

**Response to RFP #R1327
(Consulting Services to Evaluate
the Feasibility of a Lawrence
Conference/Convention Center)**

March 2014

**Prepared for:
City of Lawrence &
University of Kansas**

March 19, 2014

Mr. David L. Corliss
City Manager
Lawrence City Hall
P.O. Box 708
6 E. 6th Street
Lawrence, Kansas 66044-0708



1020 N. Fairfax Street
Suite 320
Alexandria, VA 22314
Phone: (703) 838-9707
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RE: RFP #R1327 –
Consulting Services to Evaluate the Feasibility of a Lawrence Conference/Convention Center

Dear Mr. Corliss:

REVPAR International, Inc. is pleased to submit this proposal in response to the above-referenced RFP.

We believe that REVPAR International possesses the requisite level of experience and proper background to fulfill the needs and requirements of the City of Lawrence and the University of Kansas.

We would be pleased to answer any questions you may have related to our submission and would welcome the opportunity to review any aspect of our proposal with you. In the event that the level of effort specified in our proposal is at variance with that envisioned by the City of Lawrence, we wish to acknowledge our willingness to negotiate on any aspect of our proposal.

The individual representing REVPAR International and having authority to negotiate with the City of Lawrence in connection with the assignment and sign the contract is:

Richard E. Pastorino, ISHC
Principal
REVPAR International, Inc.
1020 North Fairfax Street, Suite 320
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We appreciate the opportunity to submit this proposal and look forward to the prospect of working with you and the City of Lawrence on this contract.

Respectfully submitted,
REVPAR International, Inc.

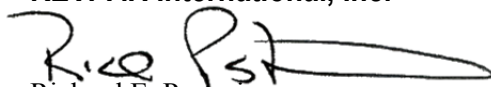

Richard E. Pastorino
Principal

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PROPOSAL COVER SHEET

Date: 03/19/14

Name of Consulting Firm: REVPAR International, Inc.

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City/State/Zip: Alexandria, VA 22314

Primary Contact: Richard E. Pastorino

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Signature: 

Title: Principal

References (within last 12 months)

Business Name: Maryland Economic Development Corporation

Address: 100 N. Charles Street, Suite 630, Baltimore, MD 21201

Contact Name: Jeff Wilke

Phone Number: 410-625-0051

References (within last 12 months)

Business Name: Howard Hughes

Address: 10275 Little Patuxent Park, Columbia, MD 21044

Contact Name: Gabriel Chung

Phone Number: 410-964-5440

References (within last 12 months)

Business Name: City of Middletown, OH Economic Development

Address: One Donham Plaza, Middletown, OH 45042

Contact Name: Denise Hamet

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1. OVERVIEW OF FIRM

ABOUT REVPAR INTERNATIONAL, INC.

REVPAR International, Inc. is a full-service advisory and asset management firm exclusively dedicated to the hospitality industry. The firm was established in 1992, giving it over two decades of successful service to the needs of the hospitality industry at large and its various stakeholders. Since inception, **our consultants have undertaken over 4,000 projects worldwide** and worked on virtually every U.S. hotel brand within the industry.

As one of the industry's best-known full-service hospitality advisory and asset management firms, REVPAR offers unparalleled sector expertise, a broad industry network and global reach. With knowledge of both domestic and international markets, the REVPAR team has successfully completed thousands of assignments throughout the United States, Caribbean, Europe, and Asia. REVPAR's detailed incisive reports and deliverables are highly regarded by our clients including corporate leaders, institutional leaders, municipalities, developers, brand operators, active and passive equity investors, and financial institutions.

The REVPAR methodology views each engagement through a wide lens but uses market research, both internal and external, to support each conclusion. Proprietary models enable REVPAR consultants to assess market conditions from all angles and form incisive, well-supported opinions. Every engagement is led and executed by senior hospitality real estate professionals who have, in addition to consulting experience, backgrounds in hotel, restaurant, and conference/convention center operations, asset management, development, and/or acquisitions from industry leaders.

The professionals comprising the REVPAR International team have extensive experience assisting clients, both in the public and private sectors, on projects ranging from feasibility studies to preparing strategic tourism plans for countries. Collectively, this experience equates to 100+ aggregate years in the hospitality field, inclusive of "hands on" operational experience with several of the major international hotel chains. Simply put, as consultants, we are well-seasoned veterans in all aspects of hospitality and tourism consulting -- experience that is brought to bear on each and every one of our assignments.

AREAS OF EXPERTISE

REVPAR International's staff has experience working with all types of hospitality and recreational income-producing properties. Hospitality and recreation facilities for which we provide consulting services include:

Hotels	Amphitheaters
Resorts	Recreation Support Areas
Other Lodging Establishments	Youth and Recreation Centers
Meeting/Banquet Centers	Tennis and Swimming
Conference Centers	Field and Court Sports
Convention Centers	Water Sports Activities
Club - Country and City	Food and Beverage Facilities
Military Clubs	Restaurants
Golf courses	Concessions
Marinas	Banquet Halls
Exhibition Halls	Campgrounds
Banquet Facilities	Recreational Vehicle Parks

SERVICES PROVIDED

REVPAR International, Inc. offers a wide range of hospitality advisory and asset management services, encompassing all areas of the hospitality industry, from hotels and convention/conference centers to marinas and golf courses, to include the following:

- Appraisals and valuation studies;
- Asset management;
- Assistance with management/ownership issues and structure;
- Development services/Project Management;
- Facilities planning and recommendations;
- Feasibility studies and market research;
- Identification, negotiating and obtaining franchise approval and affiliation;
- Litigation support and expert witness;
- Operational reviews;
- Owner's representative services;
- Repositioning studies;
- Restaurant | Food and Beverage services;
- Review and analysis of franchise agreements and management contracts to ensure best terms negotiated for stakeholder;
- Selection and negotiation with 3rd party management companies; and
- Strategic planning on any pertinent issue related to asset.

SAMPLING OF CONFERENCE CENTER PROJECTS UNDERTAKEN BY REVPAR

The consultants of REVPAR International have undertaken a number of studies and research related to conference/convention centers, banquet facilities, meeting venues, etc., over our lifetime on a nationwide level including market and financial feasibility studies and appraisals/valuation studies, for the following properties:

- Armed Forces Recreation Center Cape Henry, VA Beach, VA
- Armed Forces Recreation Center Dragon Hill, Seoul, Korea
- Armed Forces Recreation Center Edelweiss, Germany,
- Armed Forces Recreation Center Hale Koa, Honolulu, HI
- Armed Forces Recreation Center Shades of Green, Orlando, FL
- Fairmont Hotel, Pittsburgh, PA
- Full-Service Branded 300-Room Convention Hotel, Columbia, MD
- Marriott Bethesda North and Conference Center, Bethesda, MD
- Marriott Convention Center, Charleston, WV
- Marriott Inner Harbor East, Baltimore, MD
- National Labor College Hotel and Conference Center, Silver Spring, MD
- Proposed Courtyard by Marriott David Lawrence Convention Center, Pittsburgh, PA
- Proposed Embassy Suites Conference Center, Tallahassee, FL
- Proposed Embassy Suites Convention Hotel, Lawrenceville, GA
- Proposed First-Class Hotel and Convention Center, Newport News, VA
- Proposed Full-Service Hotel Miami Beach Convention Center, Miami Beach, FL
- Proposed Hotel & Conference Center at George Mason University, Fairfax, VA
- Proposed Hotel & Conference Center, Chesterfield, VA
- Proposed Hotel & Conference Center, Portsmouth, VA
- Proposed Hotel & Conference Center, Goleta, CA
- Proposed Hotel & Conference Center, St. Thomas, USVI
- Proposed Hotel Downtown, Charleston, WV
- Proposed Hotel with Meeting Space at UMES, Somerset County, MD
- Proposed Hotel with Meeting Space, Swarthmore, PA
- Proposed Hyatt Place, Washington, DC
- Proposed Kimpton Monaco, Baltimore, MD
- Proposed Me Hotel and Condo-Hotel, Old San Juan, PR

- Proposed Westin Palm Beach County Convention Center, West Palm Beach, FL
- Radisson Inner Harbor, Baltimore, MD
- Renaissance Hotel, Washington, DC
- Roberts Mayfair Wyndham Hotel, St. Louis, MO
- Rocky Gap Resort and Conference Center, Cumberland, MD
- Sheraton Norfolk, Norfolk, VA
- Sheraton Wardman Park Hotel, Washington, DC
- Proposed Embassy Suites, State College, PA

LODGING EXPERIENCE

The consultants of REVPAR International have likewise undertaken over 4,000 projects worldwide on a wide variety of hotel types within the economy, limited-service, select-service, full-service, and resort chain scales for virtually every U.S. hotel brand within the industry as follows:

Luxury

Conrad by Hilton
Fairmont Hotel
Four Seasons
Grand Hyatt
InterContinental
Loews Hotels
Luxury Collection
Mandarin Oriental
Park Hyatt
Preferred Hotels
Ritz-Carlton
Sofitel
St. Regis
The Peninsula
W Hotels
Waldorf Astoria

Upper Upscale

Autograph Collection
Embassy Suites
Hilton Hotels
Hyatt Hotels
Kimpton Hotels
Le Meridien
Marriott
Marriott Conf. Centers
Omni Hotels
Pan Pacific
Renaissance Hotels
Sandals Resorts
Sheraton Hotel
Swissotel
Westin

Upscale

Adam's Mark
aloft
AmeriSuites
Aston Hotel
Cambria Suites

Courtyard

Crowne Plaza
Doubletree
Element
Four Points
Hilton Garden Inn
Homewood Suites
Hotel Indigo
Hyatt Place
Hyatt Summerfield Suite
Melia
Novotel
Outrigger
Radisson
Residence Inn
Sonesta Hotel
SpringHill Suites
Staybridge Suites
Woodfin Hotel
Wyndham

Upper Midscale

Best Western Plus
Best Western Premier
Chase Suites
Clarion
Comfort Inn
Comfort Inn & Suites
Country Inn & Suites
Doubletree Club
Fairfield Inn
Hampton Inn
Hampton Inn & Suites
Holiday Inn
Holiday Inn Express
Holiday Inn Select
Home2 Suites
Sunspring Resort
TownePlace Suites
Wyndham Garden Hotel

Midscale

AmericInn
Baymont Inns & Suites
Best Western
Candlewood Suites
Hawthorn Suites
Howard Johnson
La Quinta Inns
La Quinta Inns & Suites
Mainstay Suites
Quality Inn
Quality Inn & Suites
Ramada
Ramada Limited
Sleep Inn
Wingate by Wyndham

Economy

Americas Best Value Inn
Budgetel
Country Hearth Inn
Days Inn
Econo Lodge
Extended Stay America
Homestead
Howard Johnson Express
Jameson Inn
Knights Inn
Microtel Inn
Motel 6
Red Roof Inns
Rodeway Inn
Shoney's Inn
Studio 6
Suburban Extended Stay
Super 8
Travelodge
Wellesley Inn

PUBLIC SECTOR CLIENTS

REVPAR International, Inc. and its professional staff have served a wide variety of public and private sector clients. Presented below is a partial listing of public sector agencies for which the principals have worked:

Public Sector Agencies - International

Inter-American Development Bank
Inter-American Investment Corporation
International Finance Corporation

Public Sector Agencies - Federal

National Park Service
U.S. Agency for International Development
U.S. Air Force
U.S. Army
U.S. Marine Corp
U.S. Navy

Public Sector Agencies - Regional

Chesterfield County, VA Purchasing Department
City of Chesapeake, Virginia Economic Development
City of Goleta, California
City of Jamestown, New York
City of Solvang
City of Virginia Beach, VA Economic Development
Government of the United States Virgin Islands
Maryland Economic Development Corporation
Montgomery County, MD Economic Development
Randolph County Development Authority, Elkins, WV
Somerset County Economic Development, Maryland
Washington Harbor District Alliance, Washington, NC
Wicomico County, Maryland
Wyoming County Economic Development, WV
YMCA West Morris, New York
Yorktown, VA Office of Economic Development

WHAT DISTINGUISHES REVPAR INTERNATIONAL FROM OTHER CONSULTING FIRMS

- **Full-Service.** REVPAR International, Inc. offers a complete set of advisory services for all phases of a hospitality project. Essentially, we can undertake the feasibility analysis, effectively act as Project Manager, to bring the concept to reality and subsequently asset manage to an Owner's objectives. This breadth of experience provides the client with uninterrupted service and access to our professionals and ensures continuity in process and goals during the complete development cycle.
- **Proprietary Software Matrixes and Analysis Models Developed Exclusively for Feasibility Studies:**
 - **Site Matrix Model.** When multiple sites are under consideration, REVPAR International will review/evaluate the potential sites and then employ its proprietary *Site Matrix* model, which utilizes a weighted point system to identify which site possesses the most attributes relative to conference/convention center development and successful conference/convention center performance. The matrix will establish which of the sites, if any, are optimally located to take advantage of and/or capitalize on the area's growth trends and development patterns over the medium to long term. Specific to each site, we will evaluate numerous factors, to include access; visibility within and outside the immediate area; image and ambience; natural scenic enhancements/area ambience; availability of utilities; relationship of the site to area growth and development patterns; relationship of the site to demand generators in terms of convenience versus that of the competition (existing and prospective); relationship of the site to area amenities; and advantages/disadvantages of the site versus those of the major competitors and other site locations under review.
 - **Supply and Demand Analysis Model.** Our proprietary *Supply and Demand Analysis* model is designed to establish whether demand exists for a new hospitality-related project including conference/convention centers and meeting venues and subsequently forecast its future performance. Through analysis of aggregate historical supply and demand trends for a defined competitive or comparable set, the *Supply and Demand* model builds a comprehensive future forecast of the same. All inputs in the model build upon each other and tie together, providing wide-ranging insight into the following:

- Evaluation of historical and future supply and demand in a defined competitive set;
 - Evaluation of latent demand;
 - Synthesis and preparation of a market penetration analysis;
 - Projection of average daily rate for the subject property;
 - Estimation of revenues and expenses; and
 - Valuation of the subject property based on a discounted cash flow.
- **Financial/ROI Models.** Our proprietary *Financial and ROI* models are used on most projects to establish both future financial operating performance, as well as establish return on investment under the three primary test methods – Net Present Value, Internal Rate of Return, and Payback period. The models can be adapted to any type of investor program.
 - **Hospitality Development Cost Template.** Because of the frequency with which we have been asked to provide preliminary, order-of-magnitude cost estimates for hospitality projects, we have developed a proprietary template.
 - **Economic Impact Model.** Our proprietary *Economic Impact* model enables us to evaluate the monetary benefits that will accrue to an area/the local economy from the direct and indirect economic impact of a development project such as the proposed project.
- **Extensive Statistical Database.** During our 2+ decades of operation, REVPAR International Inc. has compiled operating statistics and other data points on thousands of markets, hotels, conference centers, and conventions centers. This information is compiled in a database that will be used throughout the assignment.
 - **Active in the Hotel Industry.** The professional staff of REVPAR International, Inc. has an active relationship with all the major hotel companies including their corporate franchises, in addition to owners/equity participants, management companies/operators hotel equity and debt funds, hotel brokers, lenders, and other market and industry participants which allow us to be very current and knowledgeable about the terms under which loans and equity investments are being made within the hospitality industry on a real-time basis.
 - **Access to Numerous Resources.** The professional staff of REVPAR International, Inc. has access/subscriptions to and is familiar with the following external resources that would be used on an as needed basis during the assignment: *Smith Travel Research's* various products, *Site To Do Business* (resource for statistical market data), *Woods & Poole Economics Inc.*, *Destination Marketing Association International's MINT Database*, *TravelCLICK's Hotelligence* report, *The Knowland Group's Field Research* reports, and the *National Restaurant Association's Restaurant Industry Operations Report*, to name a few.
 - **Members of International Society of Hospitality Consultants.** Richard Pastorino and Christopher Cylke are members of the *International Society of Hospitality Consultants*, a "By Invitation Only" organization with 200 members from 22 countries and over 50 specialty areas of expertise in the hospitality industry. ISHC represents a one of a kind collaboration of experience and expertise worldwide as its members are leaders in their respective areas of expertise. Collectively, the membership represents a tremendous resource network in which members can tap into to solicit feedback and exchange ideas.

In addition to the above, the professional staff comprising the REVPAR team is noted for their integrity, thorough research, and unbiased/frank opinions to our findings and recommendations.

2. RELEVANT PROJECT EXPERIENCE

REVPAR International, Inc. has undertaken numerous convention center market and financial feasibility studies, similar in scope to that required by the City of Lawrence. The list of our relevant project experience is extensive. To this end, we have highlighted several projects similar in scope to this assignment undertaken by the professionals of REVPAR International. We invite you to review the project summaries and visit our web-site at www.revparintl.com.

EXPERIENCE WITH PROJECTS PROXIMATE TO UNIVERSITIES/COLLEGES

REVPAR International, Inc. has undertaken almost 100 hotel market, financial, and business analysis hospitality projects on or proximate to university and college campuses across the United States. We are presently working with two colleges in the Mid-Atlantic and recently completed a third project in California. Other projects include the following:

American University, Washington, DC
Catholic University of America, Washington, DC
Central State University, Wilberforce, OH
College of Charleston, Charleston, SC
Colorado State University, Fort Collins, CO
Duke University, Durham, NC
Florida Atlantic University, Scripps Campus
Florida Gulf Coast University, Fort Myers, FL
Florida International University, Miami, FL
Florida State University, Tallahassee, FL
George Mason University, Fairfax, VA
George Washington University, Washington, DC
Georgetown University, Washington, DC
Gettysburg College, Gettysburg, PA
Hampden-Sydney, Farmville, VA
Hampton University, Hampton, VA
James Madison University, Harrisonburg, VA
Johns Hopkins University, Baltimore, MD
Longwood University, Farmville, VA
Lynchburg College, Lynchburg, VA
New York University, New York, NY
Ohio State, Dayton, OH
Old Dominion University, Norfolk, VA
Penn State, State College, PA
Robert Morris University, Pittsburgh, PA
Rowan University, Glassboro, NJ
Salisbury State University, Salisbury, MD
Savannah College of Art & Design, Savannah, GA
State University of NY at Albany, Albany NY
State University of NY at Buffalo, NY

State University of NY at Binghamton, NY
State University of NY at Morrisville, NY
Swarthmore College, Swarthmore, PA
Sweet Briar College, Sweet Briar, VA
Tidewater Community College, Norfolk, VA
Trinity University, Washington, DC
Towson State, Towson, MD
U.S. Military Academy, West Point, NY
U.S. Naval Academy, Annapolis, MD
University of Baltimore, Baltimore, MD
University of Buffalo, Buffalo, NY
University of California Santa Barbara, CA
University of Connecticut, Storrs, CT
University of Delaware, Wilmington, DE
University of Florida, Gainesville, FL
University of Mary Washington, Fredericksburg, VA
University of Maryland Eastern Shore, MD
University of Maryland, College Park, MD
University of North Carolina, Wilmington, NC
University of Pennsylvania, Philadelphia, PA
University of Virginia at Wise, Wise, VA
University of Virginia, Charlottesville, VA
University of West Virginia, Morgantown, WV
Virginia Commonwealth University, Richmond, VA
Virginia Tech University, Blacksburg, VA
Washington University, Saint Louis, MO
Weber State University, Ogden, UT
Wilberforce University, Wilberforce, OH
William and Mary, Williamsburg, VA

For these projects, much of our analysis and research focused on the various sources of demand emanating from the divisions and departments of the universities/colleges and their schools, including sporting events, research and training centers, continuing education programs, alumni activities and events, and other demand sources, to ascertain lodging and meeting space demand, required/requested pricing, as well as needs, presently and prospectively. Coupled with this, we researched the more traditional sources of conference and meeting demand to supplement the usage by the universities/colleges. We also interviewed the management of the hotels that were accommodating this demand to verify the level of demand estimated from the sources on campus, as well as the pricing. This information was then used to size an appropriate facility to capture this demand.

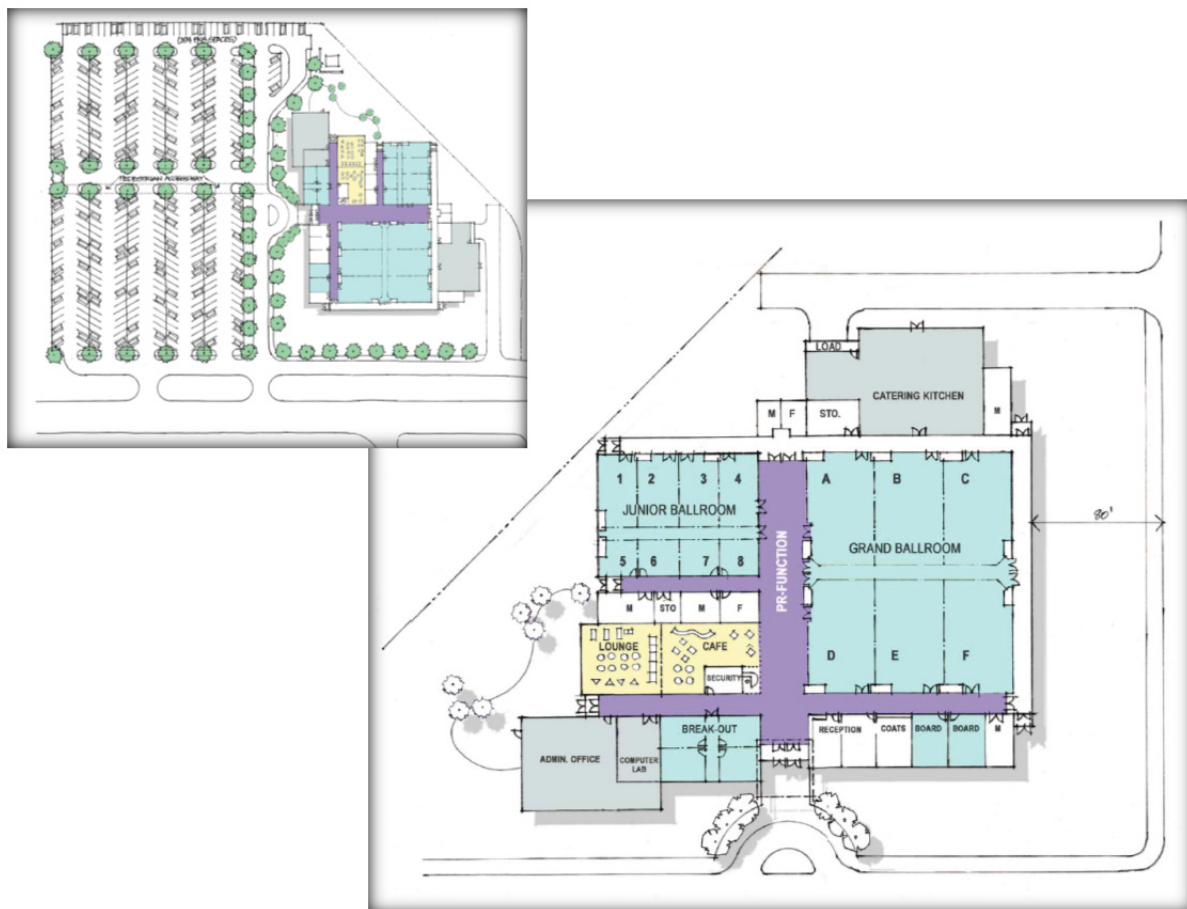
Feasibility Study for Proposed Hotel and Conference Center, Goleta, CA



The Redevelopment Agency for the City of Goleta tasked REVPAR International with performing a market study to validate or reject the notion that the city's current inventory of both hotel rooms and meeting space was insufficient to meet the demands of the local community, including University of California at Santa Barbara (UCSB). Our specific efforts were to focus on the viability of a specific site as an acceptable location for a new conference/convention center hotel that would be market and financially feasible over the long term. The following objectives were included in our scope of work:

- Review and analyze the local and regional area and conference and convention hotel market;
- Evaluate the preferred site for development or establish a preferred site location, if initial site is not preferred or feasible;
- Determine the level of hotel and conference/convention space demand generated by UCSB;
- Estimate present and future hotel supply and demand;
- Recommend a hotel facility profile including size, service levels, type, and scope of support services and facilities;
- Speak to the importance of branding versus independent hotel and recommend accordingly;
- Prepare usage estimates by segment for hotel and conference center;
- Prepare income and expense estimates (pro-forma operating statements) for the hotel and conference center;
- Prepare valuation analysis;
- Evaluate potential/recommended ownership options; and
- Review highest and best use and the potential value for the site as a use other than hotel and conference center.

Feasibility Study for Proposed State-of-the-Art Catering & Convention Center Fort Bragg, NC



REVPAR International was commissioned by the U.S. Army to prepare a comprehensive market feasibility study, which addressed potential market use for the existing facilities, as well as a recommended end state for a fully built-out catering and conference center. In order to accomplish this, REVPAR International:

- Undertook an assessment of the size and character of existing and potential demand generators to support a year-round catering and conference facility;
- Conducted on-site interviews with senior leadership representatives from all Commands that would offer opportunities for business at Fort Bragg. Our research also included an analysis of potential conflicts due to the Army having two major conference centers (Cape Henry Inn and Beach Club and Fort Bragg) within a relatively close geographic area. Our analysis ensured that both facilities are not dependent on the same demand for financial viability.
- Reviewed various demand segments;
- Reviewed and assessed both on and off-post catering and conference facilities, as well as other pertinent venues that compete for the above demand in order to establish the competitive advantages and disadvantages of the proposed facility relative to this competition and its likely performance thereof.
- Provided financials pro-formas.

Feasibility Study for Proposed Conference Center Naval Air Station Patuxent River, MD



REVPAR International, Inc. was engaged by the U.S. Navy to undertake a feasibility study in regards to the construction of a new conference center at Naval Air Station (NAS) Patuxent River, Maryland.

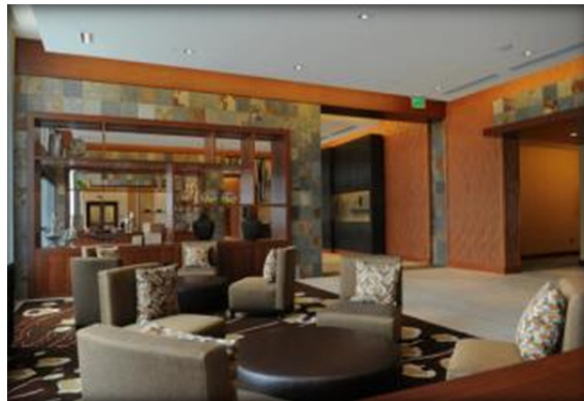
The installation was requesting that the Officers' Club be demolished and replaced with a new single story, 30,000 square foot conference/meeting center.

During the course of our study, REVPAR concluded that the new facility as proposed by the installation was larger than that required by the target market. Thus, we reduced the size of the installation-proposed facility by approximately 6,000 square feet and proposed an alternative replacement facility of roughly 24,300 square feet in size.

Based upon our research, it was recommended that the proposed conference center feature a wide variety of modern functional spaces including an expanded ballroom/banquet and conference room space to accommodate over 500 users; a new restaurant and lounge which can accommodate 220 users; substantial indoor pre-function and outdoor terrace event space; a centralized kitchen facility with convenient banquet staging areas serving the event spaces; substantial storage space; ticket counter/coat check and restroom facilities; and, an administrative core featuring a catering office. In addition, it was recommended that the new conference center be located on a waterfront setting closer to the main gate and primary installation population centers rather than on the site of the existing club facility. The new site would afford broad waterfront views of the Patuxent River and West Basin Marina.

Future estimated operating performance and estimated construction costs were then prepared and subsequently evaluated to determine the prospective financial feasibility of the proposed conference center.

Feasibility Study for Proposed Conference Center Fairfax, VA



Commissioned by George Mason University to review the market to ascertain the most appropriate amount of conference space to be developed alongside the planned 150-room hotel. Given the symbiotic relationship between the hotel and the conference center, we reviewed both components as part of our due diligence to validate the proper size of the conference center. The specific objectives to be achieved from our research included establishing the following:

- The preferred site location based on the two provided;
- An appropriate size for the conference center at GMU to complement the 150-room hotel;
- Indicated demand and quality level of facility;
- Importance of branding versus independent hotel;
- Usage estimates by segment for conference center; and
- Pricing and top-line revenue estimates for the hotel/conference center.

As part of our market analysis, REVPAR International conducted a series of demand surveys with the various departments of the university to better understand the volume of university-related business that was being generated and/or could prospectively be generated if a hotel and conference center were developed on campus.

Market Financial Feasibility Study & Strategic Development Plan for Expansion to Accommodations & Meeting Space Wintergreen Resort, Wintergreen, VA

REVPAR International advised a four-season resort and conference center located in the Blue Ridge Mountains in the preparation of its strategic development plan. Wintergreen is a nationally acclaimed, 11,000 acre, family destination resort that offers an array of indoor and outdoor recreational activities. The resort amenities include meeting/conference facilities for up to 500 people, numerous food and beverage outlets, a spa and fitness center, indoor and outdoor swimming pools, 24 ski slopes and trails, 45 holes of world-class golf, and other amenities and services typically found at a destination resort. Current

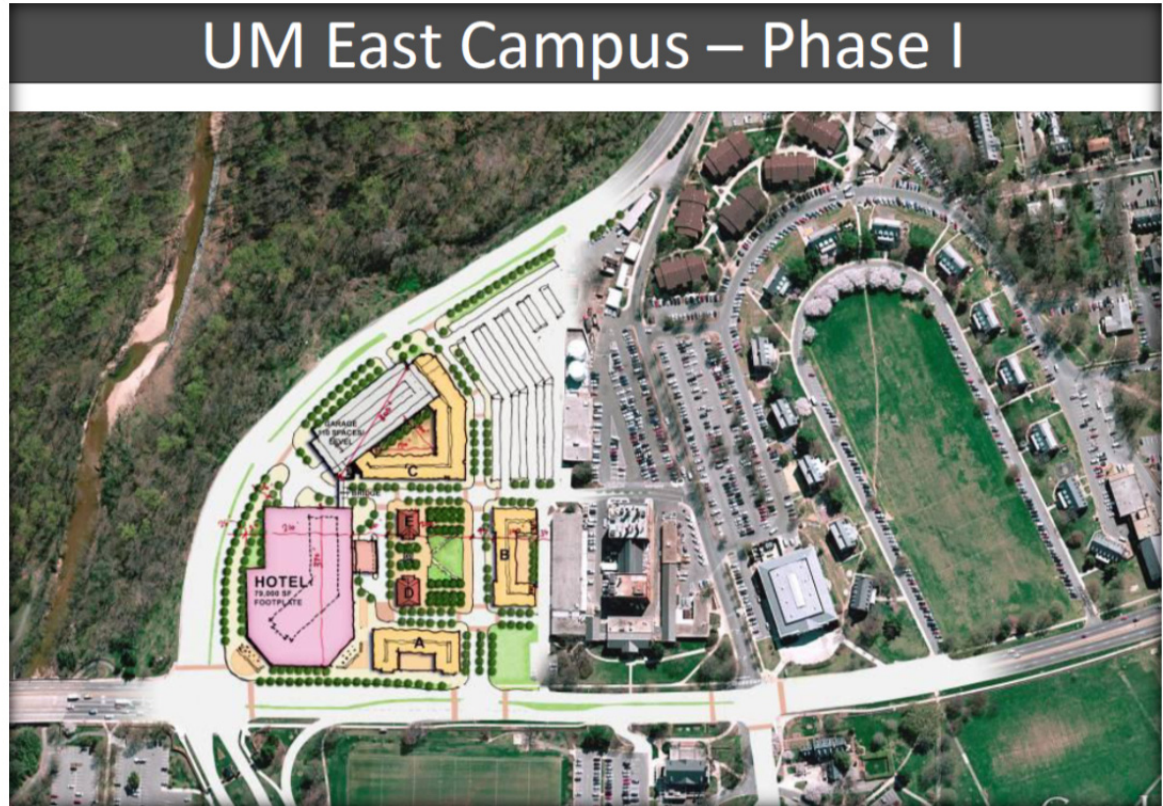
accommodations at the resort are comprised of over 1,200 single or multi-family units of which approximately 300 are placed in a rental program operated by resort management and available for individual and group rentals. REVPAR International was retained to analyze the market and financial feasibility of developing a new hotel of 150 to 250 rooms. One alternative was to develop a condo-hotel of ± 200 units. All pertinent analysis relative to pricing and absorption of the units was undertaken by the team, along with preparation of operating pro-formas and a valuation analysis of the going-concern. We then estimated "spin off" revenue to other resort departments and potential financial impact on the existing lodging product. The proposed development of a 170-unit condominium hotel included the following recommendations:

- Product positioning in terms of service level (i.e. first-class, full-service, etc.);
- Type of units to be developed (i.e., efficiency, one-, two- or three-bedroom units);
- Size, type and projected revenue of food and beverage facilities at the new facility;
- Size, type, and projected revenue of banquet, meeting and function space at the new facility;
- Recreation and other support services and amenities at the new facility or at the resort (if not already there) to ensure success in penetrating the regional resort market at the appropriate price point;
- General design recommendations including unit sizes, design features and construction characteristics; and
- Pricing and estimated absorption period for the sale of the units.

In addition to the foregoing, REVPAR solicited and conducted preliminary negotiations with hotel operators and brand relative to securing a franchise and manager for the new resort. The team also sought 3rd party equity for the development project.



Feasibility Study for Proposed Hotel and Conference Center University of Maryland at College Park, MD



Commissioned by the Maryland Economic Development Corporation on behalf of the University of Maryland to undertake a feasibility study for developing a full-service hotel and conference/convention center within the planned, mixed-use East Campus project of the University of Maryland, College Park. Our specific assignment was to develop a program that would meet the needs of the campus, with facilities recommendations relative to branding, rooms, meeting space, parking, and other ancillary offerings. These recommendations were market-driven, with the proposed facility ultimately offering the project the greatest chance for success. The following objectives were included in our scope of work:

- Review and analyze the local and regional area and hotel market;
- Analyze the component within the mixed-use development relative to the planned offerings at the subject hotel;
- Determine the level of hotel and conference space demand generated by UMD, College Park;
- Estimate present and future hotel supply and demand;
- Recommend a hotel facility profile including size, service levels, type, and scope of support services and facilities;
- Speak to the importance of branding versus independent hotel and recommend accordingly;
- Prepare usage estimates by segment for hotel and conference center;
- Prepare income and expense estimates (pro-forma operating statements) for the hotel and conference center; and
- Prepare valuation analysis.

Operational Review of and Assistance in Management Selection State-Owned Rocky Gap Resort and Conference Center, Cumberland, MD



Initially, REVPAR International prepared a market and economic feasibility study for Rocky Gap Resort, which at the time was a proposed 320-room resort hotel with meeting and conference space and an 18-hole Jack Nicklaus designed golf course. The sponsor of the study, the State of Maryland, was looking to entice private sector development of the hotel and conference center in an effort to provide a stimulus to an economically depressed area of the state. The park is located roughly three hours from the Washington, D.C. metropolitan area in Western Maryland. Once opened, REVPAR was commissioned to undertake a diagnostic operational review of the property. The overall objective of the assignment was to evaluate the operations and marketing program of the facility, to determine those areas where improvements could be made, with an eye towards improving the profitability of the overall resort. Since opening, the facility had been operating well below planned performance levels and was losing a significant amount of money. A specific component of the study analyzed the meeting/conference space component of the facility and the target group market relative to the competition, both existing and proposed. A recommendation was made to expand the meeting facilities in order to enhance the competitive position of the resort and enable it to better penetrate the group market – its primary source of business. All other operating departments of the facility were reviewed as part of the assignment. Subsequent to their findings, REVPAR was retained to assist in identifying and selecting a new management company for the facility and assist in negotiating the agreement and contracts. As part of this process, they were able to have the management company put up equity dollars to fund a portion of the expansion plans for the meeting space.

Strategic Development Plan for Luxury, Full-Service Destination Resort and Conference Center Gateway Canyons, CO



Undertook an operational review and facility planning study of a resort in the red rock caverns of southwest Colorado. The objective was to evaluate the “vision” of the owner/developer from a facility, market, and financial feasibility perspective based on his intent to build a 4 to 5 star/diamond level destination on a platform of “a vacation for the mind.” The center piece of the resort is a “learning academy” where seminars on any number of topics would be provided and targeted toward the affluent traveler looking to relax, and learn while on vacation in a beautiful pristine natural environment. We worked with the developer, a well-known media visionary and businessman, in assessing the different proposed components of the project from a functional, financial and market perspective to ensure that the sum of the parts maximized the whole value of the asset. Existing and proposed facilities and amenities at the resort include:

- 200± lodging units;
- Five full-service restaurants;
- Learning Academy (conference center) for up to 200 attendees;
- Outdoor event portico for up to 500 attendees;
- A full-service spa;
- Retail and galleries;
- 18-hole championship golf course with a clubhouse;
- Residential home sites and multi-family condominiums.

As part of the project, we also acted as asset manager given the financial challenges being faced by the resort presently and the high turnover of staff and management since opening in 2005. We advised the owner in proper staffing levels, budgeting and forecasting, purchasing procedures, and other operational issues on an “as needed” basis. We also spearheaded the effort to identify a Managing Director for the resort across the U.S. and successfully established the critical qualifications criteria for the position, identified potential candidates from over 100 applicants, interviewed the candidates and advised the owner on the final selection. The owner suggested that we patent our evaluation and selection process as he found it unique and extremely effective in securing the best and right individual for the job.

Repositioning Study for Proposed Four Star/Diamond Destination Resort with Meeting Space Harpers Ferry, WV



REVPAR International provided consulting advisory services to the new owners of the historic Hilltop House Hotel which is located in the historic district of Harpers Ferry, West Virginia. The property is located on a large crest overlooking the Harpers Ferry National Park at the confluence of the Potomac and Shenandoah Rivers about 240 feet below. The hotel is a regionally-recognized venue in a unique location and has the potential to become a destination for high-end clientele. The hotel is considered a valuable asset to the town as it is the single most important generator of property and business taxes for Harpers Ferry and is critical for the funding of the municipal government.

As envisioned, the new owners wanted to reposition the property into a four star/diamond full-service destination resort with meeting space, a spa, and food and beverage facilities; as such, REVPAR International evaluated the market feasibility of the project as proposed with an emphasis on demand segments, user types and size. We then prepared estimates of occupancy, room rates and RevPAR for the project over the initial five year period of operation.

Asset Management Services for Kirkland Conference Center Silver Spring, MD



Provided full scale advisory and asset management services for the Kirkland Center at the National Labor College, a 149-unit hotel and 29,000-square foot conference center. REVPAR International assisted in the transition from an in-house operation to an external market-based operation, allowing outside sources of business to use the facility. At the same time, REVPAR International spearheaded the effort to move the operating agreement from a cost-plus service contract to a traditional 3rd party hotel/conference center management contract. In addition, we ensured that the interests of the operator remained aligned with that of the Owner and its parent benefactor. Furthermore, we assisted the college with establishing the appropriate strategy in regards to the Collective Bargaining Agreements with all major unions represented at the facility as they came up for renewal. Additionally, we established the facility's ability to achieve market-based margins through effective asset management techniques, including but not limited to, properly deploying the sales function from predominantly union business to other sources, monitoring and reviewing the monthly financial performance and cash flow analysis, tracking monthly marketing efforts and sales leads, managing monthly expenses, identifying new revenue generating opportunities, evaluating CapEx needs and expenditures, and converting the current accounting system into the Uniform Systems of Accounts. Actual plus expected direct financial savings to Owner as a result of our efforts to date are estimated at roughly \$1.5 to \$2.0 million over a five year period going forward.

Advisory Services for Hotel Roanoke and Conference Center Roanoke, VA



Commissioned by the Hotel Roanoke Conference Center Commission to evaluate certain written agreements and determine whether the contractual terms were appropriate for the overall success of the business models of the participating parties. The five agreements we reviewed are as follows:

- 1) Conference Center Commission Agreement;
- 2) Catering Agreement, as amended;
- 3) Parking Lot Lease, as amended;
- 4) Deed of Easements, as amended; and
- 5) Parking Management Agreement.

After reviewing these agreements, we then assessed the Hotel and Conference Center operations and evaluated HR&CC's management (Doubletree Management LLC) and their compliance with the foregoing agreements from the perspective of each owner – in this case the Hotel Roanoke, LLC (Hotel LLC), which owns the Hotel Roanoke, and the Hotel Roanoke Conference Center Commission (HRCCC), which owns the Conference Center.

Thereafter, we assessed the shared revenues and costs occurring between the Hotel and the Conference Center based on the terms contained in the various agreements and subsequently assessed their appropriateness and competitiveness within the hospitality industry and ensured that the terms are fair and equitable to the parties. We were also tasked to comment on the advantages and disadvantages of any recommended changes and their implications to the financial statements.

Our findings and conclusions were based on a site visit and physical inspection of the HR&CC, detailed review of the agreements/leases, direct interviews and consultation with property management, a review and analysis of historical operating data, and information provided by Ownership and Doubletree Management LLC, industry experience, and other research and analysis that included identification and interviews with comparable facilities operating under similar circumstances as the subject (i.e., bifurcated ownership of multiple physical assets such as hotel rooms and meeting space comprising the overall operation and "guest experience" under a singular management team).

Market Study and Financial Analysis for Proposed Hotel and Conference Center, Middletown, OH. Undertook a market financial feasibility study for the development of a full-service hotel and conference center in Middletown, Ohio. As part of our analysis, we evaluated three potential sites and then ranked them via our proprietary *Site Matrix* model, which utilizes a weighted point system to identify which site possesses the most attributes relative to hotel and conference center development and successful performance. The matrix establishes which of the sites, if any, are optimally located to take advantage of and/or capitalize on the area's growth trends and development patterns over the medium to long term. Specific to each site, we evaluated numerous factors, to include access; visibility within and outside the immediate area; image and ambience; natural scenic enhancements/area ambience; availability of utilities; relationship of the site to area growth and development patterns; relationship of the site to demand generators in terms of convenience versus that of the competition (existing and prospective); relationship of the site to area amenities; and advantages/disadvantages of the site versus those of the major competitors and other site locations under review. As part of our analysis of the competitive supply and in order to better understand the factors that were contributing to or detracting from the local hotel market's ability to achieve national averages, we undertook extensive interviews with a host of room night and event/banquet/catering demand generators, area hotel managers, area businesses, local residents and other area representatives during our fieldwork phase. Based upon our findings and research, we then compiled facility recommendations and prepared projected pro-formas for the proposed property.

Feasibility Study for Proposed Hotel with Meeting Space Proximate to University Maryland Eastern Shore, Somerset County, MD. Undertook a market and financial feasibility study for the development of a hotel with meeting space proximate to the University of Maryland Eastern Shore. Our methodology and analysis relative to the feasibility process includes the following:

- A review of the existing supply and demand; potential future supply and demand;
- Distribution of online survey to the departments/programs of the university;
- Projected market performance (occupancy, RevPAR and ADR);
- Establishing the most appropriate size and type of hotel and meeting facility(ies) to build;
- Determining the appropriate level of support services and amenities;
- Estimating the future operating potential under these conditions and the share of the various markets that the proposed hotel and meeting space could reasonably be expected to capture in a stabilized year and in the first 10 years of operation;
- Identifying the top two (2) development scenarios and developing a statement of estimated annual operating results for each scenario for its first ten (10) years of operation;
- Valuation and IRR analysis to establish financial feasibility to include an estimate of the prospective future market value of the two most feasible options as of the date of its opening and as of the date the hotel reaches a stabilized level of operations.

Feasibility Study for Proposed Convention Headquarters Hotel, Albany, NY. REVPAR International was tasked with evaluating multiple potential branding and facility scenarios relative to the acquisition and conversion of a historic building in downtown Albany, New York. We began with a period of research into current and future supply and demand trends in the market, as well as studying a range of comparable historic hotels. The building's floor plans allowed for roughly 200 to 230 guestrooms, and included two kitchens, and a sizable ballroom with an appropriate contingent of breakout space. Further, we were tasked with operating under the assumption that the long-proposed, 80,000 square-foot Albany Convention Center would be developed, with the subject hotel connected via a skybridge and serving as the headquarters hotel. Subsequently, we completed an analysis of the convention potential for downtown Albany, drawing on both historic data and a detailed comparable analysis. REVPAR International undertook an assessment of the marketplace and determined that Marriott, Renaissance, and Sheraton represented the strongest full-service affiliation opportunities that would potentially be available at this site. After this, a comprehensive analysis of each brand's ability to penetrate the

market by segment of demand was completed, alongside a build-up of annual average daily rate. Additional revenue streams, including a significant banquet/catering operation, an operated restaurant, and a leased bar/lounge space, amongst others were also estimated and added to the pro-forma. Next, we completed an analysis of anticipated operating costs by line item, which also included a breakdown of franchise fees by brand, comprising typical royalty and marketing fees, as well as any share of food and beverage revenues, the cost of guest loyalty programs, and other expenses. Ultimately, the net income from these scenarios was applied in a discounted cash flow analysis to determine which produced the highest value for the client. Given the dynamic nature of this project, we completed a live presentation of our findings to a group of stakeholders.

Feasibility Study for Proposed Convention Center Hotel, West Palm Beach, FL.

Undertook a feasibility study for the proposed development of a headquarters convention hotel to be located adjacent to the Palm Beach County Convention Center in West Palm Beach, Florida. The Convention Center is state-of-the-art and offers a total of 100,000 square feet of exhibit hall space, a 25,000 square foot ballroom, and more than 20,000 square feet of breakout space. As part of our analysis, we estimated operating results for the proposed hotel under two different room counts and with 15,000 square feet of meeting space and an upscale, leased restaurant. As part of our analysis, we studied and interviewed a wide range of convention center facilities and the accompanying hotel supply serving them. Beginning with a base set of parameters, we refined the initial list of roughly 25 to seven comparable convention centers and their accompanying hotels. Upon completion of the foregoing and based upon the conceptual facility plan developed in the market study phase, we then prepared a preliminary development cost estimate under the two scenarios. Specifically, our hotel development cost estimates included the following: Land Cost; Parking Structure Costs; Soft Costs; Hard Construction Costs; and FF&E Costs.

Feasibility Study for Proposed Convention/Meeting Center and Full-Service Hotel, Columbia, MD.

Undertaking a market and financial feasibility study for a 25,000 square foot conference meeting center and a 250-room hotel, within a master-planned community situated between Baltimore and Washington, D.C. REVPAR International was tasked with identifying and projecting the operating performance of the ideal product to develop in conjunction with the local city's downtown redevelopment master plan, which includes roughly 13 million square feet of new development. The proposed meeting venue and hotel are planned to be within a new, mixed-use development of office and retail. The municipality is evaluating Tax Increment Financing (TIF) for the parking garage and meeting space, while the developer would be responsible for financing the hotel.

Initially, we reviewed the existing supply and demand trends, including a series of interviews with meeting and event planners, as well as top employers and major demand generators in the market. In each case our objectives were to establish both existing and prospective demand potential of the meeting venue and hotel by segment, price point, etc. We were also keenly focused on required facilities and services to be available, as well as price points of entry and the threshold at which alternative options would be sought. We then sought out comparable facilities and operations across the country located in similar type market to benchmark performance. This allowed us to profile the most pertinent facility plan, including total size and divisibility issues of the meeting/convention space, along with the hotel size. Through interviews, we were able to identify strengths, weakness, opportunities, and threats. The interviews yielded relevant factors to consider before making facility recommendations and completing our top line and financial projections for the project to establish feasibility. The engagement is still in process.

Consulting Advisory Services for Bethesda North Marriott Hotel and Conference Center, Bethesda, MD.

Provided consulting advisory services to Montgomery County, Maryland and JBG in regards to the Bethesda North Marriott Hotel and Conference Center, which has a unique ownership structure with the "Hotel" and "Conference Center" owned by two separate and distinct entities. The Conference Center is owned by Montgomery County and the Hotel is owned by JBG; Marriott International manages both. The property originally opened in

November 2004 and a cost allocation agreement for certain capital and operating expenses was put in place. Since that time, the Hotel has undergone significant expansion, including the December 2008 opening of a new hotel tower, which approximately doubled the number of hotel rooms. Based on the foregoing, the initial cost allocation agreement is no longer applicable and needed to be re-analyzed across the property to ensure a fair allocation is assessed to the two distinct ownership entities.

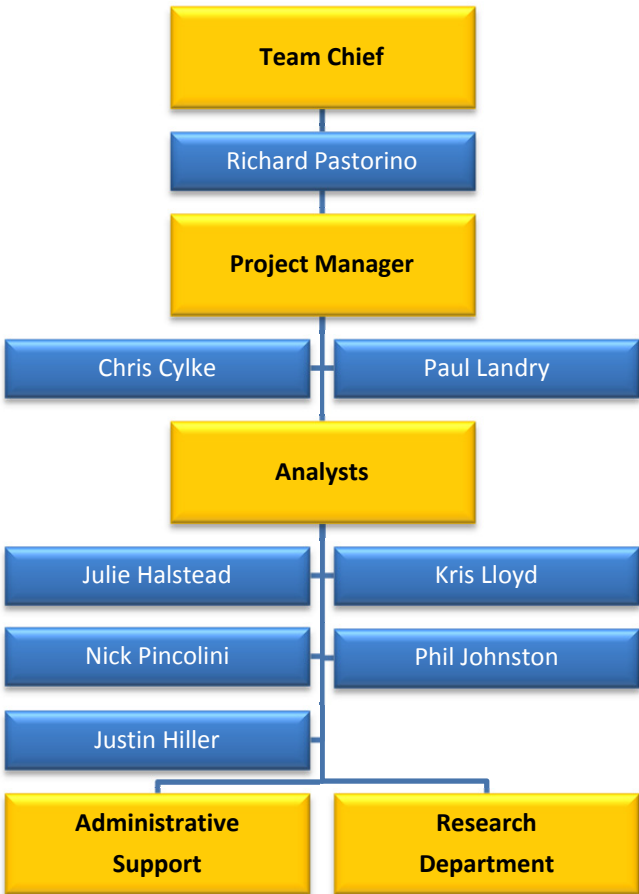
Our analysis included a thorough review of the existing building systems, usage levels for the utilities and repair and maintenance costs that support these systems. Following the review, we analyzed the usage by the Hotel and Conference Center and apportioned the expenses accordingly. Additionally, we reviewed the allocation of both revenues and expenses for the property to ensure the correct apportionment of the revenue and costs based on various usage levels in the Hotel and Conference Center.

3. QUALIFICATIONS OF STAFF

PROPOSED ORGANIZATIONAL APPROACH

Upon contract award, a team of highly qualified individuals will be assembled to ensure that this project will receive the necessary direction, technical advice, and quality assurance it requires for the duration of the assignment. This group will collectively offer the City of Lawrence unparalleled experience and expertise in all aspects of conference center advisory services. Simply stated, from undertaking an market analysis to asset management, the REVPAR International team is an expert in all aspects.

REVPAR International's past experience with both the public and private sector on assignments of similar nature makes us extremely well suited as a contractor for this assignment. The organizational chart on the right outlines the key personnel that will be available to work on this engagement.



RESPONSIBILITIES OF TEAM MEMBERS

Team Chief - Richard E. Pastorino, Principal of REVPAR International, Inc., will have overall responsibility and accountability for the project. He will provide overall organization, direction and input at key decision points. He will review all analyses, findings and recommendations to ensure that they are accurate, correctly documented and justified, comprehensive, and meet the methodology requirements and the high standards of quality and integrity of the City of Lawrence and REVPAR International. As Team Chief, he will be involved in all critical aspects of the assignment, including quality control, administration, contract management, and briefings.

Project Manager - Chris Cylke or Paul Landry will act as Project Manager. In conjunction and coordination with the Team Chief, the Project Manager will be responsible for ensuring the timely execution of all aspects of the assignment. This will include developing the project-specific work plan, preparing the site visit, coordinating the activities of the team during the fieldwork portion of the assignment and subsequent analysis phases, reviewing all market, financial, operational and investment analysis, and overseeing the report production. The Project Manager will support the Team Chief in administration and execution of all phases of the assignment.

Of note, both Chris and Paul have prepared numerous operational reviews and provided strategic outlook reports and advisory services for full-service properties/resorts around the world. The analysis for the projects included a general overview of the operating, market and financial position of the hotel relative to the market area and its competitive set; SWOT analysis to identify the issues affecting ownership, management, physical facilities, etc., currently and prospectively;

a summary of findings based upon review and assessment of all aspects of the subject hotel in light of the nature of potential future market demand, including location, hotel services, pricing, marketing, promotion and advertising, management and operations; a facility condition assessment report; recommended strategies regarding the market positioning of the facility; and recommended strategies in operational policies and procedures that would have a positive impact on the future operating or financial performance of the hotel.

Architect – If needed or requested following the preliminary design elements provided by REVPAR International, we have access to any number of architects and/or architectural firms. The architect will provide architecture and interior design evaluation services for this assignment as needed. In concert with the project team and the City of Lawrence, the architect will verify that the proposed facility plans can be accommodated on the preferred site(s), as well as assure functionality and aesthetic quality consistent with the vision of the City and its stakeholders. They can also develop (alternative) detailed sketches, elevations, renderings, floor plans, finish boards, and/or construction documents for the property as needed or requested. The architect will be LEED certified and will ensure that the needs and objectives of the City of Lawrence are achieved.

Analysts - Market and financial specialists will support the Team Chief/Project Manager in all aspects of the site visit, data collection, market, and financial analysis during each phase of the project. This person will undertake market opportunity analysis, market supply and demand analysis, demographic and economic research, and financial analysis, as needed.

Administrative Support and Research - In addition to the above personnel, we have administrative and research staff to support the team members for the duration of this project.

TECHNICAL QUALIFICATIONS OF STAFF

Following are brief overviews of the professionals of REVPAR.

Richard Pastorino, ISHC, Principal. Rick has extensive experience in the hospitality and tourism industries. His education and work experience has been entirely within the hospitality and finance fields, having grown up in South Florida and working in hotels beginning at age 13. Over the past two decades, he has directed, managed and/or prepared market feasibility studies, appraisals, and acquisition analyses on over 4,000 proposed and/or existing hospitality/tourism-related projects located throughout the United States, the Caribbean, Europe, Middle East, and Latin America. The aggregate value of these projects represents well in excess of \$15 billion in investment activity. He is also experienced at managing small and large-scale engagements and has a long history of working with public sector agencies. Rick has a proven track record in completing assignments in a timely, efficient manner and delivering well-research independent advice and recommendations. As Team Chief, Project Director, or Project Manager on many previous multi-team projects, he is well regarded for his hospitality expertise, negotiating ability, organizational and administrative skills specific to large-scale projects. Rick has provided advisory services for numerous hospitality-related projects that required evaluation and strategy development of deal structures, solicitation of and negotiation with developers and operators, review and negotiation of management contracts, franchise agreements, and technical services agreements, and return on investment analysis of complex and multi-party investment projects. Overall, Rick has significant depth in the requisite areas to be covered under this assignment and a proven track record in completing such assignments in a timely, efficient manner, providing useful and implementable recommendations to the client.

Prior to REVPAR International, Rick was Managing Director of American Express TBS Hospitality Consulting Group and a Senior Manager with PKF Consulting. Rick began his hospitality career as a teenager, working in all aspects of hotel operations with several national hotel chains including Holiday Inn Hotels (now IHG) and Westin Hotels and Resorts, and the Boca Raton Hotel and Country Club. Rick holds an MBA in Finance from Virginia Tech

University and a Bachelor of Science degree in Business Administration from the School of Hotel and Restaurant Management at the University of Denver. He also attended the Institute of American Universities in Aix en Provence, France. Rick is a member of the International Society of Hospitality Consultants and the Urban Land Institute.

Paul Landry, Senior Vice President. Paul possesses extensive experience in economic feasibility and development and acquisition-related market and financial analysis for the hospitality and food service industries. Given his 15 year tenure in the hospitality industry, he has considerable experience with feasibility studies, strategic planning, operational reviews, appraisals, valuations and other analyses, in addition to asset management.

Paul has undertaken feasibility studies and functioned as the asset manager for several hotels with conference centers. The cumulative value of the assets that Paul has evaluated during his tenure is in excess of \$1 billion.

Prior to REVPAR International, Paul was the Regional Vice President of Food and Beverage for Kimpton Hotels and Restaurants in Washington, D.C., where he was responsible for over \$25 million in annual revenues and a staff of 250+ people and opening new food and beverage outlets in all Kimpton Hotels in the greater Washington, D.C. area. Paul was also the liaison with ownership for all food and beverage activities occurring within the various hotels. He has also redesigned restaurant operations and headed numerous opening and development teams for various food and beverage operations at full-service hotel and restaurant properties around the U.S. Paul holds a Bachelor of Science degree in Business Administration with a major in Hospitality Administration from Florida State University.

Chris Cylke, ISHC, Senior Vice President. Chris oversees our South Florida office located near Miami where he is responsible for all of REVPAR International's activities in the Southeast U.S., Caribbean and Central America. He has 15 years of extensive experience in the hospitality, recreational, and tourism industries regarding new development and acquisition of all hotel types; market and financial analysis, valuation, strategic planning, operations analysis, impact analysis, litigation support, hotel operator selection, management contract/franchise negotiations, financial analysis including market repositioning and other value enhancement strategies, financing, and asset management. He has managed a broad range of public and private sector hospitality-related investments including hotels, conference centers, resorts (including all-inclusive resorts), casinos, golf courses, and marinas. He has also advised leading hospitality organizations on strategic planning and investment decision analysis. He has directed and managed over 500 hospitality related projects during his advisory career on individual hotel assets, as well as multiple hotel assets and portfolios. The aggregate value of these projects represents well in excess of \$1 billion in investment activity.

Prior to working with REVPAR International, Chris held various management positions at Hyatt Hotels and managed a boutique hotel located in the Caribbean. Chris holds a Bachelor of Arts degree in Government from Clark University. He is a member of the International Society of Hospitality Consultants.

Maureen Mastroieni, MAI, Appraiser. Maureen has 23 years of real estate experience. Her area of expertise is real estate appraisal and consulting for all types of hotels, resorts, office complexes, mixed-use developments, and other commercial properties throughout the United States, in addition to the Caribbean.

Maureen has extensive experience in court testimony and litigation support, including due diligence and shareholder litigation. She has testified before the Court of Common Pleas and Federal District Courts in Pennsylvania and Maryland and before Tax Courts and Appeal Boards in Pennsylvania, New Jersey, Maryland, New York, North Carolina, Texas, Mississippi and Connecticut. She has also participated in portfolio analyses, purchase price allocations and fair

value opinions for acquisitions involving properties in the United States, Canada, South America, U.K., Europe, and Asia.

Her articles on real estate appraisal and finance have appeared in several local and national publications. Maureen serves on the Board of Directors of the Commercial Real Estate Women and TriState Commercial & Industrial Association of Realtors. She is a member and Past-President of the Philadelphia Chapter of the Appraisal Institute. She is proud to serve on the faculty of the Appraisal Institute, and has taught Report Writing and Valuation Analysis at Georgetown University, Boston University, Arizona State University, and other venues.

Maureen has worked with several national firms including Marshall & Stevens, Strategis and Pannell Kerr Forster before starting her own firm in 1992. Maureen has a B.S. in Architecture, Cum Laude from the College of Engineering and Technology at Temple University. She also has continuing education through the American Institute of Real Estate Appraisers.

Julie Halstead, Vice President. Julie has over 25 years of professional experience in the hospitality industry in operations, advisory and corporate headquarters roles. Her expertise in new development, acquisition and rebranding strategies for hotels, conference centers and resorts comes from 15 years at Marriott International headquarters and 10 years of consulting and operations experience for companies based in San Diego, Dallas and Washington, D.C. with projects worldwide. She has directed and managed over 500 projects throughout the United States, Caribbean and Europe for individual assets and portfolios, from select service to luxury brands. At REVPAR International, Julie manages market and financial due diligence, valuation, strategic planning, investment decision analysis, asset management, operations analysis, litigation support, hotel operator selection, management contract/franchise negotiations, and market repositioning projects. Julie received her MBA in Hotel, Restaurant and Institutional Management from Michigan State University and her undergraduate degree from Kalamazoo College. She is fluent in Spanish having lived in Argentina, Brazil and Mexico.

Kris Lloyd, Vice President. Kris has over two decades of experience in the hospitality, recreational, and tourism industries regarding new development and acquisition of all hotel types; market and financial analysis, valuation, strategic planning, due diligence for asset acquisition, operations analysis, impact analysis, litigation support, and asset management for all types of hospitality products, including limited and full-service hotels, extended-stay properties, resorts (with conference centers, golf courses, and spas) and mixed-used projects throughout the United States. The aggregate value of these projects represents in excess of \$1 billion in investment activity.

Prior to REVPAR International, Kris was with PKF Consulting, Inc. in Atlanta, Georgia and with Legg Mason Realty Group in Baltimore, Maryland. Kris holds a Bachelor of Arts degree from the University of Virginia. She also attended the University of Copenhagen in Copenhagen, Denmark.

Nicolas Pincolini, Hospitality Consultant. Nick possesses a wide range of operations and consulting experience. Prior to REVPAR International, he held a variety of management roles in hotels and resorts and has managed special teams designed to restructure properties that were under-performing or experiencing ownership transitions. Additionally, he was part of the team that rebranded Sanibel Harbour Resort & Spa, a preferred hotel into Sanibel Harbour Marriott Resort & Spa. At REVPAR, Nick has undertaken market feasibility studies, hotel real estate appraisals, operational analysis, financial reviews and performance projections, demand and economic impact studies, hotel valuation services, asset management, multiple asset portfolios, conference and convention center services, eminent domain proceedings and acquisition analysis and due diligence studies. Nick has a B.S. Business Administration, Resort Tourism Management from Coastal Carolina University.

Philip Johnston, Hospitality Consultant. Phil comes to us from Burger King Corporation where he gained experience in budgeting, forecasting, negotiations, project management, and Lean Six Sigma. Phil worked on projects in a variety of departments ranging from facility management to accounting, helping to find over \$1 million in savings while developing and implementing new standards, measures, and controls. Phil assists with market and financial feasibility studies and asset management projects. Phil has a B.S. in Marketing, Magna Cum Laude, from Tulane University where he also minored in Spanish.

Justin Hiller, Hospitality Consultant. Justin has experience with several hotel properties including Hyatt Regency, Le Meridien, and St. Regis and has cultivated an extensive knowledge of the Rooms and Food & Beverage departments through his various positions. Since joining REVPAR International, he has assisted in market and financial feasibility studies and asset management. Justin has a B.S. in Hospitality & Tourism Management from the University of Massachusetts Amherst.

SUBCONTRACTORS (IF REQUIRED)

If needed or requested following the initial project work as part of the assignment, REVPAR International has in place strategic partnerships and various subcontractors who are all experts within their respective disciplines.

ARCHITECTURAL SERVICES

Depending upon the proposed facility and needs of the client and project, REVPAR International will determine which of the following architectural firms, which we have a strategic relationship with, will best fit the needs of the City of Lawrence and assist us in bringing the project to a successful conclusion:

- Austin-Kuester Design (www.austinkuester.com)
- Baskervill Architects (www.baskervill.com)
- Peter Fillat Architects (www.pfarc.com)
- The Gettys Group (www.gettys.com)
- Gensler Architects (www.gensler.com)

COST ESTIMATING

Specific to cost estimating, Faithful+Gould, a premier international construction cost and project consultant firm, can be the cost estimator for this project, if required, and will prepare the total development cost for the facility. It will be accomplished using state-of-the-art estimating procedures with current editions and databases. It will specify all major line items, contain a complete breakdown of major costs, and provide the total estimated project cost.

As a member of the WS Atkins group of companies and operating since 1947, Faithful+Gould is a premier international construction cost firm. In the United States, Canada and Puerto Rico, Faithful+Gould maintains nearly 20 offices ensuring the local resources to support projects wherever they may be. The firm's staff is comprised of more than 500 professionals with diverse backgrounds and disciplines to bring creativity and innovation to every project.

The firm is staffed by a team of multidisciplined specialists known for experience, leadership, objectivity and adaptability across our core business streams and key service offerings. Their extensive experience combined with a full range of services allow us to maintain a consistent exemplary level of performance on the delivery of projects within the parameters of time, budget and quality. Faithful+Gould has been providing support services to private companies and the public sector on a responsive basis for over 60 years. A major part of the firm's business is derived from valued, long-term relationships with repeat clientele.

Additional information regarding Faithful+Gould is provided on their website: www.fgould.com.

4. SCOPE OF WORK

OVERALL APPROACH & UNDERSTANDING OF THE PROJECT

We understand that the City of Lawrence, in partnership with the University of Kansas, is seeking an experienced and accomplished consulting firm with specializations in conference and convention center development, economic feasibility analysis and market evaluation of suitable locations/areas. Discussion regarding the facility has increased among City officials lately, and the partnership between the City and the University developed out of the University's requirement to be able to accommodate more academic conferences.

Currently, the City is looking for a 3rd party to prepare a study that evaluates specific sites in three distinct areas of Lawrence including downtown, near the University of Kansas, or at Clinton Lake. Also, officials in Lawrence are interested in determining a number of other factors including, but not limited to, the maximum size of the conference/convention center that the community can support, preliminary cost estimates to include funding requested from the City itself, as well as the type of demand that the facility will attract.

Based on the foregoing, we have provided a methodology for the assignment that addresses the feasibility of evaluating the proposed project. This approach to the assignment has been divided into several separate components as follows:

- Component 1 – Market Study & Financial Analysis for Proposed Conference/Convention Center
- Component 2 – Prepare Preliminary Construction Cost & Investment Analysis for Proposed Conference/Convention Center (Optional)
- Component 3– Market Study & Financial Analysis Assuming Combined Lodging & Conference/Convention Center Facility (Optional)
- Component 4 - Preparation of Full Report (Optional)

This is done so that we can verify the feasibility of the project prior to undertaking subsequent components and phases of work. Depending on the outcome of the initial components, you may require further development assistance in bringing the project to fruition. Such services are outlined in Component 4 of this proposal.

Special Note:

Per the RFP, the primary focus of the project is to undertake a market and financial feasibility study for a conference/convention center. However, we understand that it is the desire of the City that the consulting firm also evaluate the need/demand for a lodging facility in conjunction with the conference/convention center as part of the initial market analysis for the convention center. Accordingly, we have tailored our initial methodology to include such research and analysis. However, should the Sponsor request that we prepare performance estimates for a hotel and/or hotel & conference/convention center, this additional scope would be done under a separate component and would be charged accordingly.

SCOPE OF WORK

COMPONENT 1 – MARKET STUDY & FINANCIAL ANALYSIS FOR PROPOSED CONFERENCE/CONVENTION CENTER

Component 1 consists of reviewing the overall market area in order to ascertain whether or not there is sufficient convention/conference demand to support the development of a new meeting venue of any type in the market area. This includes an evaluation of several distinct, but inter-related, factors as described in the following paragraphs.

PHASE 1 – CONTRACT AWARD AND KICK-OFF CONFERENCE CALL

Upon notification of contract award, the key personnel of REVPAR International will plan an initial conference call with representatives of the City of Lawrence and the University of Kansas (if applicable) and any other appropriate persons to discuss the assignment. During the conference call, we will:

- Establish formal lines of communication between all parties;
- Review and discuss the methodology for the assignment;
- Obtain general background information and data from City of Lawrence and other appropriate sources;
- Identify any required information needed by the team and the source of that information;
- Discuss any administrative or technical issues related to the work;
- Discuss potential dates for the site visit;
- Establish milestone dates of completion for deliverables; and
- Discuss any other issues that may be of importance to the successful completion of the assignment.

PHASE 2 - REVIEW OF PRELIMINARY DUE DILIGENCE TO DATE & TRENDS AND INDUSTRY ANALYSIS

Prior to our site visit, we will review any current or historical information or analysis that has already been conducted that may prove useful to our analysis.

As part of this phase, we will also gather and analyze any secondary and relevant convention center data regarding the market for the subject property, as well as other comparable conference/convention centers in the region, as background for judging the performance potential for the subject into the future. This will serve to establish several things, not the least of which is whether the conference/convention center will be properly positioned to fulfill the needs of its target market over the short and long term.

We will examine correlations between key industry factors and the demand for comparable properties and utilize any available forecasts of these indicators in the evaluation of potential future demand. We will also obtain industry definitions for events and facility types and quality levels. These definitions will provide a depiction of the overall market and illustrate the multifaceted nature of the industry.

PHASE 3 - REVIEW HISTORICAL CONFERENCE/CONVENTION CENTER DATA FOR CITY OF LAWRENCE

In addition to the foregoing, we will review current and historical data concerning conference/convention center supply and demand trends in Lawrence. Specific information to be reviewed would include:

1. Historical operating performance of the conference/convention industry;
2. Historical Smith Travel Research (STR) Trend Reports for the city (if available);
3. Any convention center and hotel related data and/or relevant tourism studies or other studies of this nature which the City of Lawrence has already collected;
4. Review of historical trends in comparable or competitive markets to Lawrence, where applicable;
5. Review of any other factors impacting conference/convention center and hotel performance or growth trends;
6. Review available economic, demographic, and financial studies provided by the City of Lawrence and other relevant areas.

Review of the foregoing data will allow us to familiarize ourselves with:

- Current convention/meeting space (and lodging) inventory in the defined market area;
- The size and performance of the regional conference/convention market;
- The general sources of demand for conference/conventions overall;
- Lawrence's conference/convention market's relative performance against competitive and comparable markets;
- Pricing trends for the conference/convention/meeting space supply;
- Historical growth patterns in supply and demand overall;
- Performance indicators; and
- Correlation of growth in conference/convention supply and demand to other commercial development trends in the City of Lawrence.

PHASE 4 - AREA REVIEW

Prior to conducting and during our on-site fieldwork and interviews, we will also gather and analyze relevant socioeconomic data regarding the market area as background for judging the potential for the proposed conference/convention center. We will examine correlations between key economic factors and the demand for conference/convention/meeting space and utilize any available forecasts of these indicators in the evaluation of potential future demand. Among the data to be analyzed would include, but not necessarily be limited to, the following:

- The city's current marketing position as a destination for key segments of convention/meeting demand;
- Geographic attributes, accessibility, and transportation links;
- Profile of public assembly and other meeting facilities;
- Convention and meeting activity, along with delegate/visitor counts;
- Visitation trends to the area attractions and local universities;
- Population trends;
- Age/income distribution;
- Employment trends to include major employers and any significant future changes;
- Residential housing trends;
- Tourism and visitation trends to the area;
- Sales tax trends (including lodging and food and beverage taxes);
- Retail sales trends and destinations;
- Income levels;
- Highway and airport traffic trends;
- Other transportation trends; and
- Office and industrial space developed, occupied and proposed.

PHASE 5 – SITE VISIT & PRIMARY MARKET RESEARCH

The most important phase of our study is our primary market research in the area consisting of interviews with, and inspection and evaluation of competitive and/or comparable conference/convention centers, and discussions with persons familiar with development patterns, and the local and regional conference/convention market.

A. Review of Competitive/Comparable Facilities

We will identify existing and prospective competitive and comparable conference/convention center facilities in the region and elsewhere and conduct interviews with them in order to gain insight into their ability to attract demand to the subject location. We would also identify conference/convention centers located at other comparably sized universities (specific to student enrollment) to evaluate their relative success, sources of demand, absorption and stabilization periods, required facilities, amenities and services, price points, etc.

Key data points sought will include:

- Facility type – public, private, quasi-public;
- Operations/management format;
- Market orientation (star rating);
- Age, condition, and ambiance;
- Target markets served or desired;
- Seasonality factors affecting demand/utilization of facilities and services;
- Facilities and services offered; popularity, revenue generating capability; contribution to net income (as opposed to being a loss leader);
- History of demand growth, segmentation and utilization patterns;
- Number of use days for the past several years;
- Operating data where obtainable including hours of operation, schedule of fees, prices for amenities, food and beverage, meeting rooms, and other services; operating expense profile, etc.; and the effect of seasonality/weather on operations;
- Usage levels for all applicable facilities and services, where obtainable, including estimates of expenditures per guest for various components of income;
- Competitive strengths and weaknesses of the facility relative to its competition; and
- The reasons, if any, behind the lost business, such as lack of available dates, sufficient meeting space or other items that may indicate the need for a new facility.

We will also look to interview and research the recent Hilton Garden Inn Hotel and Conference Center completed by the City of Manhattan, Kansas to ascertain and analyze various factors and similarities including costs, market segmentation, new sources of demand, and estimated performance figures. We are aware of several other hotel and conference/convention center projects as well that we will review as part of our comparable analysis. Several of these we worked on directly.

Perhaps just as important, we will research and identify those comparable facilities that failed from a marketability or financial perspective so that we can inventory the reasons why such failure occurred and the factors that contributed to its demise.

Please note that any performance data (i.e., attendees and use days) data that we receive is typically under a confidentiality agreement; as such, we will not be able to disclose property-specific data.

B. Demand Interviews/Survey with University (Departments) and Meeting Planners

With the approval and cooperation of the University of Kansas, we will plan to conduct a series of demand interviews with and/or distribute our proprietary online survey to representatives of the various university departments, as well as local and regional meeting planners who are responsible for organizing medium to large events and conferences/conventions for corporations, associations, and social, military, educational, and religious (SMERF) groups on a local and regional level. The demand interviews/survey will provide insight from the users prospective into the following areas:

- Size of users groups;
- Origin of user groups;
- Frequency of meeting;
- Spending patterns;
- Facility criteria - both conference center and hotel - associated with the various groups (i.e. what are groups looking for);
- Basis for determining potential sites for meetings;
- Competitive meeting locations to a new facility at University of Kansas (and the other sites under consideration);
- Specific meeting room requirements;
- Specific lodging requirements adjacent to or proximate to the meeting venue;

- Required facilities for the subject to be successful;
- Pricing requirements;
- Pricing sensitivity and/or thresholds;
- Obstacles and constraints in booking potential events and conferences/meetings/conventions at a facility at University of Kansas (and the other sites under consideration); and
- Perceived improvements in the appeal of this location for events/conventions with an adjacent hotel.

It is important to note that these interviews and the survey data provided will not represent, nor should they be construed as, a statistically valid survey sample. Rather, the data provides an indication of the need, amount and type of demand for meeting and convention space, both presently and prospectively, generated by the various departments comprising the University of Kansas. Our demand interviews will serve to determine:

- The strengths and weaknesses of Lawrence/University of Kansas (and the specific sites under consideration) as a destination to prospective users, particularly for continuing education, alumni functions, training, conventions, conferences, commercial functions, etc.;
- The volume of business generated for this market area (and specific destinations/facilities) and whether it is increasing or decreasing, and why;
- The perceived price/value relationship offered by the proposed project and other comparable/competitive conference centers/hotels;
- The perceived convenience of this location;
- The origin of the users;
- The competition or alternatives recommended based on the tastes and preferences of the various market segments;
- The potential pricing threshold of the users; and

To this end, the findings should be viewed as "order of magnitude" rather than definitive. For our purposes, the data will be used to help qualify and quantify the total demand for meetings, conferences and convention generated by the University and the city, the size and frequency of this demand, the likelihood that the various departments/users generating the demand would opt to use a meeting facility if developed in the City of Lawrence at one of the identified sites, the factors that play a role in their potential usage of such a facility, the factors that play a role in them not using such a facility, and the physical attributes, service is and amenities that these users will require in order to increase the likelihood that they would use it if it was developed and opened.

C. Other Interviews

In addition to the foregoing, we will conduct interviews with the following:

- The local/regional hotel association(s) and other tourism-related entities;
- Selected hotels with significant meeting space in the market area or accommodating group meeting demand where the meeting is being held elsewhere in the market;
- Representatives of area businesses;
- Representatives of other institutions, i.e., religious and fraternal groups in the area which may require overnight accommodations and meeting space;
- Representatives of airports and airlines serving the area;
- Representatives of area tourist and recreation attractions drawing outside visitors to the market area;
- Representatives of any educational institution in the area which may require overnight accommodations;
- Local and regional officials in economic development, planning and tourism;
- Highway and rail transportation representatives;
- Bankers, real estate brokers, and development organizations; and

- Other persons knowledgeable about tourism trends within the competitive market area as appropriate.

This research, together with the inspection/interviews of the local convention/meeting and hotel market, will allow us to fully understand the threats, market constraints, and/or challenges of successful conference/convention center development and operations today and into the future which can then be evaluated against that proposed and allow us to formulate informed judgments about the potential for a conference/convention center within the City of Lawrence.

D. Site Analysis

Upon completion of the foregoing, we will evaluate up three designated site locations (specific sites to be provided by the City) as to their suitability for conference/convention center development. Per the RFP, the locations of the potential sites are:

1. Downtown Lawrence;
2. Clinton Lake; and
3. University of Kansas campus.

The REVPAR International team will evaluate each proposed site location based on our evaluation of the following factors:

- Location;
- Ability to accommodate the proposed facility program;
- Topography - as it relates to any potential development obstacles;
- Access from area roadways, airports, bus and train stations, and principal sources of room night demand;
- Ease of accessibility;
- Visibility within and outside the immediate area;
- Image and ambience - as it relates to the site's surroundings and adjacent land uses and views;
- Natural scenic enhancements;
- Availability of utilities;
- Current utilization of the site;
- Proximity of the site to an adequate base of lodging;
- Relationship of the site to demand generators in terms of convenience versus that of the competition (existing and prospective);
- Relationship of the site to food and beverage facilities, recreation facilities, area amenities, services and other ancillary facilities; and
- Advantages/disadvantages of the site versus those of its major competitors.

Subsequent to evaluating each site, we will prepare a matrix comprised of the above factors that impact the success of a conference/convention center (if warranted) at each location. Ranking each site against the other, we will establish which site possesses the most attributes relative to conference/convention center development and may generate the most demand. Once we establish the best site, it will be used as the site location for our subsequent phases and components of analysis.

The conclusion of the foregoing would complete the data gathering, or fieldwork, portion of our study, and at this stage we would analyze the data collected and formulate conclusions and recommendations.

PHASE 6 - PREPARATION OF SUPPLY AND DEMAND ESTIMATES

On the basis of the foregoing research, we will prepare estimates of future growth in demand for, and supply of, conference/convention space for the defined competitive market.

We will develop a zero-based build-up model to estimate potential demand levels and absorption pace. This zero-based build-up would entail using the market demand estimates developed for each demand segment of users for the pertinent facility and create a hypothetical annual level of usage or absorption that the proposed conference/convention center could reasonably be expected to capture. If required, our model would include demand projections, by season, addressing the number of events, event days, attendees, and the amount of space to be utilized for various segments deemed appropriate to the market, and may include, but not be limited to the following types of events:

Conventions	Corporate meetings	Banquets/Receptions
Conferences	Assembly events	Meetings
Trade shows	Public/consumer	Regional organizations
Local expositions	shows/local events	Academic institutions

The next step is a quantitative and qualitative assessment of the competitive supply in the local and regional market area. Again, using data and materials collected during our fieldwork as a basis, we would define the competition to the proposed conference/convention center. Further additions to supply would be estimated using information we gather in our market research and a probability would be assigned to each project of which we become aware.

The foregoing will allow us to prepare estimates of future supply and demand and, thus, expected performance for conference/convention centers in the market.

PHASE 7 - FACILITY RECOMMENDATIONS FOR PROPOSED CONVENTION CENTER

In this phase of our analysis, we will evaluate the needs of the proposed facilities as determined from our market research, and recommend the type and size of the facilities to be built. We will also suggest various elements of the initial design and layout of the facility, but not provide architectural drawings per your instructions.

For purposes of this initial step, our approach will include the following:

- Overall scope of facility (convention center and hotel) in terms of size (square feet);
- Mix and size of space (i.e. conference/meeting rooms, banquet rooms, break-out space, trade show and exhibit area, pre-function space, etc.);
- Size, type, and capacities of food and beverage/catering facilities;
- Recommended brand affiliations for restaurant, if applicable;
- The parking area required to support the convention/conference center;
- Related services and amenities such as fitness center, parking, administrative space, audio-visual, rest rooms, loading areas, business center, etc.; and
- Potential for future expansions.

Any planned facilities and amenities provided by you will serve as a basis for our recommendations. From here we will add or delete any facilities based on the findings of our market analysis to respond to market need.

Please note that, at this point, if we are of the opinion that some level of lodging supply co-located or adjacent to the conference/convention center facility is required in order to materially improve the financial success of the (stand-alone) convention/conference center, we will schedule a call to discuss our findings to date with you and how to proceed with the balance of the study. If we are to include a lodging component as part of the facility recommendation and provide estimated operating results for it, we have included a hotel component as Component 3. Similarly, if architectural drawings are required, we have included an architectural design component as an optional service in Component 4.

PHASE 8 - PREPARE ESTIMATED TOP LINE PERFORMANCE PROJECTIONS FOR THE PROPOSED CONFERENCE/CONVENTION CENTER

Upon completion of the estimates of future market area supply and demand, we will then determine the revenue potential for the proposed conference/convention center. Based on the projected level of demand, we will estimate the fee and space lease/use rates and/or attendance fees associated with each user day previously estimated for the center. These rates and fees will be based on current rates being charged by similar facilities in the region. As with estimating demand levels, we will conduct an evaluation of the subject's attributes relative to its existing and proposed competition to determine the relative positioning of the subject facility in the market and its ability to charge rates and fees that are above, below, or comparable to the competitive facilities while enabling the subject facility to effectively compete in the market. Together, the foregoing will provide us the estimated usage revenue generated by the subject facility. The foregoing estimates will reflect if the group is booking the conference space in conjunction with a hotel or independent thereof.

PHASE 9 - PREPARATION OF ESTIMATED OPERATING RESULTS FOR THE PROPOSED CONFERENCE/CONVENTION CENTER

Once we have determined that sufficient demand exists to warrant further study, we will prepare statements of estimated operating results for the proposed conference/convention center. As a basis for our estimates, we will prepare a comparable financial spreadsheet whereby we review the operating statements of similar facilities contained in our in-house library. We will also review industry-wide financial operating statistics, as well as the International Association of Conference Center's (IACC) annual *Trends in the Conference Center Industry* study.

Based on this, we would estimate revenue, sales and operating expenses for a "representative" or stabilized year of operation and for each of the first 12 full years of operation of the proposed project. A representative year is defined as one in which the project has reached its stabilized earnings potential after becoming known and established in the marketplace and after start-up costs have been absorbed. The representative year statement will be expressed in current value U.S. dollars and the estimates for the first 12 years of operating would be in inflated U.S. dollars. These statements would include all revenues and expenses and result in a "bottom line" of income before rent, depreciation, interest, debt service, and taxes on income.

The results will be presented with full discussion of our assumptions and projections.

The professional staff of REVPAR has an active relationship with hotel and conference center buyers, sellers and lenders in the market and are, therefore, knowledgeable and current about the terms under which loans and equity investments are being made within the hospitality industry today. This knowledge will be brought to bear on the assignment.

PHASE 10 - ECONOMIC FEASIBILITY / VALUATION ESTIMATE

Based on the cash flows generated from the foregoing operating results, we will prepare a valuation analysis in order to establish the present value of the income stream generated by the proposed conference/convention center over the foreseeable future, which in turn provides a measurement of the proposed project's value.

This information can then be used to determine the level of facility that can be built, as well as provide an indication of the ceiling on construction costs. Moreover, the value establishes the level of debt service supportable by the indicated cash flows, which in turn will establish the level of equity that is needed in the project in order to bring the project to fruition.

PHASE 11 - SUBMIT PRELIMINARY LETTER OF FINDINGS

At this point, we will summarize our findings in a preliminary letter as regards the sites, market, facility recommendation, and estimated performance levels for the proposed conference/convention center in the market area. This will include the recommended facility type

and size, performance the overall market, as well as estimated revenue for the proposed conference/convention center and hotel (if requested) for a stabilized year of operation, in addition to the first 10 years of operation.

Please keep in mind that this letter will be preliminary in nature and for internal use, as it will not constitute a full report. The full report will be produced in Component 4 of the assignment. We will also plan to meet or speak with you to discuss these findings. This would conclude Component 1 of the study.

COMPONENT 2 – PREPARE PRELIMINARY CONSTRUCTION COST & INVESTMENT ANALYSIS FOR PROPOSED CONFERENCE/CONVENTION CENTER (OPTIONAL)

PHASE 12 - PREPARE PRELIMINARY CONSTRUCTION COST

Based on the conceptual facility plan provided in Phase 7 of Component 1, we can prepare a preliminary development cost estimate (hard and soft) for the project. The estimates will be derived from our knowledge of the industry and comparable construction costs of similar projects. We will also contact various general contractors with knowledge of this market area as relates to comparable development projects in estimating these costs. All assumptions made in deriving these costs estimates will be defined and provided as part of this analysis. For instance, we can assume that utilities are available to the site, the site is "pad ready" to build upon, and there are no unusual mitigation measures present. The cost estimates are considered to be "order of magnitude" and preliminary in nature, and will be provided in a range expressed as cost per square foot, or other metric when and where pertinent. Collectively, these cost estimates will aid the city of Lawrence in making initial decisions about financing the development of the project.

PHASE 13 - INVESTMENT ANALYSIS

Based on the cash flows generated from the foregoing operating results, as well as our estimated development costs, we can prepare a return on investment analysis, in order to establish the Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period (PBP) for the project. We will use market-based financing parameters, as well as any provided by the City of Lawrence, to determine the NPV, IRR and PBP.

Please note that the return on investment will be preliminary in nature and serve only as a basis of discussion. No references to value will appear in any final report, unless we are subsequently engaged to prepare an appraisal. Our market study does not constitute an appraisal and should not be construed as such.

PHASE 14 - EVALUATE DEVELOPMENT/OWNERSHIP OPTIONS

We will evaluate possible subsidies that can be offered by the city and/or alternative ownership structures that include some form of public participation to bridge any potential financial gap that allows the project to achieve a market-based return on investment (ROI). Options may include:

- Public ownership/development of portion of facility;
- Public ownership of facility with 3rd party management (including sliver equity);
- Joint venture development agreement with 3rd party developer/operator;
- Long-term lease of the land at market or below market rates;
- Public development of the facility with operating lease of the asset to a 3rd party Operator/Lessee;
- Sale of the land outright to a developer; or
- Some permutation of the above alternatives.

Accordingly, we can prepare a matrix of the various ownership/management structures available for review and then identify the advantages and disadvantages of each. Some discussion with you regarding your operating, financial and investment objectives would be required to properly address this phase of the project.

Upon completing the foregoing analysis, we will submit these statements and investment analysis to you for review.

COMPONENT 3 – MARKET STUDY & FINANCIAL ANALYSIS ASSUMING COMBINED LODGING & CONFERENCE/CONVENTION CENTER FACILITY (OPTIONAL)

PHASE 15 - PREPARATION OF HOTEL SUPPLY AND DEMAND ESTIMATES

If requested, and on the basis of the foregoing research, we can prepare estimates of future growth in demand for, and supply of, lodging rooms for the defined competitive market if it is determined that the conference/convention center requires a co-located lodging facility in order to be successful.

Indeed, if hotel use is recommended as part of the convention/conference center by the REVPAR team, and agreed to by the City, we will begin by analyzing historical growth in supply and demand for hotels in the area, as well as the competitive and comparable hotels, and present in our report a discussion of the characteristics of the principal market segments of demand for hotels. This typically includes the following:

Leisure transient	Extended-stay
Conference and convention-related groups	Other (to include airline crew contracts)
Commercial transient and group	

Using the information gathered during our primary research activities, we will estimate growth rates in demand by component, and project demand for each of the next five to 10 years (or through build-out), expressed in pertinent terms (i.e. hotel room nights). Any latent or presently unsatisfied demand found in the market would be included in our estimates and discussed in the report.

The next step is a quantitative and qualitative assessment of the competitive supply in the local and regional market area. Again, using data and materials collected during our fieldwork as a basis, we would define the competition to the proposed hotel and conference/convention center. Further additions to supply would be estimated using information we gather in our market research and a probability would be assigned to each project of which we become aware.

The foregoing will allow us to prepare estimates of future supply and demand and, thus, expected market area occupancies for hotel rooms in the market. We will also present the ratio to total area supply, which the proposed project is likely to represent in the local hotel market. The extent to which the conference/convention center will impact the hotel will be addressed in this section.

PHASE 16 - FACILITY RECOMMENDATIONS

In this phase of our analysis, we will prepare a combined lodging and conference/convention center facility plan as determined from our market research, and recommend the type and size of the facilities to be built. As the components of the conference/convention center were introduced above, the facilities specific to the hotel portion of the project would include the following:

- Facility type (transient, all-suite, extended-stay, or mix thereof);
- Brand affiliation(s);
- Number and mix of guest rooms;
- Size, type, and need for food and beverage facilities;
- Size, type, and need for ancillary meeting/banquet space;
- Related services and amenities such as an exercise room, swimming pool, laundry, business center, parking, etc.

Any facilities and amenities emanating from the prior market research for the conference/convention center will serve as a basis for our recommendations. From here we will

add or delete any facilities based on the findings of our market analysis to respond to market need.

PHASE 17 - PREPARE ESTIMATED OPERATING RESULTS FOR THE COMBINED LODGING AND CONFERENCE/CONVENTION FACILITY

a. Prepare Occupancy, ADR and RevPAR Estimates

In this phase, we will then (re)estimate the share of the market that the proposed hotel and conference/convention center could reasonably be expected to capture for its first five to ten years of operation.

The analysis of market share estimates is a qualitative assessment based on an evaluation of the attributes of the proposed facility in relation to its (existing and future) competition in terms of location, quality of amenities and services, service level, room rates, market orientation, and other similar factors. Generally, we utilize the concept of fair market share and adjust from that base. Fair market share is defined as the ratio of available rooms in the proposed hotel to the total supply in the market. This will yield an estimated annual occupancy for the subject hotel. If a penetration analysis is not appropriate, we will prepare a "zero-based" build up model (similar to the one prepared for the conference/convention center) to estimate the occupancy/utilization estimates for the subject hotel facility.

Simultaneous to this, we will prepare a similar analysis for determining the average daily room rate for the proposed property. An average daily room rate will be estimated for a stabilized year of operation in addition to the first five to ten years of operation.

b. Prepare Estimated Financial Operating Results

Once we have determined that sufficient demand exists to warrant further study, we will prepare statements of estimated operating results for the combined facility. We would estimate revenue, sales and operating expenses for a "representative" or stabilized year of operation and for each of the first 12 full years of operation of the proposed project. The estimated operating results will be presented in a pro-forma income statement in the format provided by the *Uniform System of Accounts for the Lodging Industry*.

c. Economic Feasibility / Valuation Estimate

Based on the cash flows generated from the foregoing operating results, we will prepare a valuation analysis of the combined facility in order to establish the present value of the income stream generated over the foreseeable future, which in turn provides a measurement of the proposed project's value, and will be included in conjunction with the valuation estimate of the conference/convention center introduced above.

PHASE 18 - SUBMIT PRELIMINARY LETTER OF FINDINGS

At this point, we will summarize our findings in a preliminary letter as regards the sites, market, facility recommendation, and estimated performance levels for the proposed lodging facility and conference/convention center in the market area. This will include the recommended facility type and size, performance the overall market, as well as estimated revenue for the proposed conference/convention center and hotel (if requested) for a stabilized year of operation, in addition to the first 10 years of operation.

Please keep in mind that this letter will be preliminary in nature and for internal use, as it will not constitute a full report. The full report will be produced in Component 4 of the assignment. We will also plan to meet or speak with you to discuss these findings. This would conclude Components 1 and 3 of the study.

COMPONENT 4 - PREPARATION OF FULL REPORT

Upon completion of the foregoing, we will prepare the full feasibility report for one of the following scenarios based upon our findings and your request:

- Proposed Conference/Convention Center; or
- Proposed Conference/Convention Center and Lodging Facility.

The full report, including all tables, maps, charts and graphs, will detail our analysis and findings from the foregoing phases of work and will be presented in a form suitable for use in arranging private financing or negotiating a management agreement. It will contain our findings regarding the site(s), market, recommended facility type and size, occupancies for the overall market, as well as projected performance and pro-formas for the proposed project for a stabilized year of operation, in addition to the first 10 years of operation and cost estimates.

Though the exact format of the report will evolve as the engagement progresses, the following topical headings will provide an overview of the expected final report:

- Executive Summary
- Site Analysis
- Market Overview
- Competitive Supply and Demand Analysis
- Future Growth Trends in Supply and Demand
- Recommended Facilities and Services for the Subject
- Estimated Usage for Subject
- Financial Analysis

Our report will contain the following:

- Summary of meeting venues in the market and a review of potential developments.
- Summary of comparable and competing markets, along with identification of the critical factors the City should address in order to ensure success in the convention center market.
- Overview of market constraints or challenges of developing the project, if any;
- Advantages and disadvantages of the Lawrence market and sites in comparison to competitors in close proximity.
- Historical performance data for the competitive set in aggregate.
- Demand segmentation and diversification efforts.
- Meeting and function space availability within the hotels.
- Seasonality.
- Un-accommodated demand.
- Demand type and/or market mix.

Additionally, if hotel use has been reviewed as part of the overall project, we will also include:

- Hotel room utilization based on the range of current rooms (i.e. high end, middle range, entry market) and future demand.
- Overview of the U.S. lodging industry performance and trends (if hotel use is included).
- Additions to Lawrence hotel supply and relevant surrounding areas.
- Character of hotel supply, differentiated by type of room and occupancy capacity.
- Performance of competitive lodging set by year and month.

Upon completion of the full document, we will submit it in draft to you for review and comment. After this, we would make any necessary changes to the report and submit it in final form.

COMPONENT 5 – OTHER/ON-GOING ADVISORY SERVICES

At your request, REVPAR International stands ready to act as an advisor on your behalf on any pertinent matters related to the project. This may include any number of owner-related activities. REVPAR International, Inc. is prepared to provide such advisory services within our area of expertise based on your needs and requirements. Examples include, but are not limited to, the following:

- Incremental Investment Analysis of the Difference of a Stand-Alone Conference and a Hotel and Conference/Convention Center.
- Prepare Conceptual Site Layout and Floor Plan Layout
- Prepare Economic Impact Analysis
- Prepare Estimate of Land Value, Lease Analysis or Full Appraisal
- Assistance in Identifying a Development Partner
- Assistance in Identifying a Management Company
- Assistance with Obtaining Approval for Franchise
- Review of Franchise/Hotel Operating and Technical Services Agreements
- Preparation of Appraisal
- Project Management
- Asset Management

Any of these services can be more readily defined and explained at the appropriate time. Once the scope of work has been defined, we will provide our professional fees, which can be fixed, hourly, success based or some combination of the foregoing, depending upon the nature of the work to be undertaken.

We will be available to you throughout the feasibility process to answer questions or assist in whatever way necessary. This is an important project to you and REVPAR International, Inc. will do its part to ensure that the best course of action relative to hotel development is recommended to you.

SAMPLE REPORT

REVPAR International can provide a sample report upon your request and/or if we are shortlisted.

ALL DATA CONTAINED IN THIS SECTION IS PROPRIETARY INFORMATION AND CONFIDENTIAL

5. PROJECT COST & SCHEDULE

PROFESSIONAL FEES

Our professional fees for the study outlined are based on the number of hours estimated to complete the project multiplied by our hourly billing rates, which are as follows:

Team Chief	\$425.00 to \$475.00
Project Manager	\$250.00 to \$275.00
Analyst	\$125.00 to \$200.00
Administrative Staff	\$70.00

Based on the foregoing, our professional fees by component will be:

Professional Fees by Component		
Component		Professional Fees
1	Market Study and Financial Analysis for Conference/Convention Center Facility	\$24,900.00 ⁽¹⁾⁽²⁾
2	Preliminary Construction Cost and Investment Analysis (Optional)	\$6,200.00 ⁽¹⁾⁽²⁾
3	Market Study & Financial Analysis Assuming Combined Lodging & Conference/Convention Center Facility (Optional)	\$7,500.00 ⁽¹⁾⁽²⁾⁽³⁾
4	Preparation of Full Report (Optional)	\$3,900.00 ⁽⁴⁾
5	On-Going Advisory Services (Optional)	Hourly/TBD
Notes: ⁽¹⁾ If Components 1 through 3 are <i>commissioned simultaneously</i> , we will complete the work for \$35,900.00. ⁽²⁾ Assumes preparation of one set of projections. If more than one alternative is requested, additional projections can be prepared for \$4,500 a piece. ⁽³⁾ Assumes Component 1 was commissioned. ⁽⁴⁾ Assumes component is commissioned within 60 days of deliverable for Components 1 and 2 at a minimum.		

If, at any time during the course of our study, you desire that we terminate the assignment, we would suspend the assignment upon notification by you and, at your option, write you a brief letter summarizing our findings to date and charge you only for that time actually incurred to-date at our hourly rates, plus expenses incurred.

OUT-OF-POCKET EXPENSES

In addition to our professional fees, we request reimbursement for out-of-pocket expenses incurred in performance of the assignment such as travel, subsistence of the consultants during fieldwork, telephone, economic/demographic information, and special/overnight courier services. Please note that all projects are charged a one-time \$100 flat fee for economic-demographic data and information technology costs.

DELIVERABLES

All REVPAR International deliverables will be submitted to you electronically in Adobe PDF format. Hard copies are available at an extra charge.

ALL DATA CONTAINED IN THIS SECTION IS PROPRIETARY INFORMATION AND CONFIDENTIAL

RETAINER

As is customary in assignments of this nature, we request a retainer prior to commencing the work. The retainer is then applied to our final billing for the component. Progress billings will be made during the course of the assignment and are payable prior to submission of the deliverable for the next component of work. All of our fees and expenses must be paid prior to submission of the final report.

SCHEDULE

Based on current commitments, REVPAR International would be prepared to commence the assignment immediately upon your authorization to proceed and receipt of the requested retainer. Barring any unusual circumstances, our timing for each component is provided in the following table.

- Component 1 - within 6 weeks of commencement of the fieldwork;
- Component 2 - within 2 to 3 weeks;
- Component 3 - within 2 weeks;
- Component 4 - within 2 to 3 weeks;
- Component 5 – to be determined once scope of work is defined; and

If Components 1 through 3 are *commissioned simultaneously*, we will submit the deliverables for both components within 8 weeks of commencement of the fieldwork.

ACCEPTANCE

If the foregoing correctly states the nature of the work you wish undertaken at this time, you agree to the *General Provisions* and arrangements are satisfactory, please sign a copy of the "Acceptance and Retainer Invoice" page (provided on the last page) and return it to us, together with the requested retainer, as our authorization to schedule the assignment. If you have any questions or require further explanation, please let us know.

ALL DATA CONTAINED IN THIS SECTION IS PROPRIETARY INFORMATION AND CONFIDENTIAL

GENERAL PROVISIONS

1. SCOPE OF WORK

REVPAR International shall perform the services defined in this proposal provided that this proposal is properly executed within one hundred twenty (120) days from stipulated date. Otherwise, the proposal shall be deemed null and void and no services will be provided in connection therewith.

2. PAYMENTS

Subsequent to receiving the "retainer," REVPAR International will invoice the client upon completion of each component or on a monthly basis at rates shown in the "Professional Fees" section. Any estimates of professional fees or expenses as stated in the proposal shall not be construed as a fixed quote but only an estimate unless otherwise specifically stated in this proposal. REVPAR International will provide any additional services over and above the defined scope at our standard hourly rates unless other arrangements are agreed to in writing. The professional fees and hourly rates provided are valid for one hundred twenty (120) days from the date of this proposal unless otherwise stated in the proposal.

REVPAR International also requires reimbursement for out-of-pocket expenses incurred in performance of the assignment such as travel, meals, and lodging. Such out-of-pocket expenses shall be billed to the client at cost without mark-up or premium. In addition to the foregoing, all projects are charged a \$100 flat fee for economic-demographic data and IT.

Payments will be due and payable in full within thirty (30) days of the date of the invoice. If fees and expenses that have been invoiced to the Client are not paid in full within thirty (30) days of the due date, REVPAR International reserves the right to charge appropriate interest on outstanding amounts and/or pursue all lawful remedies including work stoppage and retention of all documents. In the event a lien or suit is filed or arbitration is sought to collect overdue payments under the Agreement, the Client agrees that the prevailing party shall be entitled to collect for its legal fees, court costs, and all other expenses reasonably related to the claim in question. In the event the Client fails to pay an invoice in full, REVPAR International shall have the right to institute collection procedures. The Client shall be responsible for all costs of collection including litigation costs, reasonable attorney's fees, and court costs.

3. OWNERSHIP OF DOCUMENTS

The output of this methodology and effort, including reports, data, and supporting records or materials compiled or prepared by REVPAR International as instruments of services shall become the property of the client. Upon completion of the project, REVPAR International will deliver the stated deliverables per the proposal. Under no circumstances shall the Client be entitled to any proprietary computer models or other proprietary work product developed and used by firm as part of its methodology, which have been specifically designed by REVPAR International for the preparation of hospitality-related feasibility studies, valuations, and appraisals, among other analyses. These models and other proprietary work product developed and used by firm as part of its methodology will remain the property of REVPAR International, Inc.

The Client agrees that all reports and other work furnished to the Client or its agents, which are not paid for, will be returned upon

demand and will not be used by the Client for any purpose whatsoever.

4. USE AND DISTRIBUTION OF DELIVERABLES

Our report and any associated materials submitted to the Client may not be used in any prospectus or printed material used in connection with the sale of securities or sale of real estate, or participation interests to the public, or in any newspaper publicity or other public forum, without our express prior written consent. The scope of our study and reports thereon will not include the possible impact of zoning or environmental regulations, licensing requirements, or other restrictions concerning the proposed project except where such matters have been brought to our attention and are disclosed in the report.

Reuse of any material described above by the Client on extensions of this project or on any other project without REVPAR International's written authorization shall be at the Client's risk, and the Client agrees to indemnify, defend, and hold harmless REVPAR International from all claims, damages and expenses, including attorney's fees, arising out of such unauthorized use or reuse.

5. LIMITATION OF LIABILITY

We shall have no obligation to update our findings regarding changes in market conditions that occur subsequent to the completion of our fieldwork, or changes in the input of assumptions or information provided by the Client after our review of such information is complete, unless subsequently engaged to do so.

Since the estimates contained in our report will be based on assumptions about circumstances and events that are inherently subject to uncertainty and variations, we cannot guarantee that the results will actually be achieved. We will exercise our best efforts, however, and will assign to the work professional personnel having the required competence. In any event, our liability to you for any damages arising out of our results or recommendations will not be greater than the amount paid to us for the professional services provided. You will indemnify and hold us harmless from, and at our option will defend us against, costs or liabilities of any nature whatsoever which result from claims against us by third parties in connection with our work on your behalf, except that this indemnification will not apply to the extent that a final judicial decision results in a finding of gross negligence or willful misconduct against us. However, no employee or subcontractor of REVPAR International shall have any individual liability, professional or personal, to the Client in addition to, or in excess of, REVPAR International's liability under these contract terms and conditions.

Please be aware that REVPAR International has never, nor does it currently carry Errors and Omissions (E&O) Insurance. If necessary or mandated by client, we can secure such insurance and are pre-approved to purchase it in the required amounts from our current insurance provider. All other insurance requirements of RFP are currently in place.

This agreement constitutes the entire Agreement between the parties and shall supersede any and all negotiations or prior oral and/or written agreements between the parties prior to the data hereof, and no modification of the Agreement shall be binding unless evidenced by an agreement in writing signed by the parties.

Any change in this agreement shall be confirmed in writing.

ACCEPTANCE & RETAINER INVOICE

March 19, 2014



BILL TO		FROM
Mr. David L. Corliss City Manager Lawrence City Hall P. O. Box 708 6 E. 6 th Street Lawrence, Kansas 66044-0708		REVPAR International 1020 N. Fairfax Street, Suite 320 Alexandria, VA 22314 Telephone: (703) 838-9707 Federal Tax ID Number: 52-1795367
PROJECT INFORMATION		PROPOSAL NUMBER:
Preparation of a Feasibility Study for a Conference/Convention Center Lawrence, KS		5697
COMPONENTS	RETAINER	
Component 1 – Market Study & Financial Analysis for Proposed Conference/Convention Center	\$12,500.00	
Name _____		
Signature _____		
Date _____		
Component 2 – Prepare Preliminary Construction Cost & Investment Analysis for Proposed Conference/Convention Center (Optional)	\$3,100.00	
Name _____		
Signature _____		
Date _____		
Component 3 – Market Study & Financial Analysis Assuming Combined Lodging & Conference/Convention Center Facility (Optional)	\$3,750.00	
Name _____		
Signature _____		
Date _____		
Component 4 – Preparation of Full Report (Optional)	\$2,000.00	
Name _____		
Signature _____		
Date _____		
TOTAL DUE		
(Please add retainer amounts)		