,000 36%

  Since the report did not specifically say what the loss was in room nights, we have conservatively estimated that 20% of the total rooms consumed are going outside the local market, not including the Local Corporate Business.

Room night estimates;

90 room Hotel
• Base Market of existing @ 46% 15,111
  11,753
• Local Corporate market @ 50%* 4,200
  4,200
• Leakage (w/out Local Corp)@ 20% of total 4,402
  4,402

Potential Stabilized Occupancy 23,713 72%

70 room Hotel

• Base Market of existing @ 46% 11,753
  15,111
• Local Corporate market @ 50%* 4,200
  4,200
• Leakage (w/out Local Corp)@ 20% of total 4,402
  4,402

Potential Stabilized Occupancy 20,355 79%

*See Attachment # 6
**Quality level of Hotel**

During our discussions with over 20 business and organization leaders in the Muscatine market, it became clear that the level of quality for the new Hotel should be an upper scale Hotel, distinguished from the Branded Hotels on the Bypass. Another way to say this is that it should be an approximate 4 Star Hotel with full amenities. In asking what amenities should be available, all replied that there should be a Restaurant, Bar, Business Center, Fitness (possibly some Spa amenities) and Meeting Space to accommodate up to 350 people. When asked if it the Restaurant, Bar and Meeting Space had to be in the same building, the answer was that it should be close by if not in the same building.

Here are some of the quotes regarding the Quality level of the Hotel;

- David Penn, Monsanto; Using Blackhawk and Jumer’s due to the quality level. There should be a nice Restaurant, Bar and Fitness Center with some Spa amenities.
- Rick Smith, Stanley Group; using Marriott Iowa City and Sheraton, Iowa City. Believe should have a Restaurant, Bar and Fitness. Also rents a number of apartments at Steamboat.
- Dick Stanley; need Restaurant, Bar and sizable meeting facilities.
- Greg Harris, Bandag; Likes Marriott. Thinks there should be a full service Restaurant and Bar downtown like the old Button Factory.
- Troy Ross, Carver Trust; thinks restaurant and bar choices are limited. Would use full service Restaurant and Bar.
- Bob Jensen, Temp Associates; Thinks a good full service Hotel is good idea. Says Muscatine needs a good restaurant downtown, good quality.
- Gary Slight, Commerce Bank; Thinks there should be a full service Hotel in downtown, a Bar, but maybe not another Restaurant.
- Scott Ingstad. Frist National Bank; Believe that there should be a good Hotel and there needs to be good meeting space in Downtown for Rotary, Wedding receptions, Christmas parties, etc.
- Joni Axel; believes there is a need for something special. Need a nice Restaurant. Need a connection to all of the recreation available to those that live, stay and work downtown.
- Gary Carlson. HNI; need for a nice hotel with nice large rooms that are well maintained. Need meeting space that can accommodate 300 plus people plus smaller rooms for smaller meetings. Currently using Blackhawk in Davenport, Jumer’s, and new Marriott in Iowa City.
- Sal LoBianco, MPW; Definitely a need for Hotel. Thinks there may be enough restaurants in downtown, but need fitness / Spa. Would like to see meeting space to accommodate Christmas parties, Board meetings, and Strategic planning meetings. Thinks it needs to compete with the Hampton or above for quality.
- Sarah Lande; Need a 4 star plus Hotel, with full service amenities. The restaurant should be more upscale than what is downtown now. The Hotel should be a legacy for Muscatine. Need to have good banquet areas for various meetings.
- Tom Greene, Heinz; Likes the concept of a full service Hotel. Currently their executives from Corporate use the Blackhawk and Riverside. Believes it needs to be nice and should have a good dining experience. They also have meeting requirements for up to 50 people.
- Rick Dwyer, Kent; Believe that a Hotel is integral in revitalizing the down town area. Thinks it should be a Niche / Boutique Hotel, not a branded type as exists in Muscatine today. Thinks there should be fitness, not necessarily Spa facility. Would like an extended stay component. They do not have a need for meetings as they do them in-house. Definitely thinks that there should be a Performing Arts Center in downtown.
- As per the Buxton Report, if is interesting to note that the demographics are skewed toward an under 40 crowd. This was re-enforced in the conversations regarding room demand with the various Business people in town. The visitors are also mostly under 40. The new facilities should cater to this younger demographic, i.e., close to Bars, Restaurants, River activities, Fitness /Spa facilities, etc.

**Meeting Space Demand**

Following is a sample the meeting space demand in Muscatine. This by no means is inclusive of the total market, but does give an idea of what is available for a new Hotel facility. All of the following said they would consider and embrace a new facility as many of these meetings currently go out of Muscatine since there are no meeting facilities in town to accommodate them.

<table>
<thead>
<tr>
<th># Attendees</th>
<th>Frequency</th>
</tr>
</thead>
</table>

455
- Monsanto
  - Strategic Meetings 30  10
  - Christmas party 300  1
- Stanley Consulting
  - Large banquet 350  1
  - Fall meeting 125  1
  - Small meetings 15-35  10
- Stanley Foundation
  - Board meeting 10  4-5
- Bandag
  - Leadership groups 10-25  20
  - 5 yr celebrations 20-200  50
- Temp Associates
  - Community Foundation 150  1
- Chamber
  - Annual meeting 325  1
- Rotary
  - Weekly meetings 70-80  50
- Commercial Bank
  - Christmas party 50  1
  - Ag Seminar 300-400  1
- Frist National Bank
  - Christmas party 200  1
  - Annual meeting 300-350  1
- HNI
  - National Sales meeting 50-75  12
  - Shareholders meeting 350  1
- MPW
  - Christmas party 125  1
  - Strategic planning 50  1
- Chinese Delegations
  - Monthly meetings 25  12
- Heinz
  - Staff meeting 30  2-3

From this group there are a total of 185 meetings ranging from 10 to 350 people. The revenue based on $30/ person is approximately $405,300/annually. This does not include weddings, reunions, or other community functions. For the purposes of the pro-forma, we will use 50% of this amount.
**Prospective Hotel Program**

The Program for the proposed Hotel is suggested to be a Rooms only new structure, a separate new garage deck, and in the Button Factory have the Restaurant, Bar, Meeting space, Spa and fitness facilities. (Optionally, meeting space could be accommodated in the Retail space next to the Museum, but there would have to be a prep kitchen and Restrooms added as well.)

The break out is as follows:

- **Hotel (with Roof Garden)**
  - 70 keys 69,000 SF
  - 90 keys 86,500 SF

- **Garage**: 200 stalls, 4 story structure

- **Covered walkway to connect the Hotel, Garage, and Button Factory** that would contain the Restaurant, Bar, Spa and Fitness facilities.

- **1st Floor Button Factory (8000 SF)**
  - Restaurant 120 seats
  - Bar 30 Seats
  - Private Dining / meeting space of 800 SF
  - Fitness room of 800 SF
  - Existing Screened in Deck
  - Existing Kitchen and Support Space
  - Existing Restrooms

- **2nd Floor Button Factory (8000 SF)**
  - Spa /Wellness facility with 6 private treatment rooms
  - Men’s and Women’s changing and rest rooms, Reception and Retail
  - Meeting space: Extend floor over current dining area to create a space of 4000 SF that can be divided by air walls in to smaller spaces.

- Details of this plan are in the Preliminary Project Cost section.
I. Facility Design Philosophy-

- Architecture of the Building exterior must be within the keeping of the adjacent and surrounding Buildings, but should utilize current economic building materials where and when possible.

- The interior architecture of the public areas and guestrooms should reflect similar applied materials, furnishing, art and accessories as found in local prominent historic mansions, public/commercial buildings and churches.

II. Design Challenges-

- Placement and configuration of the Building will be very important as it must accommodate the natural attraction of the Mississippi Waterway with the positioning of the window walls to maximize the views from the guestrooms.

- Cleaning up the roof-tops and exterior walls of adjacent buildings will be important as to not detract from the Hotel views.

- Building glazing will need to be specified to manage maximum dampening of street and train traffic noise.

III. Hotel Programming by Function-

- First Floor- Approximately 16,500 square feet- Should include but not be limited to the following:
  - Main entry off Mississippi Drive (to include a curb cut-out) and lead direct to the Lobby of the Hotel.
  - Check-in desk to include a back office area
  - Freestanding Concierge.
- Coffee Bar Area (Starbucks in layout) with casual seating for limited breakfast services with afternoon finger foods, tea and liquor service for this Area and Lobby.
- Retail that will accommodate both Hotel Guest and Local Resident needs.
- Small Business Center for Guests only.
- Elevator Lobby
- Restrooms as required by Code.
- Back-of-the-House to include but not be limited to:
  - Loading dock;
  - Housekeeping/Maintenance work areas and storage;
  - Mechanical and Electrical Rooms;
  - Small Pantry for Lobby Food and Beverage.

- Typical Guest Floor- Approximate square footage of 17,500 each Floor-
  - Typical Hotel Room size to include Public Area circulation (Corridor and Elevator Lobby) – 360 SF
  - Extended Stay Units, including circulation – 500 SF.
  - Suites, including circulation – 1,200 SF
  - B-O-H requirements to include, but not be limited to:
    - Elevator shaft/housing and landings, both Guest and Service units;
    - Mechanical and Telecom Room;
    - Housekeeping cart and linen storage;
    - Guest ice and vending location;
    - Guest laundry area

IV. Support Building Program by Function-

- Button Factory Building, First Floor, approximate square footage of 8,000.
  - Restaurant and Lounge (120/30 seats).
  - Private Dining/Meeting Room- 800 SF
  - Fitness Room – 800 SF
  - Existing Screened Deck
  - Existing Kitchen and Support Space
  - Existing Restrooms.

- Second Floor, 8,000 SF, approximate.
  - Spa/Wellness Facility – 6 Private Treatment Rooms;
    - Men/Women Rest/Changing Room; Reception to include merchandise area; Office and storage.
  - Meeting Space (To be extended over current open two story dining area of First Floor) of approximately
4,000 SF which can be separated with drop sound walls.

V. Site Work Improvements-

- New 4 Story, 200 stall Parking Garage adjacent to the Hotel and connected by Sky Bridge.
- Covered Walkway, traversing the Parking Lot leading from the Hotel to the entry of the Button Building.
- Curb Cut at the Hotel Building entry for drop off and pickup on Mississippi Drive.
- Secured sidewalk seating for Hotel Guests.

VI. Very Preliminary Overall Initial Hotel Project Conceptual Cost Estimate-

NOTE: The following initial conceptual pricing makes use of hypothetical square footage based on the Owner’s current Conceptual Documentation and Scottford Hard/Soft Costs from past Project Pricing. This documentation is to be used as a “place to start” for potential pricing awareness as the Project moves forward and not be viewed as the end-all Project Budget target.

❖ Current Conceptual Program Development for the New Hotel-

<table>
<thead>
<tr>
<th>Floor</th>
<th>Square Feet</th>
<th>Room Count</th>
<th>Total Square Feet</th>
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<tbody>
<tr>
<td>1</td>
<td>16,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>17,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>17,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>17,500</td>
<td>70 Keys</td>
<td>69,000 SF</td>
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<tr>
<td>5</td>
<td>17,500</td>
<td>90 Keys</td>
<td>86,500 SF</td>
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❖ Conceptual Project Pricing Budget Estimate by Accounting Category

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<tr>
<th>Construction</th>
<th>70 Keys</th>
<th>90 Keys</th>
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<tbody>
<tr>
<td>Building Costs @ $150/SF</td>
<td>$10,350 million</td>
<td>12,975</td>
</tr>
<tr>
<td>Site Work Costs-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garage 200 stalls @ $22,000/</td>
<td>3,450</td>
<td>3,450</td>
</tr>
</tbody>
</table>
- Secured Sidewalk Seating  
  Cost: 20
- Covered Walkway  
  Cost: 30
- Hotel Rooftop Garden  
  Cost: 30

| Subtotal Construction | $13,880 | 16,505 |

**Interior Design Furnishings**
- Guestrooms - $9,000/key  
  Cost: $630
- Corridors - $700/key  
  Cost: 49
- Public Areas - $2,000/key  
  Cost: 140
- B-O-H - $200/key  
  Cost: 14
- Mark-Ups (FRT, Tax, RWI) - $3000/key  
  Cost: 210

| Subtotal IDF | $1,043 | 1,341 |

**Operating Supplies and Equipment**
- Guestrooms - $2,000/key  
  Cost: $140
- Public Areas - $2,000/key  
  Cost: 140
- Mark-Ups - $1,200/key  
  Cost: 84

| Subtotal OS&E | $364 | 468 |

**Telecom/Information Technology** - $3,000/key  
Cost: $210

| Signage/Building Graphics | $35 | 40 |

**Consultants, Permits, Surveys, Etc.,** - 12%  
Cost: $2,177

| Project Costs prior to Contingency | $18,659 | $22,172 |

**Project Contingency** - 10%  
Cost: $2,032

| Total Conceptual Project Costs - | $20,691 | $24,597 |

| City Funding of Garage | ($3,450) | ($3,450) |
| Hotel Costs, Only- | $17,241 | $21,147 |

**VII. Very Preliminary Button Building Renovation Conceptual Costs Estimate**
- Hard, Soft and Support Costs- $112/SF @ 16,000 SF - $1,792 million
Preliminary Pro-forma
Pro-forma 70 Room Model
## Preliminary Pro-forma

### Pro-forma 90 Room Model

### Assumptions - Hotel

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<th>90</th>
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<td><strong>Assumptions - Hotel</strong></td>
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<tr>
<td></td>
<td>Year</td>
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<td></td>
<td>Y-1</td>
</tr>
<tr>
<td>Rooms Available</td>
<td>32,850</td>
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<tr>
<td>Occupancy %</td>
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<td>Occ. Rooms</td>
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<td><strong>Revenue</strong></td>
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<td>Rooms</td>
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<td>Rooms Other</td>
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<td>Meeting Space</td>
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<td><strong>Total Revenue</strong></td>
<td>1,925,210</td>
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### Operating Expenses

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<th></th>
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<th>%</th>
<th>Year</th>
<th>%</th>
<th>Year</th>
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<th>Year</th>
<th>%</th>
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<td>Rooms</td>
<td>394,331</td>
<td>24.0%</td>
<td>500,657</td>
<td>23.6%</td>
<td>515,676</td>
<td>20.0%</td>
<td>531,147</td>
<td>17.0%</td>
<td>547,081</td>
<td>15.8%</td>
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<td>Telephone</td>
<td>20,075</td>
<td>1.0%</td>
<td>22,033</td>
<td>0.9%</td>
<td>22,000</td>
<td>0.7%</td>
<td>23,000</td>
<td>0.7%</td>
<td>24,000</td>
<td>0.6%</td>
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<tr>
<td>Meeting Space</td>
<td>24,000</td>
<td>12.0%</td>
<td>25,200</td>
<td>12.0%</td>
<td>28,665</td>
<td>12.0%</td>
<td>30,098</td>
<td>12.0%</td>
<td>31,603</td>
<td>12.0%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>438,406</td>
<td>22.8%</td>
<td>547,889</td>
<td>22.4%</td>
<td>566,341</td>
<td>19.3%</td>
<td>584,245</td>
<td>17.4%</td>
<td>602,004</td>
<td>15.6%</td>
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### GOI

<table>
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<tr>
<th></th>
<th>Year</th>
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</tr>
</thead>
<tbody>
<tr>
<td>A&amp;D</td>
<td>143,026</td>
<td>7.4%</td>
<td>177,951</td>
<td>7.3%</td>
<td>183,290</td>
<td>6.2%</td>
<td>188,789</td>
<td>6.0%</td>
<td>194,452</td>
<td>5.0%</td>
</tr>
<tr>
<td>Sales-Marketing</td>
<td>195,200</td>
<td>10.1%</td>
<td>203,200</td>
<td>8.3%</td>
<td>208,296</td>
<td>7.1%</td>
<td>215,575</td>
<td>6.4%</td>
<td>222,042</td>
<td>5.7%</td>
</tr>
<tr>
<td>Engineering</td>
<td>129,480</td>
<td>6.7%</td>
<td>147,612</td>
<td>6.0%</td>
<td>152,040</td>
<td>5.2%</td>
<td>156,602</td>
<td>4.7%</td>
<td>161,300</td>
<td>4.2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>179,045</td>
<td>9.3%</td>
<td>227,725</td>
<td>9.9%</td>
<td>234,557</td>
<td>8.0%</td>
<td>241,593</td>
<td>7.2%</td>
<td>248,841</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Total Undist</strong></td>
<td>646,751</td>
<td>33.6%</td>
<td>756,488</td>
<td>30.9%</td>
<td>779,183</td>
<td>26.6%</td>
<td>802,558</td>
<td>23.3%</td>
<td>826,635</td>
<td>21.3%</td>
</tr>
</tbody>
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</tr>
</thead>
<tbody>
<tr>
<td>Management Fee</td>
<td>77,008</td>
<td>4.0%</td>
<td>97,946</td>
<td>4.0%</td>
<td>117,373</td>
<td>4.0%</td>
<td>134,250</td>
<td>4.0%</td>
<td>154,974</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Income Before Fixed</strong></td>
<td>763,044</td>
<td>39.6%</td>
<td>1,045,330</td>
<td>42.7%</td>
<td>1,471,426</td>
<td>50.1%</td>
<td>1,835,200</td>
<td>54.7%</td>
<td>2,290,050</td>
<td>59.1%</td>
</tr>
</tbody>
</table>

### Fixed Expenses

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
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<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>12,000</td>
<td>0.6%</td>
<td>12,360</td>
<td>0.5%</td>
<td>12,731</td>
<td>0.4%</td>
<td>13,113</td>
<td>0.4%</td>
<td>13,508</td>
<td>0.3%</td>
</tr>
<tr>
<td>Taxes</td>
<td>16,000</td>
<td>0.8%</td>
<td>24,000</td>
<td>1.0%</td>
<td>32,000</td>
<td>1.1%</td>
<td>40,000</td>
<td>1.2%</td>
<td>48,000</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Total Fixed Expense</strong></td>
<td>28,000</td>
<td>1.5%</td>
<td>36,360</td>
<td>1.5%</td>
<td>44,731</td>
<td>1.5%</td>
<td>53,113</td>
<td>1.6%</td>
<td>61,506</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

### EBITDA

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<thead>
<tr>
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<th>Year</th>
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<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>735,044</td>
<td>39.2%</td>
<td>1,009,970</td>
<td>41.2%</td>
<td>1,426,605</td>
<td>46.6%</td>
<td>1,782,086</td>
<td>52.1%</td>
<td>2,228,544</td>
<td>57.5%</td>
<td></td>
</tr>
<tr>
<td>Incentive Management Fee</td>
<td>28,402</td>
<td>1.5%</td>
<td>100,997</td>
<td>4.1%</td>
<td>142,670</td>
<td>4.9%</td>
<td>178,209</td>
<td>5.3%</td>
<td>222,854</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>705,643</td>
<td>36.7%</td>
<td>908,973</td>
<td>37.1%</td>
<td>1,264,026</td>
<td>43.8%</td>
<td>1,603,879</td>
<td>47.8%</td>
<td>2,005,689</td>
<td>51.8%</td>
</tr>
</tbody>
</table>
Preliminary Investment Analysis and Financial Summary
SEE PROFORMA 70 ROOM MODEL INVESTMENT ANALYSIS

Preliminary Investment Analysis and Financial Summary
SEE PROFORMA 90 ROOM MODEL INVESTMENT ANALYSIS

Funding Assumptions and Options

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**Preliminary Investment Analysis and Financial Summary**

**SEE PROFORMA 70 ROOM MODEL INVESTMENT ANALYSIS**

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**Funding Assumptions and Options**

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**Preliminary Investment Analysis and Financial Summary**

**SEE PROFORMA 90 ROOM MODEL INVESTMENT ANALYSIS**

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EQUITY:

- **TIF FINANCING**: (Tax Increment Financing). This can be either a loan or a grant. These are bonds that are created by the incremental increase in tax revenues from a new development. In Iowa, 97% of Medium cities (Muscatine is considered medium) are eligible. It is hard to quantify what the amount would be at this stage, but could be a significant amount (probability: high).

- **Green building Funds**: both Federal and State for energy efficiency and LEEDS qualified structures. Will depend to what extent we choose to use LEEDS, etc. (probability: low, unless the project is LEEDS certified).

- **NEW MARKET TAX CREDITS**: This program provides a 39% tax credit that is forgivable if the loan is current for a period of time. It is available in Enterprise Zones, such as the Muscatine area. This could be a significant amount (probability: medium).

- **IOWA ECONOMIC DEVELOPMENT AUTHORITY** (incentives for Enterprises Zone projects)
  - Loans that can become forgivable based on the creation of jobs and the amount of capital investment put forth. Hard to determine how much this would be at this point (probability: medium).

- **RURAL ECONOMIC DEVELOPMENT GRANT PROGRAM**;
  - $300,000 maximum grant (probability: high).

- **STANLEY FOUNDATION**
  - Would be worthwhile to talk to them about how we could get involved with their "Earth Awareness Portable Classroom" project by providing (from their funding) the venues for staff presentations for Iowa and the Quad Cities. I think we could also give them space in the lobby to profile what all they do. The meeting space that they would sponsor could be tailored to their Leadership Conferences that they sponsor. They do a number of partnerships with local community organizations and I think we should be one of those (probability: low).

- **CARVER TRUST**
  - They give to Educational and Recreational needs of Children in Iowa and Illinois.
    - In 2010 they gave a total of 25 grants totaling $2.8M to education
    - In 2011 they gave a total of 35 grants totaling $4M to education
  - Again, I feel like we could approach them for creating a meeting venue for their continuing education programs that they do throughout IOWA and Illinois
    - Probability: low

- **NAMING RIGHTS**
  - There is a possibility that one of the major companies in town might want to name the new Hotel after their company, founder, etc. This would require a number of conversations, but there seems to be a great
deal of loyalty to Muscatine, especially the downtown area (Probability: low).

LOANS
- TIF; As stated above, this could be a loan (probability: high).
- IOWA ECONOMIC DEVELOPMENT LOANS; as stated above, this could be forgivable based on certain criteria (Enterprise Zone incentive) (probability: high).
- USDA LOANS; these are subprime loans that are available in the Muscatine area for real estate and does not have to be Agricultural (probability: high).
- Bank Debt you mentioned up to $12M (probability: high).

OPERATING FUNDS:
- URBAN REVITALIZATION ACT, CHAPTER 404 OF IOWA CODE. This will provide tax abatement for up to 10 years starting with an 80% discount on taxes (probability: high).
- IOWA ECONOMIC DEVELOPMENT AUTHORITY (probability: high)
  - Local property tax exemption (trumped by the one above)
  - Funding for training of new employees; will be significant during pre-opening, but will also help in ongoing training
  - Actual tax credits up to 10%
  - High quality job program
    - Tax benefits
    - Direct financial assistance

Conclusion on Funding:
Based on the probability, there appears to be a high likelihood that we can get between $1MM and $1.5 MM in grants and forgivable loans. There is also a high likelihood of getting low interest rates on the various loans. Through a number of programs, operating expenses will be lower due to tax abatements, tax credits and jobs programs.

Condo Note
Per my email to you on 7/24/2013, we should estimate building costs for condos at $150 / SF per Scott Pantel's numbers with a selling price of $222/SF. This will give you a good margin; now you have to decide how many condos and what size.
I suggest that when we go forward, I go back to the three people who expressed interest in high-end condos downtown and design/build to their specifications. Then we can fill in with a few 1 bedroom, and several 2 to 3 bedroom condos for spec sale. This was not part of the original scope, so we will have to do more analysis on the real estate market. Ruhl and Ruhl seem to have a good handle on this and could be our broker agent.

ATTACHMENT # 1