

# Resort Development Lake Clinton



**REQUEST FOR PROPOSAL - COST RESPONSE**

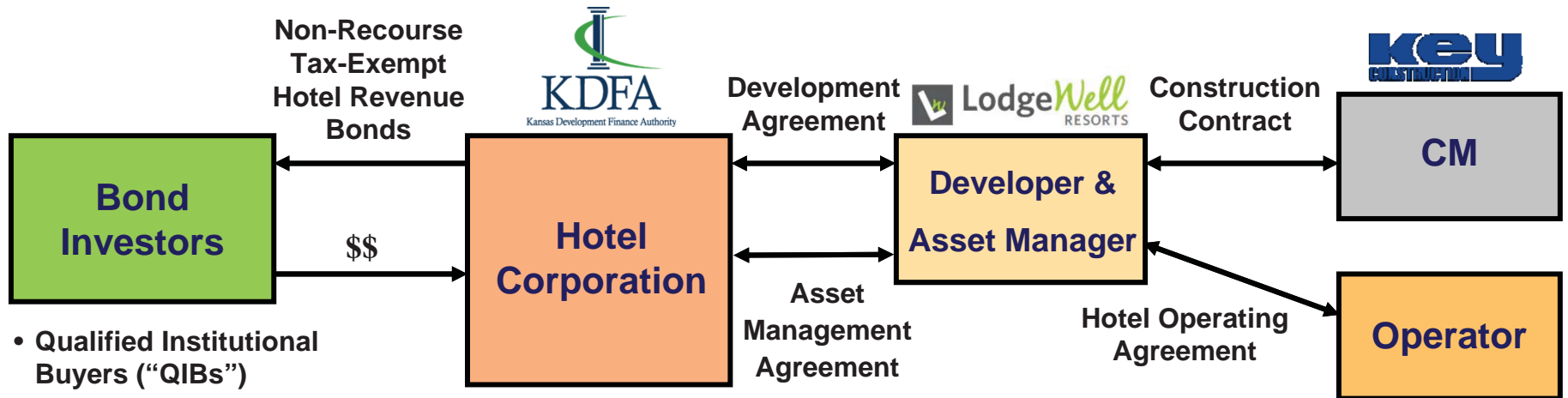
**Bid Event Number: EVT0002445**



 **LodgeWell**  
RESORTS™

**PGA** DESTINATIONS

## Tax Exempt Bond Financing



- Qualified Institutional Buyers (“QIBs”)

- Single Purpose Corporation
- City/County-appointed Board
- Holds title to Hotel
- Board engages Developer for delivery

**Model assumptions:**

# of Rooms	120
Average Occupancy %	63.00%
Average Room Rate	\$158.00
Room Rate Growth	2.0%
Expense Inflation (only total expense line inflated)	2.5%

**Project Cost Assumptions**

Land	0
Hotel Const. Contract	18,000,000
FF&E	3,500,000
Soft Costs	3,885,000
Start-up Costs	1,070,000
City Contribution	
<b>Total Investment</b>	<b>26,455,000</b>

**Cost Per Room** 220,458

Debt (20 yr)	3.00%	20,000,000	74%
Land/ Equity I		500,000	26%
Equity II		6,455,000	
<b>TOTAL</b>		<b>26,955,000</b>	

**C on C Return** 1.20%

OPERATING PROJECTIONS	2015	2016	2017	2018	2019
Available Rooms	120	120	120	120	120
Occupancy %	57.00%	60.00%	63.00%	63.00%	63.00%
Average Room Rate	\$143.00	\$150.00	\$158.00	\$163.00	\$168.00
Rooms Rented	24,966	26,280	27,594	27,594	27,594
RevPar	\$81.51	\$90.00	\$99.54	\$102.69	\$105.84
Room Revenue	3,570,138	3,942,000	4,359,852	4,497,822	4,635,792
Telephone Revenue	2,497	2,628	2,759	2,759	2,759
Bistro Revenue	750,000	750,000	750,000	750,000	750,000
Meeting Room Revenue	15,000	15,000	15,000	15,000	15,000
Market Revenue	31,208	32,850	34,493	34,493	34,493
Catering Commissions	5,200	5,200	5,200	5,200	5,200
Detergent Revenue	250	263	276	276	276
Washer/Dryer Revenue	999	1,051	1,104	1,104	1,104
Dry Cleaning Revenue	1,373	1,445	1,518	1,518	1,518
Vending Commissions	1,248	1,314	1,380	1,380	1,380
Other Income	1,300	1,300	1,300	1,300	1,300
GNS Revenue	14,281	15,768	17,439	17,991	18,543
GNS Rebates	-7,140	-7,884	-8,720	-8,996	-9,272
Promo Rebate	0	0	0	0	0
Other Rebates	-5,355	-5,913	-6,540	-6,747	-6,954
Chargebacks	-1,785	-1,971	-2,180	-2,249	-2,318
<b>Total Revenue</b>	<b>4,379,212</b>	<b>4,753,051</b>	<b>5,172,881</b>	<b>5,310,851</b>	<b>5,448,821</b>

<i>Cost of Sales</i>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Telephone Expense	13,399	13,420	13,442	13,442	13,442
Bistro Labor/food cost	600,000	600,000	600,000	600,000	600,000
Meeting Room Cost of Sales	3,750	3,750	3,750	3,750	3,750
Linen expense	8,738	9,198	9,658	9,658	9,658
Guest supplies	28,561	31,536	34,879	35,983	37,086
Guest food	250,000	260,000	270,000	280,000	290,000
Laundry	8,738	9,198	9,658	9,658	9,658
Other Cleaning Supplies	7,490	7,884	8,278	8,278	8,278
Operating Supplies	19,973	21,024	22,075	22,075	22,075
Dry Cleaning Expense	1,099	1,156	1,214	1,214	1,214
Market COS	18,725	19,710	20,696	20,696	20,696
Detergent - Cost of sales	180	189	199	199	199
<b>Total Cost of Sales</b>	<b>960,652</b>	<b>977,066</b>	<b>993,848</b>	<b>1,004,952</b>	<b>1,016,055</b>
<b>Gross Profit</b>	<b>3,418,560</b>	<b>3,775,985</b>	<b>4,179,033</b>	<b>4,305,899</b>	<b>4,432,766</b>
<b>OPERATING EXPENSES:</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Bad Debt Expense	650	650	650	650	650
Cash over/short	536	591	654	675	695
Postage / Airborne	1,625	1,625	1,625	1,625	1,625
Recruiting / Training	2,500	2,500	2,500	2,500	2,500
Office Supplies	3,250	3,250	3,250	3,250	3,250
Employee Relations	4,000	4,000	4,000	4,000	4,000
Uniform Expense	1,800	3,000	3,000	3,000	3,000
Guest Relations	10,710	11,826	13,080	13,493	13,907
Travel Expense	650	650	650	650	650
Walked Guests	1,071	1,183	1,308	1,349	1,391
Management Fees	218,961	237,653	258,644	265,543	272,441
Electricity	125,955	138,970	153,595	158,424	163,253
Gas	41,057	45,333	50,138	51,725	53,312
Water & Sewer	33,916	37,449	41,419	42,729	44,040
Repair & Maint	17,851	43,362	47,958	49,476	50,994
Pool Expense	3,570	3,942	4,360	4,498	4,636
Licenses	130	130	130	130	130
Cablevision	12,000	12,000	12,000	12,000	12,000
HSIA	14,000	14,000	14,000	14,000	14,000



<b>OPERATING EXPENSES:</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Bank Fees	360	360	360	360	360
Credit Card Discounts	120,428	130,709	142,254	146,048	149,843
Local Marketing	26,000	26,000	26,000	26,000	26,000
Royalty Fees	178,507	197,100	217,993	224,891	231,790
Maintenance Contracts	9,000	18,000	18,000	18,000	18,000
Boiler Supplies	1,785	1,971	2,180	2,249	2,318
Professional Expense	3,900	3,900	3,900	3,900	3,900
Other expense	300	300	300	300	300
Reservation expense	112,459	124,173	137,335	141,681	146,027
Travel Agent Commissions	17,851	19,710	21,799	22,489	23,179
Group Leads Expense	624	657	690	690	690
Dues & Subscriptions	1,300	1,300	1,300	1,300	1,300
Disputed Calls	75	79	83	83	83
Central Reservations	28,711	30,222	31,733	31,733	31,733
Period Charges - Misc.	130	130	130	130	130
PMS Support	13,000	13,000	13,000	13,000	13,000
Revenue Management	12,000	12,000	12,000	12,000	12,000
Marketing Fund	107,104	118,260	130,796	134,935	139,074
Health Insurance	18,000	18,000	18,000	18,000	18,000
Salaries & Wage Expense	689,667	689,667	689,667	689,667	689,667
Sales Commission	12,000	12,000	12,000	12,000	12,000
Payroll Tax Expense	53,678	53,678	53,678	53,678	53,678
FUTA Expense	4,771	4,771	4,771	4,771	4,771
SUTA Expense	17,542	17,542	17,542	17,542	17,542
Workers Comp Insurance	21,050	21,050	21,050	21,050	21,050
Other Taxes	130	130	130	130	130
Real Property tax Expense	175,000	175,000	175,000	175,000	175,000
Insurance	45,000	45,000	45,000	45,000	45,000
<b>Total Operating Expenses</b>	<b>2,166,615</b>	<b>2,328,720</b>	<b>2,488,838</b>	<b>2,573,225</b>	<b>2,663,977</b>
<b>Net Income from Operations</b>	<b>1,251,944</b>	<b>1,447,265</b>	<b>1,690,195</b>	<b>1,732,674</b>	<b>1,768,789</b>

**OTHER INCOME**

Guest Tax	0	0	0	0	0
Interest Income	500	500	500	500	500
<b>Total Other Income</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Net Income</b>	<b>1,252,444</b>	<b>1,447,765</b>	<b>1,690,695</b>	<b>1,733,174</b>	<b>1,769,289</b>
Interest Expense	936,743	906,925	875,660	842,876	808,502
Principal Amoritization	0	0	-675,277	-708,060	-742,435
<b>Operating Cashflow</b>	<b>315,701</b>	<b>540,840</b>	<b>139,758</b>	<b>182,237</b>	<b>218,352</b>
Refurbishment Reserve	107,104	118,260	130,796	134,935	139,074
<b>C-Flow Avail. To Owners</b>	<b>208,597</b>	<b>422,580</b>	<b>8,963</b>	<b>47,303</b>	<b>79,278</b>
<b>AVG C-Flow per Year</b>	<b>76,672</b>				
<b>CUMULATIVE C-FLOW TO OWNERS</b>	<b>208,597</b>	<b>631,178</b>	<b>640,140</b>	<b>687,443</b>	<b>766,721</b>
<b>REMAINING DEBT BALANCE</b>	<b>19,385,806</b>	<b>19,385,806</b>	<b>18,710,529</b>	<b>18,002,469</b>	<b>17,260,034</b>



<b>UNLEVERAGED RETURN ON INVESTMENT</b>						
INITIAL INVESTMENT	26,955,000					
OPERATING CASHFLOW		1,251,944	1,447,265	1,690,195	1,732,674	1,768,789
REFURBISHMENT COSTS		(107,104)	(118,260)	(130,796)	(134,935)	(139,074)
CLOSE VALUE (10% Cap)						
<b>A-TAX CASH FLOWS</b>	<b>(26,955,000)</b>	<b>1,144,840</b>	<b>1,329,005</b>	<b>1,559,399</b>	<b>1,597,739</b>	<b>1,629,715</b>
<b>IRR</b>	<b>-31.19%</b>	NPV at 10%	(19,582,802)			

<b>LEVERAGED RETURN ON INVESTMENT</b>						
INITIAL INVESTMENT	6,455,000					
OPERATING CASHFLOW		315,701	540,840	139,758	182,237	218,352
REFURBISHMENT COSTS		(107,104)	(118,260)	(130,796)	(134,935)	(139,074)
CLOSE VALUE (10% Cap Less Debt)						
<b>CASH FLOWS</b>	<b>(6,455,000)</b>	<b>208,597</b>	<b>422,580</b>	<b>8,963</b>	<b>47,303</b>	<b>79,278</b>
<b>ANNUAL CASH DIVIDENDS:</b>		<b>3.2%</b>	<b>6.5%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>1.2%</b>
<b>IRR</b>	<b>-52.21%</b>	NPV at 10%	(5,298,053)			

Total Cash Flow Before Debt Service	\$1,144,840	\$1,329,005	\$1,559,399	\$1,597,739	\$1,629,715
Total Principal				\$708,060	\$742,435
Total Interest	\$936,743	\$906,925	\$875,660	\$842,876	\$808,502
Total Debt Service	\$936,743	\$906,925	\$875,660	\$1,550,937	\$1,550,937
Debt Service Coverage Ratio	1.22	1.47	1.78	1.03	1.05
Cash Flow in Excess of Debt Service	\$208,097	\$422,080	\$683,740	\$46,803	\$78,778
Total Projected Revenue	\$3,570,138	\$3,942,000	\$4,359,852	\$4,497,822	\$4,635,792
Projected Occupancy	57.00%	60.00%	63.00%	63.00%	63.00%
Projected Average Rate	\$143.00	\$150.00	\$158.00	\$163.00	\$168.00
Total Projected RevPar	\$81.51	\$90.00	\$99.54	\$102.69	\$105.84
Revenue Required to Break Even	\$3,362,041	\$3,519,920	\$3,676,112	\$4,451,019	\$4,557,014
Break Even RevPar	\$70.31	\$73.62	\$76.88	\$93.09	\$95.31
Break Even Occupancy	49%	51%	54%	65%	67%



Development Budget  
Resort Hotel and Conference Center  
Clinton Lake, KS

<u>Description</u>	Rooms	<u>Cost</u>	<u>Total</u>	<u>Per Room</u>
Land	120	\$0		
Total Land			\$0	\$0
Building Costs		\$15,000,000		
Site Costs		\$3,000,000		
Total Construction			\$18,000,000	\$150,000
Furniture & Equip.		\$3,500,000		
Total FF&E			\$3,500,000	\$29,167
Architect/Engineering		\$1,300,000		
Attorney / Feasibility / Appraisal		\$300,000		
Insurance & Taxes		\$50,000		
Permits & Fees		\$85,000		
Management / Preopening Fee		\$100,000		
Construction Contingency		\$500,000		
Pre-development Costs		\$350,000		
Project Management		\$1,200,000		
Total Soft Costs			\$3,885,000	\$32,375
Working Capital		\$200,000		
Construction Interest		\$150,000		
Operating Interest		\$120,000		
Loan / Closing Costs		\$150,000		
Preopen Expense		\$200,000		
Contingency		\$250,000		
Total Financing/Start-Up Costs			\$1,070,000	\$8,917
Total			\$26,455,000	\$220,458





