CITY OF BLOOMINGTON

CITY COUNCIL WORK SESSION

109 E. OLIVE ST.

MONDAY, FEBRUARY 10, 2014, 5:35 P.M.

1. Feasibility Study for Proposed Downtown Hotel, Presented by HVS Consulting & Valuation *(60 minutes)*
2. Adjourn at 6:50 p.m.

FOR COUNCIL: February 10, 2014

SUBJECT: Downtown Hotel Market Demand and Feasibility Study

RECOMMENDATION/MOTION: That the Hotel Market Demand and Feasibility Study conducted by HVS be considered as presented.

STRATEGIC PLAN LINK: Goal 3. Grow the local economy and Goal 6. Prosperous Downtown Bloomington.

STRATEGIC PLAN SIGNIFICANCE: Objective 3a. Retention and growth of current local businesses; 3b. Attraction of new targeted businesses that are the "right" fit for Bloomington; 3c. Revitalization of older commercial homes; 3d. Expanded retail businesses; 3e. Strong working relationships among the City, businesses, economic development organizations; 6a. More beautiful, clean Downtown area; 6b. Downtown Vision and Plan used to guide development, redevelopment and investments; 6c. Downtown becoming a community and regional destination and 6d. Healthy adjacent neighborhoods linked to Downtown.

BACKGROUND: In support of the City's Strategic Plan, formally presented and unanimously adopted by the Council on January 25, 2010, staff has been working to present recommendations to improve the economic outlook. In accordance with item #24 on the FY2014 Action Plan *(Downtown Hotel Feasibility Study: Staff to complete study and present to Council),* staff issued a Request for Proposal on October 1, 2013 as a means to identify firms that could provide a hotel feasibility study as it pertains to the proposed Downtown hotel development. A corresponding opportunity was presented to the Council on December 9, 2013 whereby an agreement for Phase I of such study was executed, with findings anticipated to be presented in February 2014. The consultant team at HVS has been working diligently since receiving the executed contract and is now prepared to provide the community with relevant insights as they pertain to the hotel market, related supply and demand factors and the potential for a hotel development project within the Downtown community.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: The Bloomington-Normal Area Convention and Visitors Bureau, along with the Downtown Bloomington Association, the National Development Council and others were contacted regarding statistics and information needed for this presentation.

FINANCIAL IMPACT: To be determined. Based on the findings of the market study, and further direction from the Council, an additional analysis (Phase II) may be warranted regarding the economic impact of a specific development project within Downtown. Funding for this portion of the assessment would be outside of the scope of work and would likely occur during the subsequent fiscal year.

Respectfully submitted for Council consideration.

Prepared by: Justine Robinson, Economic Development Coordinator

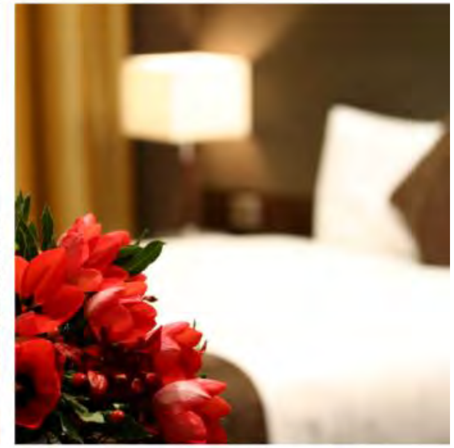
Recommended by:

David A. Hales
City Manager

Attachments: Attachment 1. Annual Report
Attachment 2. Appendix

Motion: ______________________ Seconded by: ______________________

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman Lower				Alderman Stearns			
Alderman McDade							
				Mayor Renner			

Feasibility Study
Proposed Downtown Hotel Bloomington, Illinois

Presented to:

City of Bloomington

Presented by:

HVS Consulting & Valuation

Overview

- Concept Overview
- Market Statistics
- Hotel Supply Analysis
- Occupancy & ADR Projection
- Feasibility Analysis

Concept Overview

Concept Overview – Facility Assumptions

- Room Count : 150
- Food & Beverage Facilities
  - -Breakfast Dining
  - -Great American Grill
- Hotel Amenities
  - -Fitness Center
  - -Business Center
  - - Market Shop
- Convention Center (20,000 sq.ft.)
  - -Divisible Ballroom
  - -Multipurpose Meeting Spaces
  - -Board Room

Concept Overview - Key Assumptions

- Opening Date: January 1st 2016
- Brand: National Brands such as Aloft, Cambria Suites, Hilton Garden Inn, and SpringHill Suites by Marriott

Integrated Hotel Conference Centers

Integrated Hotel Conference Centers

- Public Ownership Model
  - Public entity owns hotel and conference center
  - Private hotel company operates both
  - Public funds the construction costs
  - Public sector at risk if operating income is insufficient to pay debt service
  - Public sector approves budget and may influence booking strategy through asset management

Marriott Coralville Hotel & Conference Center Coralville, IA

- Owner: City of Coralville
- Operator: Marriott
- Open: 2006
- # of Rooms: 286
- 60,000 sq ft mtg space
  - 30,000 sq ft exhibit hall
  - 15,000 sq ft ballroom
- Total cost: $55m
- Cost per key: $190k
- 2010 Occ, ADR, Rms Rev
  - 61%
  - $113
  - $7.2m

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Hilton Hotel & Conference Center
Vancouver, WA

- Owner: City of Vancouver
- Operator: Hilton
- Open: 2005
- # of rooms: 226
- 30,000 sq ft mtg space
  - 14,000 sq ft ballroom
  - 8,000 sq ft jr. ballroom
- Total cost: $70m
  - Rev bonds (primary source)
  - Cost per key: $310k
- 2012 Occ, ADR, Rms Rev
  - 69%
  - $115
  - $6.5m

Integrated Hotel Conference Center

- Public-Private Partnership Ownership Model
  - Conference center is publicly owned while hotel is privately owned
  - Most beneficial to have one operator due to cost savings from shared BOH and sales & marketing department
  - This model has become more common in recent years due to shared costs and risks
  - Public only responsible to fund the initial construction costs of CC rather than commit to ongoing support of the operating costs
  - Community typically has no control over budget process and booking strategy

Tinley Park Holiday Inn & Convention Center
Tinley Park, IL

- Hotel Owner: Mid-Continent
- CC Owner: Village of Tinley Park
- Operator: Mid-Continent
- Open: 2000
- Expanded: 2011
- # of Rooms: 202
- 75,000 sq ft mtg space
- Original Cost: $25m
  - Hotel ($15m); CC ($10m)
- CC Expansion 2011
  - $18m
- 2012 Occ, ADR, Rms Rev
  - 68%
  - $115
  - $5.7m

Embassy Suites Frisco Convention Center
Frisco, TX

- Hotel Owner: JQH
- CC Owner: City of Frisco
- Operator: JQH
- Open: 2005
- # of Rooms: 330
- 90,000 sq ft mtg space
  - 42,000 sq ft ballroom
- Total cost: $60m
  - Hotel ($40m); CC ($20m)
- Cost per key: $180k
- 2012 Occ, ADR, Rms Rev
  - 73%
  - $136
  - $12.0m

Integrated Hotel Conference Center

- Private Ownership Model
  - Conference center and hotel privately owned
  - Both also privately operated
  - Typically not financially feasible
  - Public subsidizes feasibility gap

Embassy Suites Hotel & Conference Center Norman, OK

- Owner: JQH
- Operator: JQH
- Open: 2008
- # of Rooms: 283
- 40,500 sq ft mtg space
  - 28,000 sq ft ballroom
- Total cost allocation:
  - $56 million
  - Hotel/CC: 60%/40%
- Cost per key: $198k
- 2012 Occ, ADR, Rms Rev
  - 68%
  - $113
  - $7.9m

Hilton Garden Inn Manhattan
Manhattan, KS

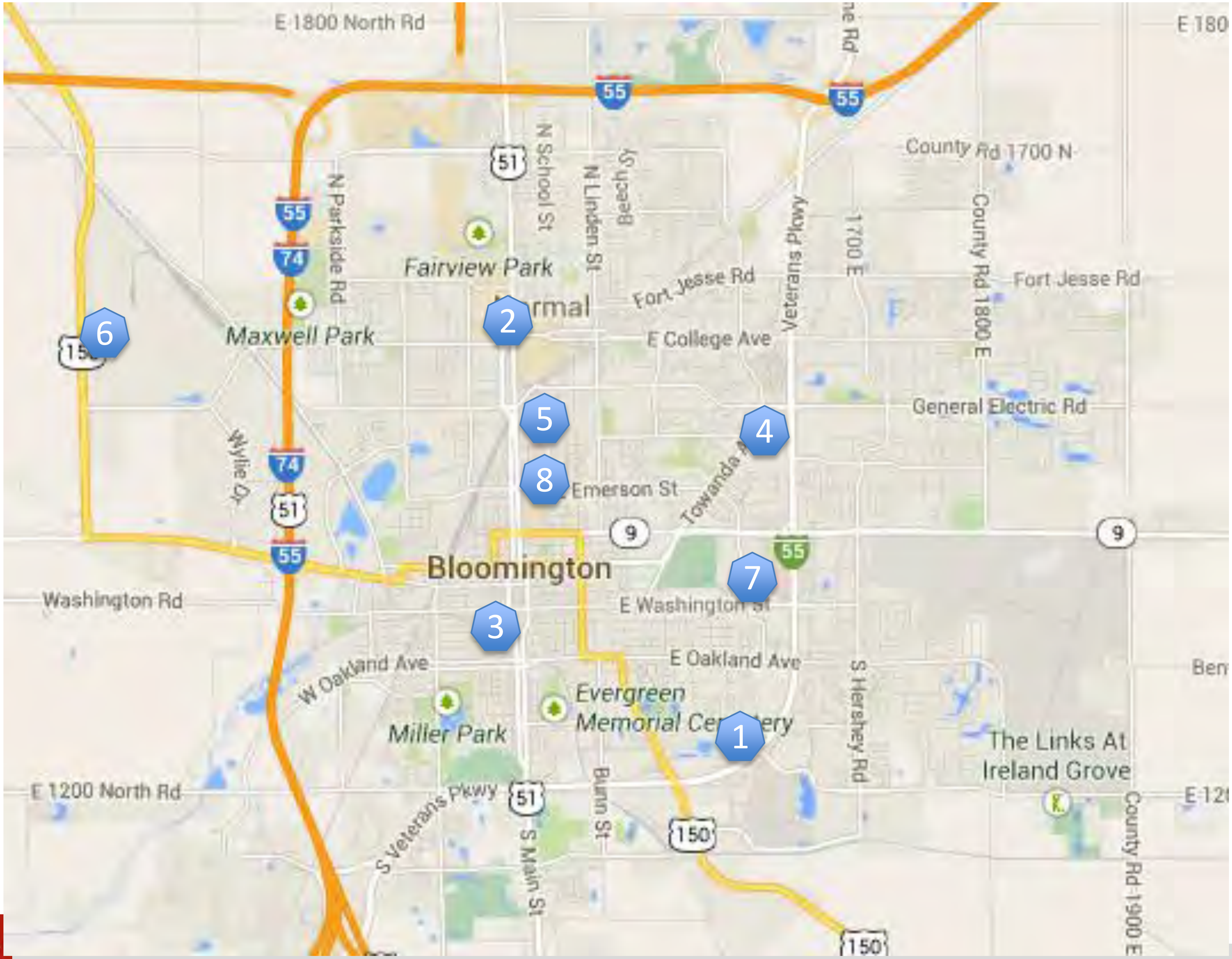
- Owner: HCW, LLC
- Operator: Kinseth Hospitality
- Open: 2011
- # of Rooms: 135
- 17,300 sq ft mtg space
- Total cost: $23.5m
  - Hotel ($14m); CC ($9.5m)
  - City provided $9.5m for CC
    - $4.5m subsidy
    - $5.0m paid back next 30 yrs
- Cost per key: $174k
- 2012 Occ, ADR, Rms Rev
  - 68%
  - $113
  - $3.8m

Market Statistics

Highlights of Bloomington/Normal Market

1. State Farm Insurance Companies
2. Illinois State University
3. U.S. Cellular Coliseum
4. Country Financial
5. Advocate BroMenn Medical Center
6. Mitsubishi Motors Corporation
7. OSF St. Joseph Medical Center
8. Illinois Wesleyan University

Map of Key Demand Generators



S.W.O.T. Analysis

Strengths

- Strong Corporate Presence:
    - State Farm
    - COUNTRY Financial
    - Mitsubishi Motor
    - Growmark
- Two Universities: ISU and IWU
- Central Geography: CHI/Springfield/STL/INDY
- High Median Household Income

Weaknesses

- Air lift (Central Illinois Regional Airport) has been declining
- Lack of Convention Center
- Limited Hotel Product/Brands

Opportunities

- City's Redevelopment Program
- Land Available for Redevelopment
- Population growth expected

Threats

- Economic uncertainty
- New hotel supply:
  -Residence Inn by Marriott (May 2014: 100 keys)
  - Hyatt Place (March 2015: 114 keys)

HVS

Bloomington-Normal MSA population grows faster than State of Illinois average

	2000	2010	2014	2020	Average Annual Compounded Change 2000-10	2010-14	2014-20
Resident Population (Thousands)							
Mclean County	150.8	169.8	175.0	184.2	1.2 %	0.7 %	0.9 %
Bloomington-Normal, IL MSA	150.8	169.8	175.0	184.2	1.2	0.7	0.9
State of Illinois	12,434.2	12,842.0	13,068.2	13,500.2	0.3	0.4	0.5
United States	282,162.4	309,330.2	320,976.9	340,554.3	0.9	0.9	1.0

Source: Woods & Poole Economics, Inc.

Per-Capita Income projected to grow faster than U.S. average

	2000	2010	2014	2020	Average Annual Compounded Change 2000-10	2010-14	2014-20
Per-Capita Personal Income*							
Mclean County	$33,199	$36,083	$36,557	$40,171	0.8	0.3	1.6
Bloomington-Normal, IL MSA	33,199	36,083	36,557	40,171	0.8	0.3	1.6
State of Illinois	36,346	37,844	38,965	42,098	0.4	0.7	1.3
United States	33,756	35,951	37,209	40,245	0.6	0.9	1.3

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Local unemployment rates remain lower than State average

Year	City	MSA	State	U.S.
2003	4.2 %	4.1 %	6.7 %	6.0 %
2004	4.6	4.5	6.2	5.5
2005	4.3	4.3	5.8	5.1
2006	3.7	3.6	4.6	4.6
2007	4.0	4.0	5.1	4.6
2008	5.2	5.0	6.4	5.8
2009	7.4	7.1	10.0	9.3
2010	7.9	7.7	10.4	9.6
2011	7.3	7.2	9.7	8.9
2012	7.0	6.9	8.9	8.1
Recent Month - Nov				
2012	6.1 %	6.1 %	8.2 %	7.8 %
2013	7.0	7.0	8.3	7.0

* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the BLS.

Source: U.S. Bureau of Labor Statistics

Passenger Traffic continues to decline

Year	Passenger Traffic	Percent Change*	Percent Change**
2003	457,000	—	—
2004	446,450	(2.3) %	(2.3) %
2005	459,980	3.0	0.3
2006	559,342	21.6	7.0
2007	532,075	(4.9)	3.9
2008	532,870	0.1	3.1
2009	495,656	(7.0)	1.4
2010	559,481	12.9	2.9
2011	579,265	3.5	3.0
2012	485,285	(16.2)	0.7
2013	428,638		
Year-to-date, Dec			
2012	485,285	—	—
2013	428,638	(11.7) %	—

*Annual average compounded percentage change from the previous year

**Annual average compounded percentage change from first year of data

Source: Central Illinois Regional Airport

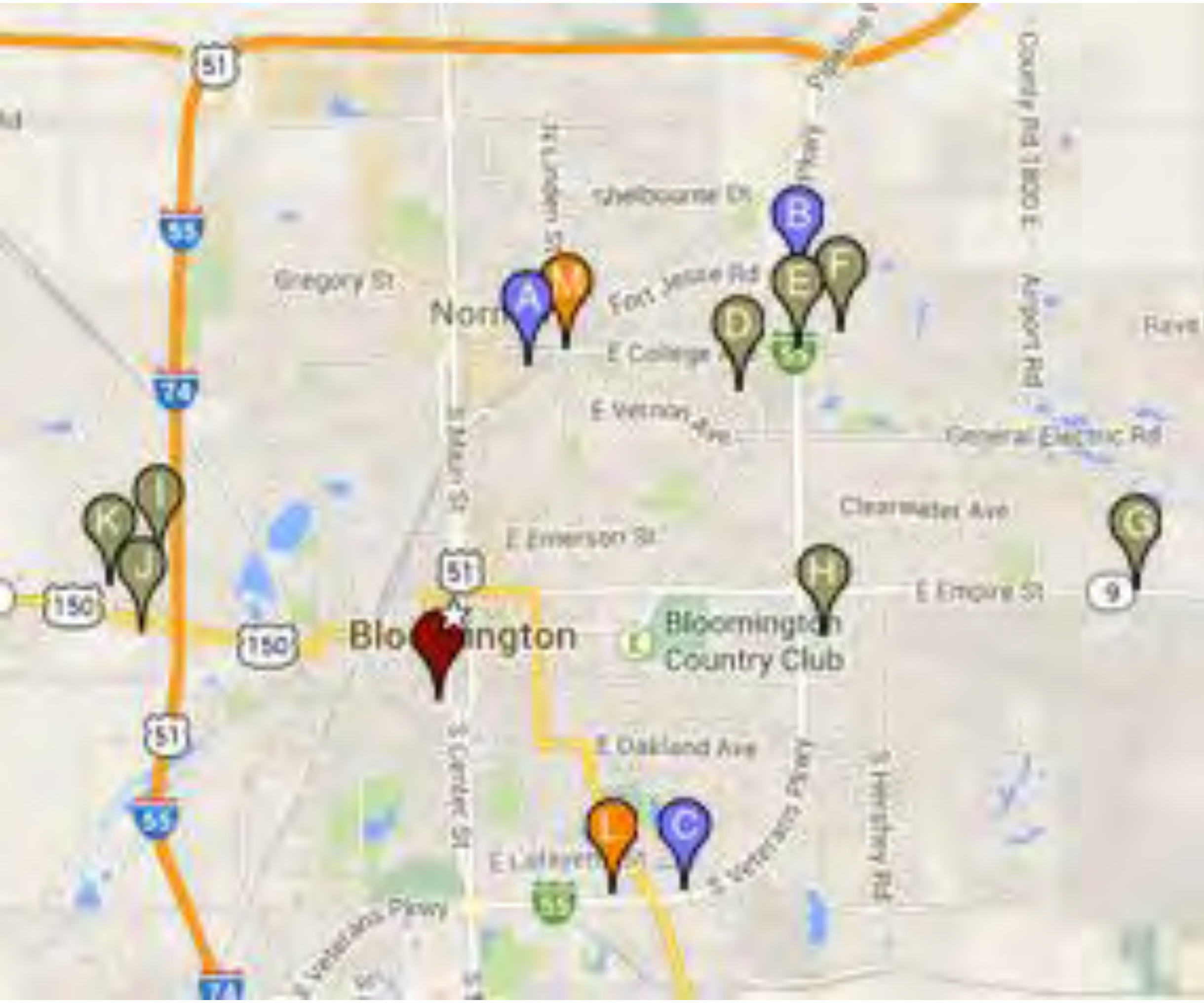
Event Days at U.S. Cellular Coliseum has been increasing…
… while the number of attendees is yet to stabilize

Year	Event Days	Percent Change	Attendees	Percent Change
FY 2008	239	-	287,016	-
FY 2009	168	(29.7)	322,240	12.3
FY 2010	191	13.7	338,764	5.1
FY 2011	212	11.0	300,494	(11.3)
FY 2012	216	1.9	300,533	0.0
FY 2013	237	9.7	292,217	(2.8)

Source: US Cellular Coliseum

Hotel Supply Analysis

Hotel Supply Analysis – Comp Set



- Proposed Downtown Hotel Bloomington
- A – Marriott Hotel & Conference Center Bloomington Normal (Primary)
- B – Courtyard by Marriott Bloomington Normal (Primary)
- C – DoubleTree by Hilton Hotel Bloomington (Primary)
- D – Hampton Inn & Suites Normal (Secondary)
- E – Holiday Inn Express & Suites (Secondary)
- F – Comfort Suites Bloomington Normal (Secondary)
- G – Holiday Inn & Suites Bloomington Airport (Secondary)
- H – Eastland Stes & Conf Ctr (Secondary)
- I – Hampton Inn Bloomington West (Secondary)
- J – Fairfield Inn & Suites by Marriott Bloomington (Secondary)
- K – Holiday Inn Express Bloomington West (Secondary)
- L – Residence Inn (Proposed Supply)
- M – Hyatt Place (Proposed Supply)

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2001	633	230,898	—	163,850	—	71.0 %	$77.91	—	$55.29	—
2002	687	250,755	8.6 %	172,284	5.1 %	68.7	78.19	0.4 %	53.72	(2.8) %
2003	687	250,755	0.0	161,501	(6.3)	64.4	77.57	(0.8)	49.96	(7.0)
2004	687	250,755	0.0	161,246	(0.2)	64.3	75.59	(2.6)	48.61	(2.7)
2005	687	250,755	0.0	175,920	9.1	70.2	77.83	3.0	54.61	12.3
2006	687	250,755	0.0	189,599	7.8	75.6	88.41	13.6	66.85	22.4
2007	824	300,821	20.0	200,737	5.9	66.7	97.34	10.1	64.95	(2.8)
2008	1,017	371,205	23.4	240,157	19.6	64.7	98.66	1.4	63.83	(1.7)
2009	1,074	392,181	5.7	253,313	5.5	64.6	95.34	(3.4)	61.58	(3.5)
2010	1,245	454,425	15.9	279,131	10.2	61.4	97.58	2.3	59.94	(2.7)
2011	1,245	454,425	0.0	294,643	5.6	64.8	98.22	0.7	63.69	6.3
2012	1,244	454,060	(0.1)	337,471	14.5	74.3	104.54	6.4	77.70	22.0
Average Annual Compounded Change: 2001-2012			6.3 %		6.8 %			2.7 %		3.1 %
Year-to-Date Through November										
2012	1,244	415,496	—	314,989	—	75.8 %	$104.80	—	$79.45	—
2013	1,244	415,496	0.0 %	310,426	(1.4) %	74.7	112.10	7.0 %	83.76	5.4 %

Hotels Included in Sample	Number of Rooms	Year Affiliated	Year Opened	Note
Eastland Stes Hotel & Conf Ctr	112	Jun 1997	Jun 1987	
Comfort Suites Bloomington	59	Jun 1995	Jun 1995	
Courtyard Bloomington Normal	78	Sep 1995	Sep 1995	
Doubletree Hotel Bloomington	197	Jan 2006	Oct 1996	Occupancy Leader
Holiday Inn Express & Stes Bloomington City Center Normal	86	Sep 1999	Sep 1999	
Holiday Inn Express Bloomington	81	May 2012	Aug 2000	
Hampton Inn Bloomington West	73	Jul 2001	Jul 2001	
Hampton Inn Suites Bloomington Normal	128	Mar 2007	Mar 2007	
Fairfield Inn & Suites Bloomington	76	Oct 2007	Oct 2007	
Holiday Inn & Suites Bloomington Airport	126	Dec 2007	Dec 2007	
Marriott Bloomington Normal Hotel & Conference Center	228	Oct 2009	Oct 2009	ADR Leader
Total	**1,244**			

Source: STR Global

Competitive supply offers mix of performance levels

Primary

		Est. Segmentation			Estimated 2013				
Property	Number of Rooms	Commercial	Meeting and Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	RevPAR Change
Marriott Hotel & Conference Center Bloomington Normal	228	55 %	30 %	15 %	228	70 %	$150.00	$105.00	7.7 %
Courtyard by Marriott Bloomington Normal	78	65	15	20	78	75	125.00	93.75	4.2
DoubleTree by Hilton Hotel Bloomington	197	60	25	15	197	75	110.00	82.50	3.1
Sub-Totals/Averages	**503**	**59 %**	**26 %**	**16 %**	**503**	**72.3 %**	**$128.18**	**$92.68**	**4.8 %**
Secondary Competitors	740	62 %	14 %	24 %	472	72.8 %	$102.23	$74.45	5.2 %
Totals/Averages	**1,243**	**60 %**	**20 %**	**20 %**	**975**	**72.6 %**	**$115.57**	**$83.85**	**5.0 %**

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Secondary

Property	Number of Rooms	Est. Segmentation: Commercial	Est. Segmentation: Meeting and Group	Est. Segmentation: Leisure	Total Competitive Level	Estimated 2013: Weighted Annual Room Count	Estimated 2013: Occ.	Estimated 2013: Average Rate	Estimated 2013: RevPAR
Hampton Inn & Suites Normal	128	65 %	10 %	25 %	70 %	90	75 %	$120.00	$90.00
Holiday Inn Express & Suites	86	60	10	30	70	60	70	105.00	73.50
Comfort Suites Bloomington Normal	59	55	10	35	70	41	75	90.00	67.50
Holiday Inn & Suites Bloomington Airport	126	60	20	20	70	88	75	110.00	82.50
Eastland Stes & Conf Ctr	112	55	25	20	70	78	75	85.00	63.75
Hampton Inn Bloomington West	73	70	10	20	50	37	75	100.00	75.00
Fairfield Inn & Suites by Marriott Bloomington	75	70	10	20	50	38	70	90.00	63.00
Holiday Inn Express Bloomington West	81	65	10	25	50	41	55	95.00	52.25
Totals/Averages	**740**	**62 %**	**14 %**	**24 %**	**64 %**	**472**	**72.8 %**	**$102.23**	**$74.45**

New supply indicative of positive demand trends

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Development Stage
Proposed Downtown Hotel Bloomington	150	100 %	150	January 1, 2016	Due Diligence Period
Proposed Residence Inn	100	80	80	May 1, 2014	Under Construction
Proposed Hyatt Place	114	100	114	March 1, 2015	Early Development
Totals/Averages	364		344		

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Occupancy and ADR Projection

Expected short-term decline in State Farm demand…
… negatively affects commercial segment.

	Annual Growth Rate				
Market Segment	**2014**	**2015**	**2016**	**2017**	**2018**
Commercial	-1.5 %	0.5 %	1.0 %	1.0 %	1.0 %
Meeting and Group	0.0	0.5	1.0	1.0	1.0
Leisure	0.5	1.0	1.0	1.0	1.0
Base Demand Growth	**-0.8 %**	**0.6 %**	**1.0 %**	**1.0 %**	**1.0 %**

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Substantial unaccommodated demand during weekdays

Occupancy (%)							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Dec - 12	35.2	69.8	78.7	78.4	58.9	42.5	49.7
Jan - 13	38.6	89.2	80.9	84.3	62.2	46.2	49.2
Feb - 13	45.8	88.4	94.8	91.7	65.8	67.6	59.8
Mar - 13	44.2	86.3	92.4	92.2	74.8	67.8	61.2
Apr - 13	41.1	86.5	95.2	93.7	71.0	73.2	78.6
May - 13	44.9	75.5	89.6	90.6	64.2	72.6	86.0
Jun - 13	47.5	95.1	98.5	96.5	81.7	83.6	80.5
Jul - 13	54.0	84.1	87.4	83.5	77.8	81.2	87.8
Aug - 13	48.2	90.1	96.1	94.6	66.4	54.6	68.2
Sep - 13	51.6	75.1	85.3	87.4	68.8	70.9	83.7
Oct - 13	52.5	91.7	93.6	91.7	74.5	92.0	96.3
Nov - 13	41.1	72.6	76.2	75.6	62.6	64.6	55.3
Total Year	**45.3**	**83.3**	**89.1**	**88.3**	**68.9**	**67.8**	**70.6**

The conference center will induce demand…

…we estimate 7,200 room nights

	Hotel			
	Comp 1	Comp 2	Comp 3	SP
Room	135	228	142	150
Meeting Space(SF)	30,000	23,000	14,000	20,000
Stabilized Occupancy	67%	70%	67%	-
Room Nights	33,014	58,254	34,726	-
Group Room Nights	14,856	23,302	12,154	-
Estimated % of Induced	50%	40%	50%	-
Induced Room Nights	7,428	9,321	6,077	**7,200**
Induced Room Nights per SF	0.25	0.41	0.43	**0.36**

HVS projects subject property's occupancy of 69%....
....slightly exceeding market average

Market Segment	2016	2017	2018	2019
Commercial				
Demand	191,723	193,640	195,577	195,577
Market Share	10.6 %	10.8 %	11.0 %	11.0 %
Capture	20,351	20,949	21,555	21,555
Penetration	93 %	95 %	97 %	97 %
Meeting and Group				
Demand	65,859	67,187	69,241	69,241
Market Share	12.4 %	13.4 %	14.4 %	14.4 %
Capture	8,190	9,013	9,952	9,952
Penetration	109 %	118 %	126 %	126 %
Leisure				
Demand	62,401	63,025	63,655	63,655
Market Share	8.8 %	9.3 %	9.7 %	9.7 %
Capture	5,461	5,849	6,174	6,174
Penetration	77 %	82 %	85 %	85 %
Total Room Nights Captured	**34,002**	**35,811**	**37,680**	**37,680**
Available Room Nights	54,750	54,750	54,750	54,750
Subject Occupancy	**62** %	**65** %	**69** %	**69** %
Marketwide Available Room Nights	481,508	481,508	481,508	481,508
Fair Share	**11** %	**11** %	**11** %	**11** %
Marketwide Occupied Room Nights	319,983	323,852	328,473	328,473
Market Share	**11** %	**11** %	**11** %	**11** %
Marketwide Occupancy	**66** %	**67** %	**68** %	**68** %
Total Penetration	**93** %	**97** %	**101** %	**101** %

HVS estimate for the subject property…
…OCC = 69% and ADR = $161 in stable year 2018

Year	Occupancy	Average Rate After Discount	RevPAR	Average Rate After Discount in 2013 Value
2016	62 %	$145.09	$89.95	$134.07
2017	65	156.30	101.60	140.23
2018	69	160.99	111.09	140.23

HVS

Feasibility Analysis

HVS projects 39.9% of House Profit…
… as the subject property stabilizes

	2016 (Calendar)		2017		Stabilized	
Number of Rooms:	150		150		150	
Occupancy:	62%		65%		69%	
Average Rate:	$145.09		$156.30		$160.99	
RevPAR:	$89.95		$101.60		$111.08	
Days Open:	365		365		365	
Occupied Rooms:	33,945	%Gross	35,588	%Gross	37,778	%Gross
REVENUE						
Total Revenues	7,350	100.0	8,146	100.0	8,862	100.0
DEPARTMENTAL EXPENSES *						
Total	2,579	35.1	2,699	33.1	2,838	32.0
DEPARTMENTAL INCOME	4,771	64.9	5,447	66.9	6,024	68.0
HOUSE PROFIT	2,557	34.8	3,088	37.9	3,533	39.9
NET INCOME	$1,931	26.3 %	$2,334	28.7 %	$2,640	29.8 %

*Departmental expenses are expressed as a percentage of departmental revenues.

HVS

Market Value = $29.4m or $196,000 per key

Year	Net Income		Discount Factor @ 10.50%	Discounted Cash Flow
2016	$1,931,000		0.90498	$1,747,511
2017	2,334,000		0.81898	1,911,509
2018	2,640,000		0.74116	1,956,668
2019	2,719,000		0.67073	1,823,728
2020	2,801,000		0.60700	1,700,207
2021	2,885,000		0.54932	1,584,792
2022	2,971,000		0.49712	1,476,953
2023	3,061,000		0.44989	1,377,099
2024	3,153,000		0.40714	1,283,700
2025	39,474,000	*	0.36845	14,544,028
			Estimated Value	$29,406,194
			(SAY)	$29,400,000

Reversion Analysis

11th Year's Net Income	$3,344,000
Capitalization Rate	9.0%
Total Sales Proceeds	$37,155,556
Less: Transaction Costs @ 2.5%	928,889
Net Sales Proceeds	$36,226,667

*10th year net income of $3,247,000 plus sales proceeds of $36,227,000

HVS

HVS Preliminary Cost Figures

Hotel		
Number of Rooms	150	
Component	Total	Per Rm
Building	$16,500,000	$110,000
FF&E	$2,700,000	$18,000
Pre-Opening Cost & Working Capital	$1,350,000	$9,000
Soft Costs/Remaining Components	$3,900,000	$26,000
Total	$24,450,000	$163,000

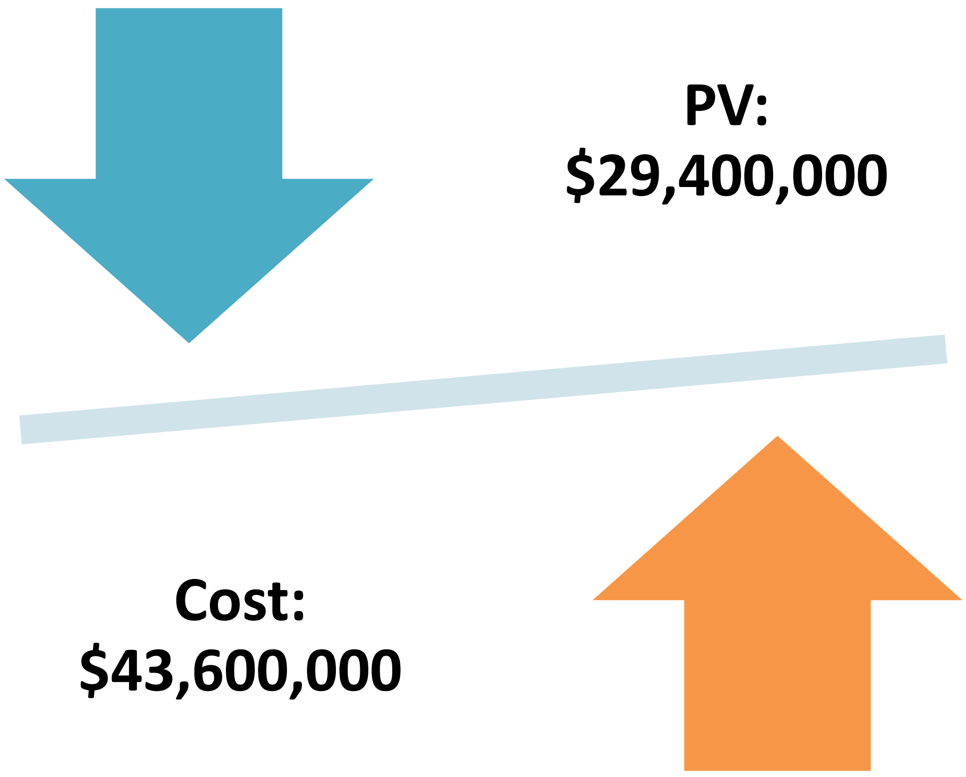
Conference Center	
Net Square Footage	20,000
Cost per Square Foot	$900
Total	$18,000,000

Total Development	
Hotel	$24,450,000
Conference Center	$18,000,000
Land	$1,100,000
Total Development	**$43,550,000**

Source: HVS

HVS

Feasibility gap is $14,200,000



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