

Proposal in Response to RFP for Convention Center Expansion Study in The Woodlands, TX



*February 2020
Revised 09/01/20*

Submittal Deadline:

February 28, 2020

Prepared for:

Visit the Woodlands, Texas

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D. METHODOLOGY

OVERALL APPROACH & UNDERSTANDING OF THE PROJECT

We understand that the VTW requires a market demand analysis, a financial feasibility study, and an economic impact study for a proposed expansion of the Woodlands Township's Convention Center. Currently, the facility has 343 lodging units and 27 event rooms totaling 66,532 square feet of event space.



With the above in mind, following is our work plan for the project. Depending on the outcome of the initial component, you may require further development assistance in bringing your project to fruition. Such services are outlined in Component 2 of this proposal. We have described each of the components and phases of work in more detail below. Please note that all of the deliverable phases are shaded in green.

WORK PLAN
Component 1 – Market Study and Financial Analysis
Phase 1 – Contract Award and Kick-Off Conference Call
Phase 2 – Pre-Fieldwork Research
A. Review Historical Hotel and Convention Center Data for Market Area
B. Review Historical Data for the Subject Facilities
C. Area Review
Phase 3 – Site Visit and Primary Market Research
A. Kick-Off meeting and Tour of Subject Hotel and Convention Center
B. Review of Competitive Facilities
C. Other Interviews
Phase 4 – Review Comparable Hotel and Convention Centers
Phase 5 - Demand Interviews with Hotel and Convention Center Meeting Planners
Phase 6 – Prepare Supply and Demand Estimates
Phase 7 - Market Positioning Strategies
Phase 8 – Prepare Facility Recommendations
Phase 9 – Prepare Estimated Performance Projections
Phase 10 – Prepare Estimating Operating Results (Financial Pro-Forma)
Phase 11 – Economic Feasibility/Valuation Estimate and Determination of Debt Service
Phase 12 – Identification of Financing Options
Phase 13 – Economic Impact Analysis
Phase 14 – Submit Report of Findings
Component 2 – Ongoing Advisory Services

METHODOLOGY

COMPONENT 1 – MARKET STUDY AND FINANCIAL ANALYSIS

Component 1 consists of reviewing the overall market area in order to ascertain whether or not there is sufficient room and meeting space demand to support an expansion of the subject facilities. 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 from the REVPAR team would plan an initial conference call with the VTW to discuss the assignment. At this time, we would review and discuss the methodology and required information for the assignment; discuss any administrative

or technical issues related to the work; discuss potential dates for the site visit; establish milestone dates of completion for the deliverable; and discuss any other issues that may be of importance to the successful completion of the assignment.

PHASE 2 – PRE-FIELDWORK RESEARCH

Prior to conducting the on-site fieldwork and interviews, we would undertake the following:

A. Review Historical Hotel and Convention Center Data for the Woodlands Market Area

Prior to our site visit, we will review current and historical data concerning hotel and convention center supply and demand trends in the Woodlands. Specific information to be reviewed would include:

1. Any current or historical information or analysis that has already been conducted that may prove useful to our analysis.
2. Historical operating performance of the convention industry;
3. Detailed list of hotels in the Woodlands;
4. Historical Smith Travel Research (STR) Trend Reports for the city relative to the lodging supply (if available);
5. Any convention center and hotel-related data and/or relevant tourism studies or other studies of this nature which the VTW has already collected;
6. Review of historical trends in comparable or competitive markets to the Woodlands, where applicable;
7. Review of any other factors impacting convention center and hotel performance or growth trends; and
8. Review available economic, demographic, and financial studies provided by the VTW and other relevant areas.

B. Review Historical Data for the Subject Facilities

Prior to initiation of our primary market research, we will also want to review available current and historical information for the subject facilities. Specific information to be reviewed would include:

1. Your plans/vision for the asset, both physical and operational, if different from current conditions;
2. Current conceptual facility plans and layout for expanded facilities (if available);
3. Detailed (departmental) financial operating statements (including balance sheet) preferably by month for last three years and year-to-date;
4. STR report for last three years and year-to-date;
5. CapEx Report by major line items since the last property refresh, and the current proposed 5-year plan;
6. Detailed 2020 (if available) operating budget, marketing plan, and/or 5-year pro-forma prepared by existing hotel operator;
7. Channel report and market segmentation by room nights and room rate for last three years and year-to-date;
8. List of top 20 demand generators (or Agency 360 report if available), rooms generated, and ADR for each;
9. Hotel reservation report including denials and regrets by month for last three years and year-to-date;
10. Real estate tax bills for 2016-2019;
11. Guest satisfaction reports;
12. Group Pace Reports for 2020;
13. Key metrics related to each F&B outlet including check average and cover counts for the last three full years, and year-to-date;
14. Copies of all catering and a la carte menus and hours of operation for the restaurant;

15. Any leases governing use of the hotel portion of property or space within the hotel;
16. Usage reports by day, month and segment for the last two years;
17. Pricing list;
18. Historical event schedules;
19. Demand/attendance by event type and space utilization;
20. Group bookings report for last two years;
21. Pace report for next 10 years;
22. Lost business reports for last two years;
23. List of citywide events held in the Woodlands that are not connected with the subject facilities;
24. Current marketing plan, sales budget and timeline;
25. Copies of collateral materials;
26. Organizational management structure for facility;
27. Management agreement if operated by 3rd party and Marriott Franchise Agreement;
28. Copies of any agreements/deals that VTW has with CVB, CVENT/Helms Briscoe, and/or local hotels where VTW gets a rebate or commission for rooms booked through them; and
29. List of hotels and public venues where events can held deemed competitive to the subject facilities.

The foregoing review of market, financial, and management data will allow us to familiarize ourselves with the existing operation, its current situation, and the overall market and users of the facility. In turn, this review will provide a basis for conducting subsequent research and fieldwork.

C. Area Review

We will also gather and analyze relevant socioeconomic data regarding the market area as background for judging the future potential of the hotel and convention center in the Woodlands. We would examine correlations between key economic factors and the demand for hotel rooms and utilize any available forecasts of these indicators in the evaluation of potential future demand. Data that may be analyzed includes the following: overall trends in the market area; population and employment trends; tourism and visitation trends to the area, including key attractions and universities; residential housing trends; sales tax trends, including lodging, retail, and food and beverage taxes; transportation trends (i.e., highway and airport traffic trends); and office and industrial space developed, occupied, and proposed.

PHASE 3 – 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 facilities, and discussions with persons familiar with development patterns, and the local and regional hotel and convention market.

A. Kick-Off meeting and Tour of Subject Hotel and Convention Center

To start our site visit, we will initially want to meet with the VTW representatives in person and follow up on discussions held in the kick-off conference call. Upon completion of the kick-off meeting, we would like to conduct a tour and inspect the subject hotel and convention center. The purpose of the inspection is to evaluate and learn firsthand about the physical destination, its attributes, limitations and opportunities. The physical inspection will also allow us to undertake a general physical analysis of the property and facilities as it relates to the viability of expanding it. As part of this effort, we will also identify the need for additional facilities that are currently not in place at the existing facilities.

Our inspection will include a review of the existing facilities and on-site conditions; surrounding land use; access; and potentially advantageous activity and facility relationships. Key natural and man-made development factors will be reviewed to identify the facilities' relevant opportunities and constraints (limiting factors).

B. Review of Competitive Facilities

We will identify existing and prospective competitive hotel and conference center facilities in the region and elsewhere and conduct interviews with them in order to gain insight into their ability to attract demand to their location. Key data points that will be sought include the following items:

- Facility type — public, private, quasi-public;
- Operations/management format;
- Market orientation (star rating);
- Age, condition, and ambience;
- Target markets served or desired;
- The factors/attributes of the facility that makes it a unique and/or exclusive "experience" to the guest;
- Seasonality factors affecting demand/utilization of facilities and services;
- Facilities and services offered, their popularity and revenue generating capability, and their contribution to net income (as opposed to being a loss leader);
- Historical performance;
- History of demand growth and utilization patterns;
- Pricing patterns and strategies;
- Number of use days for the past several years;
- Demand segmentation for the hotel (i.e., corporate transient, extended-stay, etc.) and convention center (i.e., conferences and seminars, trade shows, exhibits, corporate group, conference, banquets, etc.);
- Size and frequency of various meetings;
- Number of attendees by event;
- Number of room nights generated collectively and on/off-peak days;
- Booking patterns;
- Operating data where obtainable including hours of operation, schedule of fees, prices for amenities, F&B, meeting rooms, and other services; operating expense profile, etc.; and the effect of seasonality/weather on operations; and
- Competitive strengths and weaknesses of the space relative to their competition and changing trends in the meeting market.

Please note that any performance data (i.e., size of events, number of attendees, rates etc.) that we receive is typically under a confidentiality agreement; as such, we will not be able to disclose property-specific data. We will however be able to provide the historical performance data for the competitive set as a whole.

C. Other Interviews

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

- The local/regional hotel association(s), Chamber of Commerce, and other tourism-related entities;
- Stakeholders in the market to identify and determine community needs and quality of life use;
- Representatives of area businesses, which require overnight accommodations for transient, group, and/or extended-stay guests;
- Representatives of other institutions (i.e., religious and fraternal groups in the area), which may require overnight accommodations and meeting space;
- Pertinent transportation representatives (i.e., airports, highway, rail, etc.);
- Representatives of area tourist and recreational attractions drawing visitors to the market area;
- Representatives of area educational institutions, which may require overnight accommodations;
- Local and regional government officials in economic development, planning, and/or tourism;

- Bankers, real estate brokers, and development organizations;
- Hotel franchise representatives and local hotel developers to determine if there are any projects in the pipeline for the market area. Key data points to be obtained for each project include brand affiliation; number of rooms; facilities and amenities; developer; and projected opening date; and
- Others with knowledge 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 gather statistical data regarding historical and likely future growth of the convention center industry, as well as hotel supply and demand trends in the region.

As a whole, the above will give us an overall feel for the lodging/conferences climate within the market area and allow us to better understand the current synergies and interface among the hotel rooms and the subject convention center and what can be done, if anything, to improve the performance of the subject convention center into the future.

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 4 – REVIEW COMPARABLE HOTEL AND CONVENTION CENTERS

We will identify and research existing and prospective comparable hotel and convention center facilities (in terms of size) across the country and in peer markets that are comparable to the Woodlands and its hotel supply and conduct interviews with them in order to gain insight into their ability to attract demand to their location and to evaluate their:

- Relative success;
- Sources of demand;
- Absorption and stabilization periods;
- Required facilities, amenities and services, price points, etc.
- Average total events;
- Average total attendees;
- Average attendees per event;
- Average revenue generated (per event, attendee, and annually);
- Total meeting space;
- Size of largest meeting room and capacity (number of people);
- Number of meeting rooms;
- Number of hotels within one-mile radius of convention center;
- Number of hotel room nights generated (per event, per square foot of meeting space, annually, etc.);
- Total meeting space square feet per guest room;
- Total revenue per square foot of meeting space;
- Square footage of exhibit space vs. types of space (i.e. Ballroom, pre-function, etc.);
- Market segmentation (i.e., corporate, leisure, etc.) by events and attendees;
- Potential room block at various rates of participation; and
- Level of food and beverage/catering service provided.

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.

PHASE 5 - DEMAND INTERVIEWS WITH HOTEL AND CONVENTION CENTER MEETING PLANNERS

During our site visit, we will identify local, regional, and national 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, to include Conference Direct, HelmsBriscoe, and CVENT. Once we return to the office, we will plan to conduct a series of demand interviews with these individuals.

The purpose of these interviews will be to independently verify the nature of the room night and meeting space demand in the market, the room rates paid, and the probability that this demand would be attracted to the subject convention center is it remains status quo or is expanded. We would provide a summary of these interviews in table format in the final report.

PHASE 6 - PREPARE SUPPLY AND DEMAND ESTIMATES

On the basis of the foregoing research, we will prepare estimates of future growth in demand for, and supply of, hotel accommodations and conference/meeting space for the defined competitive market. We will begin by analyzing historical growth in supply and demand for hotels and convention centers 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 and convention centers.

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 5 to 10 years (or through build-out), expressed in pertinent terms (i.e., hotel room nights, F&B covers, events, etc.). 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 defined competitive supply. Again, using data and materials collected during our field work as a basis, we would define the competition to the proposed expanded subject facilities. Future 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.

Collectively, the foregoing analysis will allow us to prepare estimates of future supply and demand and, thus, expected market occupancies for defined competitive set of hotels rooms and meeting space. We will also present the ratio to total area supply which the proposed expanded subject facilities is likely to represent in the competitive market.

In regards to the convention center, we may 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 expanded 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 | Public/consumer shows/local events |
| Conferences | Banquets/Receptions |
| Trade shows | Meetings |
| Local expositions | Regional organizations |
| Corporate meetings | Academic institutions |
| Assembly events | Group sporting events |

We will provide industry definitions for these events, which will in turn provide a depiction of the overall market and illustrate the multifaceted nature of the industry.

PHASE 7 - MARKET POSITIONING STRATEGIES

Once the potential feasibility of the proposed expanded subject facilities have been established based on our market demand analysis, we will analyze opportunities for the proposed expanded subject facilities and provide recommendations, if needed, for underserved markets and/or opportunities that can be targeted with the proposed expanded subject facilities. Recommendations may include additional marketing strategies; target market segments identified through the feasibility analysis, and targeted performance that can be realized from the execution of the plan.

PHASE 8 – PREPARE FACILITY RECOMMENDATIONS FOR EXPANDED SUBJECT FACILITIES

Assuming that we find demand for an expansion of the subject facilities, we will then recommend the type and size of the facilities to be provided based on information provided by you, as well as developed during the course of our analysis. This will include the following:

Lodging Component (if necessary given the expansion of the convention center)

- Number and mix of additional guestrooms (i.e., king, double queen, suites, etc.);
- Any changes or expansion to F&B facilities;
- Need for new or alternative services and amenities such as expanded exercise room, additional swimming pool, laundry, business center, parking, etc.

Convention Center

- Mix and size of additional meeting/banquet/conference space (i.e., conference/meeting rooms, banquet rooms, break-out space, trade show and exhibit area, pre-function space, etc.);
- Any changes or expansion to F&B/catering facilities; and
- Any additional or expanded back-of-the-house and related services and amenities, such as kitchen, storage, parking, administrative space, audio-visual, rest rooms, loading areas, business center, etc.

Overall Facilities

- Overall scope of expanded facility (hotel and convention center) in terms of size (square feet); and
- The additional parking area required to support both the expanded hotel and convention center.

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.

PHASE 9 - PREPARE ESTIMATED PERFORMANCE PROJECTIONS FOR THE SUBJECT FACILITIES

Upon completion of the estimates of future market area supply and demand, we will then prepare performance projections for the subject facilities assuming the following:

- Scenario 1 - subject facilities remains status quo;
- Scenario 2 - subject facilities are expanded.

The analysis of market share estimates is a qualitative assessment based on an evaluation of the attributes of the subject hotel in relation to its (existing and future) competition in terms of location, quality of amenities and services, service level, pricing structure, 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 the subject's size to the defined supply in the market. This will yield an estimated annual occupancy for the hotel.

Simultaneous to this, we will prepare a similar analysis for determining the average daily room rate for the subject hotel. 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.

Subsequent to this, we will prepare a similar analysis for determining the revenue potential for the subject convention center. Based on the project 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 proposed expanded subject facility's attributes relative to its existing and proposed competition to determine the relative positioning of the proposed 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 proposed subject facility to effectively compete in the market. Together, the foregoing will provide us the estimated usage revenue generated by the proposed expanded subject facility. The foregoing estimates will reflect if the group is booking the conference space in conjunction with the hotel or independent thereof.

PHASE 10 - PREPARE ESTIMATED OPERATING RESULTS (FINANCIAL PRO-FORMA)

Once we have determined that sufficient demand exists to warrant further study, we will prepare statements of estimated operating results for the subject facilities under the foregoing two scenarios. 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 next 12 full years of operation for the subject facilities. A representative year is defined as one in which the subject facilities have reached their stabilized earnings potential after becoming known and established in the marketplace after the expansion. The representative year statement will be expressed in current value U.S. dollars and the estimates for the next 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 professional staff of REVPAR has an active relationship with hotel and convention 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 11 - ECONOMIC FEASIBILITY / VALUATION ESTIMATE AND DETERMINATION OF DEBT SERVICE

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 subject facilities under both scenarios over the foreseeable future, which in turn provides a measurement of the facility's value.

Once we have established a value for the facility, we can use this information and market parameters to establish 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 12 – IDENTIFICATION OF FINANCING OPTIONS

As part of our analysis, we will evaluate funding options available to the VTW. Based on our prior research, we will contact comparable conference centers to determine which models have been financially successful to both the public and private entities involved. These options may include:

- Identification of state and/or Federal grants available to fund initial development costs and/or ongoing operating costs of facility or operation;
- Identification of whether tax increment financing is available;
- Identification of other publically-available debt or equity financing models that can be used to support the project.

Upon completion of the above and based on the required level of debt and/or equity required to bring project to fruition, we will evaluate potential ownership and operating models most pertinent to the size and scope of the recommended development to include:

- Public ownership with 3rd party/private sector management of the facility, including sliver equity;
- Public ownership of land and improvements with private sector 3rd party-operator;
- Public sector participation in the construction of a facility that is privately owned and operated, including investment in an LLC or partnership.
- Enter into a joint venture development agreement of some sort with a third party developer/operator;
- Direct public subsidy in development costs or land with 3rd party ownership and operation;
- Public development of the facility and a long-term lease of the asset;
- Sell the land outright to a developer; or
- Some permutation of the above alternatives.

PHASE 13 – ECONOMIC IMPACT ANALYSIS

We will determine the total economic impact that the proposed expanded subject facilities will have on the local economy. An economic impact analysis evaluates the monetary benefits that accrue to an area from the direct and indirect economic impact of a development project such as the proposed expanded subject facilities. In addition, we will evaluate the impact that the proposed expanded subject hotel will have on hotel room nights and other hospitality venues within the market area

A. Impact Analysis on Hotel Room Nights

In order to assess whether the expansion of the subject facilities would impact the other existing hotels and hospitality venues in the market on a market wide basis, we will establish the level of new room night demand that is estimated to come to the market as a result of the expansion of the subject, in conjunction with the amount of demand estimated to be accommodated by the subject that is simply shifting over from another existing hotel in the defined competitive set or trade area. This analysis includes an evaluation of the following factors:

- Demand generator impact (based on source of business);
- Reservation contribution impact, if applicable;
- Other distribution channel impact;
- Walk-in impact;
- ADR impact; and
- Ability of existing hotels to replace impacted room nights.

The foregoing analysis will culminate in an estimate of the total room night demand anticipated to use the subject hotel that originates from the existing hotel market and new demand being generated by it over the initial three years of operation after opening.

B. Economic Impact Analysis

In this phase, we will estimate the real estate, rooms, and food and beverage taxes associated with this project, as well as provide estimates as to the indirect benefits that will result from the expansion of the subject facilities. This analysis will be designed to illustrate the revenue potential to the VTW.

a. Estimated Tax Revenue from Real Estate, Rooms, and Food and Beverage Sales Taxes

Based on our facility recommendations and project cost estimates, we would prepare estimates of real estate taxes for the proposed expanded subject facilities. In doing so, we would evaluate the historical trends in real estate tax rates for the market area. From here, we would estimate future real estate tax rates and apply them to our project cost estimate to determine the estimated real estate taxes associated with the proposed expanded subject facilities.

Additionally, we would estimate the room taxes and food and beverage sales taxes, if applicable, associated with the proposed expanded subject facilities. Rooms tax generated by the subject hotel would be estimated by applying the current tax rate to our estimated room revenues developed in Phase 10. Also, we would estimate the food and beverage sales tax generated by the proposed expanded subject facilities by applying the current tax rate to our estimated food and beverage revenues developed in Phase 10, if applicable.

b. Estimated Employment at the Proposed Expanded Subject Facilities

Based on the recommended size and estimated operating performance of the proposed expanded subject facilities, we would develop an employee roster (and discuss management options) indicating the number of positions below the management level that would be required to operate the facilities in a competent and efficient manner. We would utilize data for similar properties in developing our employee estimates, as well as develop an employee roster from a zero-based build-up model utilizing industry standards and the operational experience of the professionals assigned to this assignment. In developing salary and wage rates for each position, we would conduct an informal survey of comparable hotels and convention centers in the area to establish current salary/wage rates in the local market, while industry standards and "in-house" data would supplement this analysis. The above research would be presented in a table indicating each position by department, the number of employees required for each position, and the skill level (i.e. low, medium, high) and salary/wage rate associated with each position.

c. Indirect Benefits Resulting from the Subject Facilities

We would estimate the indirect benefits associated with the subject facilities. Specifically, we would estimate the following:

- Dollars spent by guests/attendees of the subject facilities outside the subject facilities in city establishments; and
- Benefits for services (vendors) utilized by guests of the proposed expanded subject facilities.

We will focus on the multiplier effects of the direct or original expenditures as they flow throughout the community, in an effort to estimate indirect expenditures in the community.

PHASE 14 - SUBMIT REPORT OF FINDINGS

At this point, we will summarize our findings in a report in regard to the following issues:

- Overview of market;
- Description of the hotel and convention center market and the subject facilities;
- Overall historical performance and market segmentation of the competitive set;
- Overview of the comparable facilities;
- Overview of demand interviews;
- Recommendations regarding market positioning strategies;
- Facility recommendations for subject facilities;
- Estimate of market demand for the proposed expanded subject facilities;
- Performance projections; and
- Projected financial pro-formas.

In a separate standalone document, we will submit the following items:

- Economic feasibility/Valuation and determination of debt service;
- Identification of financing options;
- Economic impact analysis.

Once we have submitted the report to you, we will speak with you to discuss our findings. Please keep in mind that this report is abbreviated in format and prepared primarily for your internal use, presenting limited information associated with the due diligence undertaken by our firm. As such, it may be insufficient in detail for distribution to 3rd parties, particularly potential sources of financing. Typically, our abbreviated reports fulfill the requirements of our clients; however, if a full report is required, one can be produced for an additional fee. ***Please keep in mind that this report is for internal use.*** This would conclude Component 1 of the study.

COMPONENT 2 – ON-GOING ADVISORY SERVICES (OPTIONAL)

At your request, REVPAR International stands ready to act as an advisor on your behalf on any pertinent matters related to the subject facilities. 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:

- Recommendations on other service providers to the expanded project (architects, engineers, general contractors, etc.);
- Assistance in management/ownership structure; and
- Asset management/owner's representative services.

Overall, REVPAR International, Inc. is prepared to provide advisory services within our area of expertise based on your needs and requirements.

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

We will be available to you throughout the project 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 subject facilities is recommended to you.

E. SCHEDULE/TIMETABLE

Barring any unusual circumstances, our timing for each component is provided in the following table.

Project Timing	
Component	Critical Dates
Contract Award	Commence project within a few week of notification of award, execution of agreement, and receipt of retainer.
Component 1 – Convention Center Expansion Study	6 to 8 weeks from start date of site visit and fieldwork.
Component 2 – On-Going Advisory Services	To be determined once a scope of work is defined.