



136 North Monroe Street
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**A JOINT MEETING OF THE
WATERLOO COMMUNITY DEVELOPMENT AUTHORITY AND
WATERLOO COMMUNITY DEVELOPMENT COMMITTEE - AGENDA**

Pursuant to Section 19.84 Wisconsin Statutes, notice is hereby given to the public and to the news media, that a public meeting will be held to consider the following:

Date: April 18, 2017
Time: 6:00 p.m.
Location: Municipal Building, Council Chambers, 136 North Monroe Street

1. ROLL CALL AND CALL TO ORDER
2. MEETING MINUTES APPROVAL: March 21, 2017
3. CITIZEN INPUT
4. UPDATES & REPORTS
 - a. Chamber of Commerce Liaison
 - b. Fund 600 - Monthly Financials
 - c. 2016 Grant Tracking
5. ECONOMIC DEVELOPMENT PLAN IMPLEMENTATION TRACKING
 - a. Clerk/Treasurer's "Next 28 Days Checklist" (hand out at meeting)
6. UNFINISHED BUSINESS
 - a. "You Are Here" Kiosks, Follow-up Information After Following High School Outreach
 - b. Street Market Initiative, Recruiting A Market Manager
 - c. 203 East Madison Street, Review & Comment On Kunkel Engineering Revised Concept
7. NEW BUSINESS
 - a. A 2017 Hotel Feasibility Study, Considering A Recommendation To The City Council
8. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS
 - a. Next Meeting: May 16, 2017 at 6 p.m.
9. ADJOURNMENT

Mo Hansen
Clerk/Treasurer

Community Development Authority: Hermanson, Stinnett, Ziaja, Norton, Tuttle, Moe & Reynolds
Community Development Committee: Ziaja, Thomas & Petts
Posted, Mailed and E-mailed: 04/13/2017

Please note: it is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above meeting(s) to gather information. No action will be taken by any governmental body other than that specifically noticed. Also, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request such services please contact the clerk's office at the above location.

**A JOINT MEETING OF THE
WATERLOO COMMUNITY DEVELOPMENT AUTHORITY & WATERLOO COMMUNITY DEVELOPMENT COMMITTEE
MEETING MINUTES: March 21, 2017**

1. ROLL CALL AND CALL TO ORDER. CDA Vice-Chair Angie Stinnett called the joint meeting to order at 6:00 p.m. in the Municipal Building Council Chambers. CDA members present: Stinnett, Norton, Tuttle, Moe & Reynolds. Absent: Ziaja & Hermanson. CDC members present: Petts & Thomas. Absent: Ziaja. Others present: Diane Graff and Clerk/Treasurer Hansen.
2. MEETING MINUTES APPROVAL: February 21, 2017. MOTION: Moved by Thomas, seconded by Petts to approve the meeting minutes. VOICE VOTE: Motion carried.
3. CITIZEN INPUT. None.
4. UPDATES & REPORTS
 - a. Chamber of Commerce Liaison. DISCUSSION: Stinnett said she spoke with Chamber of Commerce Board Member Michelle Soter about plants the CDA-CDC presented to new businesses. She said Soter was displeased with the action, indicating it should be a Chamber function. Stinnett shared with Soter the CDA-CDC's interest in welcoming businesses if it was not being done by others. Stinnett said Soter asked for Chamber inclusion in future plant presentations and asked to be informed of new Waterloo businesses. Moe and Reynolds said those recently welcomed were very happy to be welcomed. Reynolds asked why this task wouldn't be a routine action of any chamber of commerce. It was noted that a chamber of commerce may have by-laws encouraging such. Liaison Tuttle said she missed the last Chamber meeting because of a one-day advanced meeting notice.
 - b. Fund 600 - Monthly Financial Review. DISCUSSION: Hansen said Maunesha Business Center renter, Tucker's Driving Academy, had paid rent in full, but had relocated to suburban Milwaukee.
 - c. 2016 Grant Tracking Report. DISCUSSION: The report was reviewed. Petts & Stinnett appreciated the one-page summary.
 - d. Renting Maunesha Business Center. DISCUSSION: Hansen shared the Parks Coordinator's comments that the facility might work for birthday parties and the like. Stinnett said the facility should be offered for business development. Hansen said the City Band practices some summer evenings and stores band items on site. Hansen said he would discuss business related building options with Haberkorn.
5. ECONOMIC DEVELOPMENT PLAN IMPLEMENTATION TRACKING
 - a. Clerk/Treasurer's "Next 27 Days Checklist." DISCUSSION: Hansen read through his 3/21 handout. Petts said as a bird dog participant she was looking for direction on how to help.
6. UNFINISHED BUSINESS
 - a. "You Are Here" Kiosks, Follow-up Information After Following High School Outreach. DISCUSSION: Stinnett said school staff has not replied about constructing kiosks yet. Petts & Stinnett talked about inviting a local business to construct kiosks in exchange for public recognition. Hansen said a simple RFP would be posted to the municipal website.
 - b. Street Market Initiative, Recruiting A Market Manager. DISCUSSION: Petts briefed attendees on the subcommittee's decision to forego Michelle Weihert's offer to launch a Tuesday or Wednesday market. Petts said the subcommittee had deferred the launch of a Saturday market until 2018. Stinnett said more than one person may need to serve as project champion. Attendees listed potential groups from which to recruit including the Parent Teacher's Organization. Hansen listed Kris Paape, Tammy McIntosh, Melanie Degler and Phil Herron's daughter as those expressing some interest previously. Petts said a list of market vendors was available. Moe (or Tuttle?) said workforce development staff could help. Hansen said an ad was going in Hometown News Group newspapers. He said a summary letter would be posted to the website for use by all to further recruit.
7. NEW BUSINESS
 - a. 203 East Madison Street, Review Of Shoreline Concepts. DISCUSSION: Hansen said feedback on presented shoreline options for river's edge habitat would be routed back to Kunkel Engineering Group (KEG). Thomas asked for the lot dimensions. (post meeting answer: 132 ft). The page 2 option from the KEG handout was preferred. Tuttle said including parts of each across the parcel may be appropriate.
8. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS.
 - a. Next Meeting: April 18, 2017 at 6 p.m. Noted.

9. ADJOURNMENT. MOTION: Moved by Thomas, seconded by Petts to adjourn. VOICE VOTE: Motion carried.
Approximate time: 7:15 p.m.

Attest:



Mo Hansen
Clerk/Treasurer

CITY OF WATERLOO

BALANCE SHEET

MARCH 31, 2017

FUND 600 - COMMUNITY DEVELOP AUTHORITY

ASSETS

600-11100	TREASURER'S CASH	3,192.60	
600-13000	DUE FROM OTHER GOVERNMENTS	.00	
600-13101	ACCOUNTS RECEIVABLE PRIOR YEAR	.00	
600-18101	CONSTRUCTION IN PROGRESS CDA	.00	
		<hr/>	
	TOTAL ASSETS		<u>3,192.60</u>

LIABILITIES AND EQUITY

LIABILITIES

600-21100	VOUCHERS PAYABLE	.00	
600-26100	DEFERRED REVENUE	.00	
		<hr/>	
	TOTAL LIABILITIES		.00

FUND EQUITY

600-34300	FUND BALANCE	(284.52)	
	REVENUE OVER EXPENDITURES - YTD	3,477.12	
		<hr/>	
	TOTAL FUND EQUITY		<u>3,192.60</u>
	TOTAL LIABILITIES AND EQUITY		<u>3,192.60</u>

CITY OF WATERLOO
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2017

FUND 600 - COMMUNITY DEVELOP AUTHORITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>INTERGOVERNMENTAL REVENUE</u>					
600-43-4320-000 STATE PROPERTY ACQUISITION	.00	4,000.00	.00	4,000.00	.00
TOTAL INTERGOVERNMENTAL REVENUE	.00	4,000.00	.00	4,000.00	.00
<u>PUBLIC CHARGES FOR SERVICE</u>					
600-46-4674-000 MBC BUILDING RENTAL	250.00	250.00	1,500.00	(1,250.00)	16.67
TOTAL PUBLIC CHARGES FOR SERVICE	250.00	250.00	1,500.00	(1,250.00)	16.67
<u>MISCELLANEOUS REVENUES</u>					
600-48-4850-000 DONATIONS LOCAL	.00	.00	1,000.00	(1,000.00)	.00
TOTAL MISCELLANEOUS REVENUES	.00	.00	1,000.00	(1,000.00)	.00
<u>OTHER FINANCING SOURCES</u>					
600-49-4910-000 REVOLVING LOAN FUND REIMBURSE	.00	.00	50,000.00	(50,000.00)	.00
600-49-4921-000 TRANSFER FROM GENERAL FUND	.00	.00	4,710.00	(4,710.00)	.00
600-49-4928-000 TRANSFER FROM TID #2	.00	.00	6,000.00	(6,000.00)	.00
TOTAL OTHER FINANCING SOURCES	.00	.00	60,710.00	(60,710.00)	.00
TOTAL FUND REVENUE	250.00	4,250.00	63,210.00	(58,960.00)	6.72

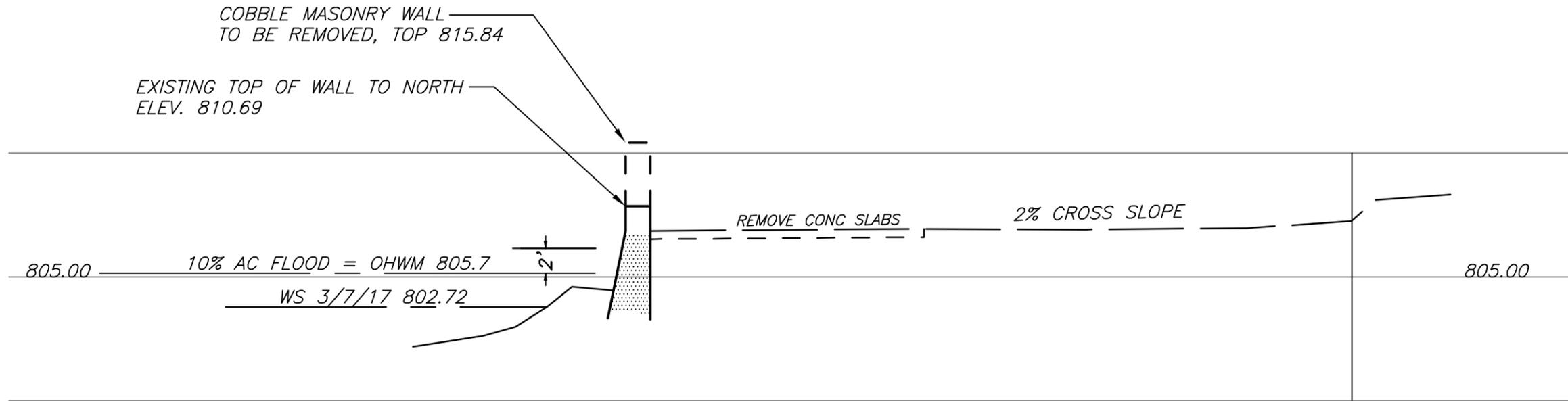
CITY OF WATERLOO
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2017

FUND 600 - COMMUNITY DEVELOP AUTHORITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET	
<u>MAUNESHA BUSINESS CENTER</u>						
600-51-5162-220	MAUNESHA BUSINESS TELEPHONE	.00	.00	275.00	275.00	.00
600-51-5162-221	MAUNESHA BUSINESS ELECTRIC	121.16	245.55	2,575.00	2,329.45	9.54
600-51-5162-222	MAUNESHA BUSINESS HEAT	186.71	357.91	1,150.00	792.09	31.12
600-51-5162-223	MAUNESHA BUSINESS WATER/SEWER	45.42	91.03	500.00	408.97	18.21
600-51-5162-290	MAUNESHA BUSINESS CLEAN CONTRA	.00	74.40	850.00	775.60	8.75
600-51-5162-341	MAUNESHA BUSINESS INTERNET	.00	.00	775.00	775.00	.00
600-51-5162-350	MAUNESHA BUSINESS CLEANING SUP	.00	.00	50.00	50.00	.00
600-51-5162-351	MAUNESHA BUSINESS REPAIRS/MAIN	.00	3.99	850.00	846.01	.47
	TOTAL MAUNESHA BUSINESS CENTER	353.29	772.88	7,025.00	6,252.12	11.00
<u>PLANNING AND CONSERVATION</u>						
600-56-5630-220	PROJECT CDA PROGRAMS	.00	.00	6,185.00	6,185.00	.00
	TOTAL PLANNING AND CONSERVATION	.00	.00	6,185.00	6,185.00	.00
<u>ECONOMIC DEVELOPMENT</u>						
600-56-5670-720	REVOLVING LOAN FUND	.00	.00	50,000.00	50,000.00	.00
	TOTAL ECONOMIC DEVELOPMENT	.00	.00	50,000.00	50,000.00	.00
	TOTAL FUND EXPENDITURES	353.29	772.88	63,210.00	62,437.12	1.22
	NET REVENUES OVER EXPENDITURES	(103.29)	3,477.12	.00	3,477.12	.00

CITY OF WATERLOO GRANT TRACKING
By Oversight Entity 4/13/2017 1:55 PM

LOO ID#	OVERSIGHT	GRANT NAME	GRANT ADMIN ID	FUNDING PROJECT(S)?	APP SUBMITTED	AWARD Y/N	AWARD AMOUNT	AWARD DATE	MATCH DETAILS	NEXT ADMIN ACTION	PROJ STATUS
2016-02	Community Development Authority	DNR Municipal Flood Control	MFC-28290-16	203 E Madison St (Shore Restoration)	May 2016	YES	\$21,780	10/4/2016	50% local; accepted with no match decision		
2016-06	Community Development Authority	Junginger Foundation Ask	-	Seeking match for Muni Flood Control @ 203 East Madison Street						Follow-up on Lee F. contact	Request to Junginger Foundation via for funding - no reply
2015-02	JCEDC & Public Works & Property Comm	EPA Environmental Remediation via County		333 Portland Rd site assessment phase 2	N/A		unknown	7/7/1905	no match	Report back on funding options	Meeting with DNR, WEDC and County Staff the week of April 17 to ID funding options
2016-01	Parks Comm	DOA CDBG-DR IKE Supplemental	CDBG-DR-IKE#16-07	720 W Madison St Phase 3 (remove river obstructions & river bank restoration)	Jan 2016	YES	\$107,375	1/21/2016	no match	Submit labor standards report	Construction done with reimbursebursement & close out to finish
2016-04	Public Works & Property Comm	TBD USDA	-	Seeking match for Muni Flood Control @ 203 East Madison Street	TBD						No suitable USDA dollars Ided at this time.
2016-05	Public Works & Property Comm	DNR Private Lead Service Line Program		Private lead water system 2016-2019	June 2016	YES	\$330,000	10/19/2016	no match	Set up entire program; prioritize STH 19 properties	Need to devote 20 hours of time to project roll out; prioritize STH 19 properties
2016-06	Public Works & Property Comm	DNR Recycling	RU-28290	General Fund contracted recycling expense & some compost site activities	10/01/2016	YES	\$11,737	TBD	no match	Submit future year grant app by May 1	Funded; recurring annual application and award
2017-01	Public Works & Property Comm	County culvert aid	-	DPW 2017 culvert replacement (ask: \$30,000)	TBD				no match	Contact County	Request aid
2017-04	Waterloo Utilities	WPPI Annual \$1000		TBD		YES	\$1,000	1/1/2017	no match	propose project award ideas to Barry	2017 awarded to Chamber of Commerce
2014-01		Idle Site Industrial Grnat	ISR FY14-22204	333 W Madison St demo; site remediation, Movin' Out incentive, pedestrian bike path, bridge removal	Nov 2013	YES	\$584,000	4/3/2014	Private dollars invested need to be reported and invested	Submitted contract amendment to cover concrete abutment @ 575 W Madison and further incentive for Waterloo Tech Center build-out	Awaiting contract amendment OK
2017-03	Community Development Authority	DOA READI via NW Regional Plan Comm.		TBD (1)training, (2)housing & (3)economic development	in draft					Council action; set partnership with CDO	Stuck at point of partnerships with Waterloo businesses on concept



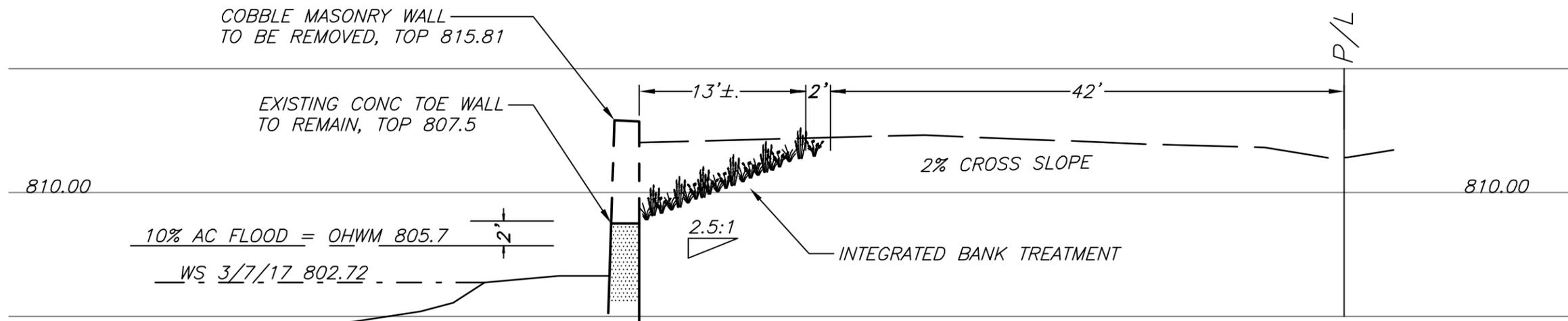
CROSS SECTION B



PRELIMINARY 4/7/17

SCALE : 1" = 5' H&V

PROJECT : #	DATE : APRIL 2017	DRAWN BY : BAO
		APPROVED BY : BAO



CROSS SECTION A

CITY OF WATERLOO, WISCONSIN
 TRAILHEAD CROSS SECTIONS
 203 EAST MADISON STREET



203 E MADISON ST
(LOOKING EAST FROM RIVER)

820

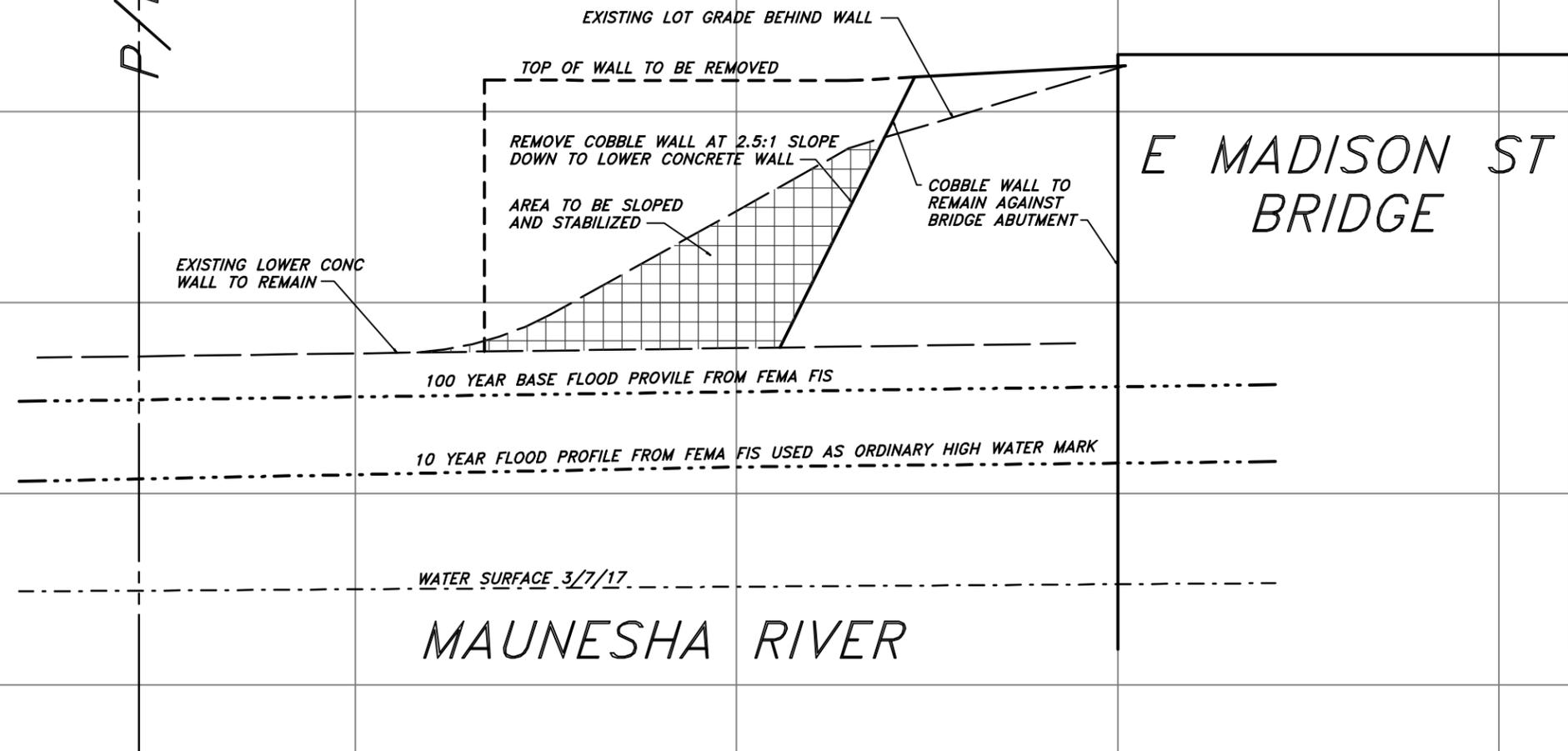
815

810

805

800

P/L



PRELIMINARY 4/7/17

SCALE : 1" = 10'H 2"V

PROJECT : #	DATE : APRIL 2017	DRAWN BY : BAO
		APPROVED BY :

CITY OF WATERLOO, WISCONSIN
TRAILHEAD SITE PLAN
203 EAST MADISON STREET



Mo Hansen

From: Mo Hansen <cityhall@waterloowi.us>
Sent: Monday, April 03, 2017 11:21 AM
To: Waterloo Clerk/Treas Office
Subject: FYI CDA-CDC -- Mayor's follow-up on hotel interest
Attachments: Sample of Preliminary Hotel Market Study

CDA-CDC and City Council,

Mayor Thompson is asking for the CDA-CDC to make a recommendation to the City Council regarding whether or not a 2017 municipal expenditure should be made to fund a hotel feasibility study.

UPDATE.

- A second hotel franchise, Cobblestone Hotel, has contacted my office inquiring about municipal interest in a Waterloo hotel.
- See below for the email thread on this general topic including Alder Quimby's March 6th reply to me.
- Grand Stay Hospitality has pointed me towards Mark Lindner of Oshkosh as someone that does such studies.
- Given conversations with Lindner, I am estimating a study expense at \$7,000.
- Anna Jakubeck with Cobblestone Hotel confirmed that Lindner is capable of producing a study. She says companies want to see a proforma analysis, a breakeven estimate given the market; and a potential return rate in years 1-5.
- Attached is an example of the Lindner study.
- Lindner, Jakubeck and Jim Clemons with Grand Stay Hospitality all say key is building an investor group, a private sector responsibility. Lindner said communities commonly front money for feasibility study and recouping as part of development agreement with eventual developer.

Let me phrase the decision point this way: (1) Did the area learn its lesson with Marshall's project falling apart at the point of creating an investor group? (2) Or is Waterloo different?

- Supporting a study. We have the pavilion, so a hotel conference center isn't needed lowering project costs. We have Trek's potential housing stays that are currently going to the Madison and Sun Prairie hotels.
- Opposing a study. Trek housing stays want the amenities of Madison and will never shift a large percent to Waterloo. Marshall failed because of lack of local investor group and is similar to Waterloo.

This item will be on the next CDA-CDC agenda.

Mo Hansen
Clerk/Treasurer
City of Waterloo
office: 920.478.3025
CityHall@Waterloowi.us

| [MUNICIPAL WEBPAGE](#) | [INFO ALERTS SIGN-UP](#) |



Hotel R & D, LLC
Hotel Research & Development

**PRELIMINARY HOTEL MARKET
ANALYSIS**

AND

FINANCIAL PRO FORMA

LANCASTER, WISCONSIN

FEBRUARY, 2017

Grant County Lodging Supply		
		% of County
Lancaster		
		Total
Lancaster Inn	22	5.2%
Pine Grove Motel	18	4.3%
	40	9.5%
Hazel Green		
Country Heights	23	5.5%
Dickeyville		
Tower Motel	20	4.8%
Plaza Motel	21	5.0%
	41	9.7%
Platteville		
Super 8	72	17.1%
Country Inn	49	11.6%
Mound View	32	7.6%
	153	36.3%
Cassville		
Eagle Roost	5	1.2%
Sand Bar	10	2.4%
	15	3.6%
Bagley		
Bagley Hotel	7	1.7%
Prairie du Chein		
Captain's Cove	8	1.9%
Fennimore		
Fennimore Hills	24	5.7%
Napp's Motel	18	4.3%
Fenway House	13	3.1%
	55	13.1%
Boscobel		
River Inn	40	9.5%
Sands Motel	29	6.9%
Hubl's Motel	10	2.4%
	79	18.8%
Total	421	100.0%

This Supply Analysis section omits the numerous bed & breakfast inns, cottages and rental homes in Grant County. While these lodging operations can indicate the willingness of visitors to pay rates that are often higher than standard hotels and motels, the majority of hotel demand considered for a new, modern hotel typically does not utilize these unique accommodations unless necessary.

The calculations and projections in this section may not take into consideration the seasonality of some of the motels. In most cases, the independent hotels and motels are not considered strong competition to a new modern property.

Lancaster

The **Lancaster Inn**, formerly a Best Western Welcome Inn, was built in 1972 and is currently for sale. The property is considerably outdated and in need of renovation if it were to rebrand with just about any hotel franchise. While the property receives good reviews, it is no longer competitive with newer franchises from economy to midscale.

The **Pine Grove Motel** is an older roadside “mom & pop” property that caters to rate sensitive visitors and most likely a percentage of long-term guests. Properties

of this type, although lacking competitiveness with today’s newer hotels, can still satisfy a majority of budget-conscious visitors to an area.

Based on a room tax analysis and Smith Travel Research data. Neither motel in Lancaster performs close to the State and Regional (southern Wisconsin) average occupancy and Average Daily Rate (ADR).

Estimated Performance

Based on room tax analysis and property rate research, the table below offers a projection of occupancy and ADR for the two properties in Lancaster.

2015	Lancaster Inn	Pine Grove	Total
Est. ADR	\$ 60.00	\$ 40.00	\$ 62.23
Sold	3,333	929	4,262
Available	8,030	6,570	14,600
Occupancy	41.5%	14.1%	29.2%

FINANCIAL PROJECTIONS MIDSCALE HOTEL LANCASTER, WISCONSIN

The following financial analysis is based on assumptions and data collected for the construction of a 50-room hotel in Lancaster, Wisconsin. The information included in this analysis is based on assumptions and estimations and may not represent the actual performance of the subject hotel.

Hotel R&D, LLC is available to modify and/or update this analysis.

Contents

Note: Financial analysis includes current operating revenues and expenses of the existing hotel as a comparison. Current expenses gathered for this analysis may not match the Uniform System of Accounting for Hotels and thus may not represent actual performance.

- 1 Project Cost Summary
- 2 Five Year Pro forma – Cash Flow Summary
- 3 Return on Investment
- 4 GLOSSARY OF TERMS

PROJECT OVERVIEW

Project Name: **Midscale Hotel**
 Location: **Lancaster, Wisconsin**
 Hold Period: **11 Year(s)**
 # of Rooms: **50**
 Project Detail: **New Construction**
 Service Type: **Limited Service**
 General Inflation **2.50%**
 Investor Unit Value **\$50,000**
 Equity Required **\$1,618,750**
 # of Units **32**

DEBT STRUCTURE

Interest Rate: **5.00%**
 Interest Only Period: **1 Year(s)**
 Amortization Schedule: **20 Year(s)**
 I/O Debt Service (if any): **\$150,313**
 Amortizing Debt Service: **\$238,079**

RESIDUAL SALE

Cap Rate: **9.00%**

SAMPLE PROJECT COSTS

	Per Room	Total \$
Property Value	\$4,000	\$200,000
Hard Construction	\$64,000	\$3,200,000
Site Work	\$1,000	\$50,000
Landscaping	\$700	\$35,000
FF&E/OS&E Hotel	\$12,000	\$600,000
Architectural & Engineering	\$1,000	\$50,000
Appraisal	\$90	\$4,500
Surveys	\$140	\$7,000
Construction Interest	\$3,200	\$160,000
Legal & Accounting Fees	\$100	\$5,000
Franchise Fees (Application & Fees)	\$700	\$35,000
Insurance	\$220	\$11,000
Signage	\$700	\$35,000
Permits & Fees	\$150	\$7,500
Working Capital/Contingency Funds	\$2,000	\$100,000
Pre-Opening Marketing, Staff & Training	\$1,500	\$75,000
Development Support	\$1,000	\$50,000
Total Development Costs	\$92,500	\$4,625,000

PROJECT SOURCES

	% of Total	\$\$\$
Total Debt	65.0%	\$3,006,250
Equity		
<i>Tax Incremental Financing Upfront</i>	0.0%	\$0
<i>Other</i>	0.0%	\$0
<i>Cash</i>	35.0%	\$1,618,750
Total Equity	35.0%	\$ 1,618,750

SAMPLE PROJECT COSTS		
	Per Room	Total \$
Property Value	\$ 4,000	\$ 200,000
<i>Based on recent land sales at Hwy 131/17 Mile Road</i>		
Hard Construction	\$ 64,000	\$ 3,200,000
<i>Industry benchmark (high) for limited service 3 story hotel with indoor pool</i>		
Site Work	\$ 1,000	\$ 50,000
<i>Assumes build-ready, sewer/water hookup fees</i>		
Landscaping	\$ 700	\$ 35,000
<i>Standard and basic property landscaping</i>		
FF&E/OS&E Hotel	\$ 12,000	\$ 600,000
<i>All furniture, fixtures equipment and operating supplies. Rooms, hallways, public space, back-of-house.</i>		
Architectural & Engineering	\$ 1,000	\$ 50,000
<i>Assumes state design approvals and minor design work</i>		
Appraisal	\$ 90	\$ 4,500
<i>Typically bank ordered</i>		
Surveys	\$ 140	\$ 7,000
<i>Initial site work and land approval process</i>		
Construction Interest	\$ 3,200	\$ 160,000
<i>Based on 9 months, 5% int</i>		
Legal & Accounting Fees	\$ 100	\$ 5,000
<i>Ownership set-up and property bookkeeping</i>		
Franchise Fees (Application & Fees)	\$ 700	\$ 35,000
<i>AmericInn model; industry average</i>		
Insurance	\$ 220	\$ 11,000
<i>Site, Construction, liability</i>		
Signage	\$ 700	\$ 35,000
<i>Industry standard interior and exterior signage</i>		
Permits & Fees	\$ 150	\$ 7,500
<i>Local fees, industry average</i>		
Working Capital/Contingency Funds	\$ 2,000	\$ 100,000
<i>Change orders (minor) and opening funds</i>		
Pre-Opening Marketing, Staff & Training	\$ 1,500	\$ 75,000
<i>Promotional material, marketing support, grand opening and all staff pre-hiring.</i>		
Development Support	\$ 1,000	\$ 50,000
<i>Developer fees, miscellaneous expenses</i>		
Total Development Costs	\$ 92,500	\$ 4,625,000

NOTES

All prices are based on estimations, assumptions and represent benchmark costs unless noted.

FF&E/OS&E is Furniture, Fixtures and Equipment and Operating Supplies and Equipment pertaining to rooms and public space.

Architectural & Engineering assumes local/state approval of franchise plans

50 Rooms

CASH FLOW PROJECTIONS

Analysis Year		1		2		3		4		5		
ADR		\$94.00		\$96.35		\$98.76		\$101.23		\$103.76		
% Increase				2.5%		2.5%		2.5%		2.5%		
Occupancy		54.0%		58.5%		62.0%		64.0%		65.0%		
Revenues (% of Total Revenue)	Year 1 \$/Room/Yr											
Room	\$18,527	\$926,370	97.8%	\$1,028,657	97.8%	\$1,117,455	97.8%	\$1,182,340	97.8%	\$1,230,834	97.8%	97.8%
Other Miscellaneous Income	\$416	\$20,809	2.2%	\$23,106	2.2%	\$25,101	2.2%	\$26,559	2.2%	\$27,648	2.2%	2.2%
Total Revenue	\$18,944	\$947,179	100.0%	\$1,051,763	100.0%	\$1,142,556	100.0%	\$1,208,898	100.0%	\$1,258,482	100.0%	100.0%
Departmental Expenses (% of Total Revenue)												
Room (Includes Breakfast & Reception)	\$5,202	\$260,096	27.5%	\$277,030	26.3%	\$292,224	25.6%	\$304,372	25.2%	\$314,463	25.0%	25.0%
Telephone	\$53	\$2,626	0.3%	\$2,916	0.3%	\$3,168	0.3%	\$3,352	0.3%	\$3,490	0.3%	0.3%
Meeting Room	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.0%
Other Miscellaneous	\$191	\$9,559	1.0%	\$10,356	1.0%	\$10,976	1.0%	\$11,330	0.9%	\$11,507	0.9%	0.9%
Total Departmental Expenses	\$5,446	\$272,282	28.7%	\$290,302	27.6%	\$306,368	26.8%	\$319,054	26.4%	\$329,460	26.2%	26.2%
GROSS OPERATING INCOME	\$13,498	\$674,897	71.3%	\$761,461	72.4%	\$836,189	73.2%	\$889,844	73.6%	\$929,022	73.8%	73.8%
Undistributed Operating Expenses (% of Total Revenue)												
General & Administrative	\$1,786	\$89,318	9.4%	\$92,978	8.8%	\$96,440	8.4%	\$99,517	8.2%	\$102,347	8.1%	8.1%
Franchise Fees	\$1,575	\$78,741	8.3%	\$87,436	8.3%	\$94,984	8.3%	\$100,499	8.3%	\$104,621	8.3%	8.3%
Sales & Marketing	\$883	\$44,175	4.7%	\$47,297	4.5%	\$49,785	4.4%	\$51,317	4.2%	\$52,216	4.1%	4.1%
Utilities	\$1,208	\$60,406	6.4%	\$67,076	6.4%	\$72,866	6.4%	\$77,097	6.4%	\$80,260	6.4%	6.4%
Repairs & Maintenance	\$507	\$25,368	2.7%	\$26,002	2.5%	\$26,652	2.3%	\$27,318	2.3%	\$28,001	2.2%	2.2%
Total Undistributed Operating Expenses	\$5,960	\$298,008	31.5%	\$320,788	30.5%	\$340,726	29.8%	\$355,749	29.4%	\$367,444	29.2%	29.2%
INCOME BEFORE FIXED CHARGES	\$7,538	\$376,890	39.8%	\$440,673	41.9%	\$495,463	43.4%	\$534,096	44.2%	\$561,578	44.6%	44.6%
Fixed Operating Expenses (% of Total Revenue)												
Real Estate Taxes	\$1,598	\$79,900	8.4%	\$80,400	7.6%	\$82,008	7.2%	\$83,648	6.9%	\$85,321	6.8%	6.8%
Management Fee	\$568	\$28,415	3.0%	\$31,553	3.0%	\$34,277	3.0%	\$36,267	3.0%	\$37,754	3.0%	3.0%
Insurance	\$410	\$20,500	2.2%	\$21,000	2.0%	\$21,500	1.9%	\$22,000	1.8%	\$22,500	1.8%	1.8%
Reserve for Replacement	\$189	\$9,472	1.0%	\$21,035	2.0%	\$34,277	3.0%	\$48,356	4.0%	\$62,924	5.0%	5.0%
FF&E Lease	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.0%
Total Fixed Operating Expenses	\$2,766	\$138,287	14.6%	\$153,988	14.6%	\$172,061	15.1%	\$190,271	15.7%	\$208,500	16.6%	16.6%
CASH FLOW BEFORE DEBT SERVICE	\$4,772	\$238,602	25.2%	\$286,684	27.3%	\$323,401	28.3%	\$343,825	28.4%	\$353,079	28.1%	28.1%

Disclaimer: The first year projection of occupancy and ADR assume 1 full year of operations. The above proforma statement of cash flow from operations and debt service coverage represents a compilation of data and information gathered from historical data and industry statistics for similar types of properties. The preparer does not guarantee the data, and assumes no liability for any errors in fact, omissions, analysis or judgement. The data is based on the best judgements of the preparer and client. We make no guarantees or assurances that the projections will be realized as stated.

SAMPLE RETURN ANALYSIS - Ten Year

Analysis Year	0	1	2	3	4	5	6	7	8	9	10
Project Cost	(\$4,625,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow Before Debt Service	\$0	\$238,602	\$286,684	\$323,401	\$343,825	\$353,079	\$361,906	\$370,953	\$380,227	\$389,733	\$399,476
Residual Sale Price	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Funding	\$3,006,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - Interest	\$0	(\$150,313)	(\$148,273)	(\$143,678)	(\$138,849)	(\$133,772)	(\$128,435)	(\$122,826)	(\$116,929)	(\$110,731)	(\$104,215)
Debt Service - Principal	\$0	\$0	(\$89,806)	(\$94,401)	(\$99,230)	(\$104,307)	(\$109,644)	(\$115,253)	(\$121,150)	(\$127,348)	(\$133,864)
Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TIF Funding and Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET CASH FLOW	(\$1,618,750)	\$88,290	\$48,605	\$85,322	\$105,746	\$115,000	\$123,827	\$132,874	\$142,148	\$151,654	\$161,397
Leveraged Deal IRR (Equity + Debt)	10.3%										
Profit (10 Year Total)	\$2,386,553										
Profit per Unit (\$50,000 investment)	\$73,716										
Equity Multiple	2.47x										
Leveraged Net Cash Return (with TIF)		5.5%	3.0%	5.3%	6.5%	7.1%	7.6%	8.2%	8.8%	9.4%	10.0%
<i>Cumulative Average Leveraged Net Cash Return</i>			4.2%	4.6%	5.1%	5.5%	5.8%	6.2%	6.5%	6.8%	7.1%
Debt Service	(\$150,313)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)	(\$238,079)
Total Net Cash Flow including TIF reimbursement	\$238,602	\$286,684	\$323,401	\$343,825	\$353,079	\$361,906	\$370,953	\$370,953	\$380,227	\$389,733	\$399,476
Debt Service Coverage Ratio - excluding TIF	1.59x	1.20x	1.36x	1.44x	1.48x	1.52x	1.56x	1.56x	1.60x	1.64x	1.68x
Debt Service Coverage Ratio - including TIF		1.20	1.36	1.44	1.48	1.52	1.56	1.56	1.60	1.64	1.68
Estimate Distributable Depreciation		\$179,800	\$ 179,800	\$ 82,000	\$ 82,000						
Projected Value (9.00% Cap Rate)	\$2,651,139	\$3,185,383	\$3,593,348	\$3,820,273	\$3,923,097	\$4,021,175	\$4,121,704	\$4,121,704	\$4,224,746	\$4,330,365	\$4,438,624

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