



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
DNR80214

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
BUTCH CHITTUM
304-558-8806

DIVISION OF NATURAL RESOURCES
PARKS & RECREATION SECTION
BUILDING 3, ROOM 719
1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV
25305-0662 304-558-2775

AUZCOC

Hotel and Leisure Advisors,
 14805 Detroit Avenue, Suite 420
 Cleveland, OH 44107

SHIP TO

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
05/29/2007				

BID OPENING DATE: **06/13/2007** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	JB		961-34		\$27,000
FINANCIAL FEASIBILITY STUDY FOR LODGE EXPANSION PROFESSIONAL SERVICES PURSUANT TO DEVELOPING A FUNDING PLAN TO CONSTRUCT A 100 ROOM LODGE EXPANSION AT CACAPON RESORT STATE PARK PER THE ATTACHED SPECIFICATIONS. NOTICE TO PROCEED: THIS CONTRACT IS TO BE PERFORMED WITHIN 90 CALENDAR DAYS AFTER THE NOTICE TO PROCEED IS RECEIVED. UNLESS OTHERWISE SPECIFIED, THE FULLY EXECUTED PURCHASE ORDER WILL BE CONSIDERED NOTICE TO PROCEED. VENDOR PREFERENCE CERTIFICATE CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS). A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED: <input type="checkbox"/> BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR <input type="checkbox"/> BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD-						

RECEIVED

2007 JUN 12 A 10:24

PURCHASING DIVISION
 STATE OF WV

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: *[Signature]* TELEPHONE: *(216) 278-7000* DATE: *6/11/07*

TITLE: *President* FEIN: ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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<p>QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHIP INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL, PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>() BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>() BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID;</p> <p>OR</p> <p>() BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Paul J. Long</i>	TELEPHONE <i>(216) 228-7000</i>	DATE <i>6/11/07</i>
TITLE <i>President</i>	ADDRESS CHANGES TO BE NOTED ABOVE	

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<p>SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p> <p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX & REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p>BIDDER: <i>Paul J. Long</i></p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: *Paul J. Long* TELEPHONE: *(248) 228-7000* DATE: *6/11/07*

TITLE: *President* FEIN: ADDRESS CHANGES TO BE NOTED ABOVE

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<p>DATE: <u>6/11/07</u></p> <p>SIGNED: <u>[Signature]</u></p> <p>TITLE: <u>President</u></p> <p>* CHECK ANY COMBINATION OF PREFERENCE CONSIDERATION(S) IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</p> <p>NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p> <p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: BUTCH CHITTUM 44</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <u>[Signature]</u>	TELEPHONE <u>(216) 225-7000</u>	DATE <u>6/11/07</u>
TITLE <u>President</u>	ADDRESS CHANGES TO BE NOTED ABOVE	

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LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
				DNR80214		
				BID OPENING DATE:		06/13/2007
				BID OPENING TIME:		1:30 P.M.
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:						
----- (216) 228-7320 -----						
CONTACT PERSON (PLEASE PRINT CLEARLY):						
----- David J. Sangree -----						
***** THIS IS THE END OF RFQ DNR80214 ***** TOTAL:						<u>\$27,000</u>

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: *David J. Sangree* TELEPHONE: *(216) 228-7000* DATE: *6/11/07*

TITLE: *President* FEIN: _____ ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

Project: Cacapon State Park Lodge Expansion

Provide professional services pursuant to developing a funding plan to construct a 100 room lodge expansion at Cacapon Resort State Park.

Vendor must have a minimum of five years experience providing market feasibility and financial projections. Vendor should provide references or documentation to verify required experience. Experience with state park lodge expansion or like facility preferred.

General terms and conditions

- Payment may only be made after the delivery of all goods or services
- The State is exempt from Federal and State taxes and will not pay for or reimburse such taxes

Deliverables

- Documents and compact disc containing local area and region analysis, lodging market (supply and demand) analysis, and financial analysis (pro-forma) to be delivered to Steve DeBarr, P.E. by mail at WVDNR, State Capitol Complex, Building 3 Room 719, Charleston, WV 25305.
- Furnish one intermediate set of documents and compact disc for 50% review, one intermediate set and compact disc for 90% review, and one final set of documents and compact disc.
- Document to be prepared using Microsoft Word.

Completion date

- Final report to be delivered by 90 calendar days after date of notice to proceed.

Scope of Work Required**Objective**

1. provide a document to be used to gain an adequate level of confidence by other entities in the project's success
2. provide a document to be used to obtain financing for development and construction

General

1. feasibility study to be neutral and objective
2. sources and assumptions to be documented
3. limitations to be noted and explained

Local area and region analysis-compile data to analyze the economic climate in the local area and draw conclusions regarding the suitability of the local area to support an additional resort lodging facilities

1. analyze local area growth trends in population, demographics, employment, income, residential and commercial construction, highway construction
2. analyze local area growth trends in new business development
3. analyze local municipal and county government revenue generated from business and occupation tax
4. analyze local area major public and private facilities including schools, hospitals, manufacturing, transportation, government
5. analyze local area travel and visitor traffic
6. analyze local area points of natural and historic interest
7. assess the location of the proposed lodging with respect to its location within the local area and region

Lodging market (supply and demand) analysis-compile data necessary to assess the present demand for guest rooms and other hotel, resort, and restaurant related services and assess future growth rates for applicable market segments

1. identify other similar types of lodging facilities located within the local area and region
2. determine future growth and expansion plans of similar types of lodging facilities within the local area and region

3. identify the type of market segments to be targeted ie business convention and seminar, other groups, travelers, vacation and tourists, local
4. identify the present market and growth trends of each market segment
5. estimate the growth potential of each market segment based on growth trends
6. determine the occupancy of existing similar types of lodging facilities located within the local area and region and the ratio of each market segment as a portion of the total occupancy
7. analyze the booking and occupancy history of the existing park lodge and determine the ratio of each market segment as a portion of the total occupancy
8. analyze the history of bookings lost at the existing park lodge and assess the reason for lost bookings i.e. full house, existing facilities too small to accommodate group
9. estimate total demand for lodging in local area and estimate the proportion of total for each market segment
10. estimate the fair market share for the proposed resort lodging facility
11. analyze the affect on fair market share for each market segment regarding sensitivity due to pricing, weekends vs. weekday, seasonality, growth rates, market penetration, inflation

Financial analysis (pro-forma)-estimate revenue and expenses from operation and maintenance over a stipulated time period to show potential cash flow

1. estimate revenue based on fair market share generated by sales from each profit center i.e. guest rooms, food and beverage, conference room rental, gift shop, massage center, other
2. estimate maintenance and operation expenses i.e. labor and supplies for management, administration, housekeeping, security, maintenance, operation, food and beverage, custodial, spa and message, pool, building and grounds, advertising, other
3. based on estimate of construction, FFE, and pre-opening costs (prepared by others under a separate architectural/ engineering contract), estimate annual debt service expense for money financed for a given interest rate
4. prepare forecast of annual net operating income over stipulated time period and calculate ratio of revenue generated/expenses (debt service ratio)

Information to be furnished by Owner

1. historical data of guestroom sales for past five years
2. historical data describing demographics and home residence of guests for past five years
3. historical data describing, size, type, demographics, home residence of groups sales of guest rooms and conference room space for past five years

Information to be furnished by Owner – conceptual planning of proposed facilities

1. number and mix of guest rooms proposed
2. improvements to kitchen and dining room proposed
3. indoor swimming pool , spa, fitness center proposed
4. other revenue producing facilities
5. golf course miscellaneous improvements proposed
6. modifications to existing lodge facilities proposed
7. improvements to grounds and parking proposed
8. improvements to infrastructure necessary to support the development such as water, sewer, and electric
9. general program of spaces for each in sufficient detail commensurate with conceptual plan
10. conceptual plan of each component
11. estimate of construction cost of each component based on conceptual plan
12. estimate cost of furniture, fixtures, and equipment based on conceptual plan
13. estimate cost of pre-opening materials, fixtures, tools, and equipment based on conceptual plan

14. estimate cost for technical services such as architect/engineer services
15. project budget by compiling estimates into a matrix format subdivided into major tasks and components
16. project timeline from concept to completion using matrix format subdivided into major tasks and components

Background Information (for information only)

The conceptual development program and budget is as follows:

100 ROOM LODGE ADDITION

ITEM	REMARKS	QUANTITY	UNITS	UNIT COST	COST
BUILDING	Provide 100 guest rooms, common space, elevator, building construction, site grading, minimal landscaping. Basic room to be approximately 350 square feet and with resort style finishes. Suites to be larger and include additional amenities. Adequate number of rooms with in room gas fireplace and decks.	100	ROOMS	\$ 90,000	\$ 9,000,000
CORRIDOR LINK TO EXISTING	Connecting corridor between existing lodge and new facility to provide transitional space between facilities.	800	SF	\$125	\$100,000
PARKING EXPANSION	Grading, drainage, curbs, and paving for expanded parking lot and improvements to existing lot.	100	CARS	\$5,000	\$500,000
FURNITURE/ FIXTURE/ EQUIPMENT	Provide beds, furniture, televisions, etc required to furnish rooms.	100	ROOMS	\$4,000	\$400,000
SPRINKLER EXISTING BUILDING	Install sprinkler pipe system required by Fire Marshall in existing lodge.	40000	SF	\$5	\$200,000
A/E FEE		1	LS	\$1,100,000	\$1,100,000
TOTAL					\$11,300,000

LODGE FITNESS CENTER

ITEM	REMARKS	QUANTITY	UNITS	UNIT COST	COST
BUILDING	Fitness area with tread mills, aerobic machines such as bicycles, elliptical orbiters, etc, and weight machines. Includes gunite finished 8 person hot tub and approximately 1000 sf gunnite pool. Install message rooms and sauna. Includes building construction and FFE.	8000	SF	\$200	\$1,600,000
LINK CORRIDOR	Connecting corridor between existing lodge and new facility to provide transitional space between facilities.	800	SF	\$125	\$100,000
A/E FEE		1	LS	\$150,000	\$150,000
TOTAL					\$1,850,000

EXISTING DINING ROOM/ KITCHEN EXPANSION

ITEM	REMARKS	QUANTITY	UNITS	UNIT COST	COST
BUILDING	Expand dining room and kitchen into patio area toward golf course using window wall to take advantage of golf course views. Provides additional seating capacity in dining room and additional floor space for kitchen. Provide area for lounge adjacent to dining room.	3000	SF	\$100	\$300,000
HVAC UPGRADE	Replace stand up air conditioning units.	1	LS	\$100,000	\$100,000
KITCHEN EQUIPMENT UPGRADE	Replace, upgrade, and improve existing kitchen equipment and kitchen layout for efficiency and as needed to provide service to larger dining room.	1	LS	\$100,000	\$100,000
OUTDOOR DINING	Provide patio and amenities for outdoor dining when weather permits to take advantage of golf course views.	2000	SF	\$50	\$100,000
FURNITURE/ FIXTURE/ EQUIPMENT	Provide tables, chairs, etc required to furnish room.	1	LS	\$50,000	\$50,000
A/E FEE		1	LS	\$50,000	\$50,000
TOTAL					\$700,000

GOLF COURSE IMPROVEMENTS

ITEM	REMARKS	QUANTITY	UNITS	UNIT COST	COST
IMPROVEMENTS	Install drainage improvements, renovate sand bunkers, improve and renovate tees and greens, and other improvements to be determined necessary to upgrade the course to resort level and commensurate with Robert Trent Jones design.	1	LS	\$ 900,000	\$ 900,000
A/E FEE		1	LS	\$100,000	\$100,000
TOTAL					\$1,000,000

WATER/ SEWER IMPROVEMENTS

ITEM	REMARKS	QUANTITY	UNITS	UNIT COST	COST
WELL	Provide additional water source to assure adequate water capacity to accommodate increased water usage. Necessary due to history of existing wells and past well failure.	1	LS	\$300,000	\$300,000
STORAGE TANK	Provide minimum of three days storage.	150000	GAL	\$1.50	\$225,000
SEWAGE TREATMENT PLANT	Provide additional treatment capacity due to increased flows from expanded facilities. Includes additional aerobic treatment plants and relocated sand filters.	25000	GPD	\$15	\$375,000
A/E FEE		1	LS	\$100,000	\$100,000
TOTAL					\$1,000,000

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

LICENSING: Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

CONFIDENTIALITY: The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit www.state.wv.us/admin/purchase/privacy for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: Hotel + Leisure Advisors
Authorized Signature: [Signature] Date: 6/11/07



HOTEL & LEISURE ADVISORS

June 11, 2007

Department of Administration
Purchasing Division
2019 Washington Street East
P.O. Box 50130
Charleston, WV 25305-0130

**RE: Feasibility Study
Cacapon State Park Lodge Expansion, West Virginia**

Dear Sir or Madam:

Thank you for the opportunity to submit a proposal for the feasibility analysis of the Cacapon State Park Lodge Expansion in West Virginia. I have performed numerous hotel studies in West Virginia including a recent study in Fairmont for a proposed resort. I have visited a number of the West Virginia State Park lodges. Hotel & Leisure Advisors would be pleased to perform a market study and make financial projections for the proposed expansion of the hotel as outlined in the attached proposal.

Hotel & Leisure Advisors is well qualified to respond to your hotel and resort appraisal and consulting needs for the following reasons:

- Mr. David J. Sangree, MAI, CPA, ISHC has performed market analysis of more than 1,000 hotels and resorts in more than 40 states and provinces across the United States and Canada since 1987. Additionally, he has performed more than 100 studies of proposed and existing indoor waterpark resorts in the United States and Canada. He has analyzed a variety of proposed condominium hotels in Colorado, Florida, Maryland, Michigan, New Jersey, New York, Ohio and Wisconsin. He has performed studies on nearly all franchise hotel chains and has contacts with nearly all franchise hotel companies.
- H&LA has an extensive database of information concerning the performance of hotels and leisure real estate including hotels, resorts, waterparks, golf courses, amusement parks, conference and convention centers, restaurants, and other leisure properties.
- Our consultants conduct studies throughout North America from our headquarters in Cleveland, Ohio. Our specialized staff has more than 50 years of hospitality industry consulting and work experience. You are assured meaningful results based upon specific knowledge of hotels and our recent experience in analyzing other hotel projects throughout North America.
- Our reports are thorough, analytical, and clearly written to assist the client in the real estate decision-making process. Our clients require well documented reports which provide extensive information concerning the local, regional, and national hospitality markets.
- Mr. Sangree has written articles about hotels and resorts for *Hotel Motel Management Magazine*, *Lodging Hospitality*, *Midwest Real Estate News*, *World Waterpark Magazine*,

Aquatics Magazine and *Hotel Online*, all of which can be reviewed on our web site, www.hladvisors.com.

- Mr. Sangree is a member of the Appraisal Institute, the World Waterpark Association, the International Association of Amusement Parks and Attractions, the National Association of Condo Hotel Owners, National Ski Areas Association, National Golf Foundation, and the International Society of Hospitality Consultants, all of which provide extensive data sources for conference centers, hotels, resorts, and waterparks.
- Mr. Sangree was a speaker at the World Waterpark Association conference concerning hotel indoor waterpark resorts in October 2003, October 2004, October 2005, and October 2006. He spoke at the IAAPA (International Association of Amusement Parks and Attractions) international conference in November 2005 concerning indoor waterpark resorts. He was a speaker at the ALIS (America's Lodging Investment Summit) conference in 2006 concerning indoor waterparks. He was a speaker at the Waterpark Resorts Leadership and Development Conference in Las Vegas in November, 2006.

I have attached our company qualifications to this proposal. Refer to our web site, www.hladvisors.com, for more information about the firm. To see full qualifications of our staff, please click the staff link and then reference individual consultants.

David J. Sangree, MAI, CPA, ISHC will lead the engagement and will be assisted by different members of the staff. The staff members have extensive experience in preparing market feasibility studies and appraisals for similar developments. We understand the importance of a feasibility study in recommending sizing and performance levels to enhance the potential success of a hospitality project.

The following are some project references from specific market feasibility studies prepared by Mr. Sangree which are similar to your project.

- Mr. Joe Walsh, Great Lakes Companies, 608-251-6400
Market feasibility study and appraisal for the Great Wolf Lodge and indoor waterpark in Sandusky, Ohio; Niagara Falls, Ontario; Traverse City, Michigan; Kansas City, Kansas; Sheboygan, Wisconsin (including Convention Center); Poconos, Pennsylvania; Williamsburg, Virginia; Mason, Ohio; and Great Wolf Lodge in Wisconsin Dells, Wisconsin
- Ms. Debra Feldman, Felcor Lodging Trust, 301-718-5460
Market feasibility study and highest and best use analysis for the Holiday Inn Nashville, Tennessee, and the Sheraton Burlington, Vermont, concerning the addition of an indoor waterpark
- Mr. Nick Scott Jr., Scott Enterprises, 814-868-9516
Market analysis and financial feasibility studies for proposed Courtyard by Marriott hotel, conference center, and restaurant in Erie, Pennsylvania; Holiday Inn Express Hotel and Suites and Splash Lagoon Indoor Waterpark, Erie, Pennsylvania; proposed Quaker Steak and Lube restaurant, Erie, Pennsylvania; proposed hotel and restaurant in Clarence, New York; proposed hotel and restaurant in Sarasota, Florida
- Mr. Michael Conaghan, Marshall BankFirst, 608-251-4270
Market analysis and financial feasibility studies and appraisals for proposed Double JJ indoor waterpark addition, Rothbury, Michigan; proposed room addition with indoor

waterpark at Holiday Inn Express, Dundee, Michigan; and proposed Holiday Inn Fort Rapids with indoor waterpark, Columbus, Ohio

- Ms. Denice Buchanan, Crosson Dannis, 214-739-3388
Various market study and appraisal reports for hotels nationwide
- Mr. Frank McFadden, Hilton Hotels 901-374-5397
Market analysis and financial feasibility studies and appraisals for a wide range of Hilton products throughout the United States including Hampton Inn, Hilton Garden Inn, Embassy Suites, Homewood Suites, and Hilton Hotels

On the basis of our hospitality experience and our understanding of the proposed facility concepts, I am confident that Hotel & Leisure Advisors is well qualified to respond to your consulting requirements. Our hospitality consulting experience has allowed us to develop sophisticated and innovative research techniques. The result: thorough analyses which incorporate in-depth local, regional, and state market information.

Attached to this letter is the proposal for the assignment. In order to proceed with our engagement, sign the attached proposal, fax it to me and mail a retainer check. I look forward to working with you on this assignment. If you have any questions, or require any additional information, please contact me.

Sincerely,

Hotel & Leisure Advisors, LLC



David J. Sangree, MAI, ISHC
President



HOTEL & LEISURE ADVISORS

June 11, 2007

Department of Administration
Purchasing Division
2019 Washington Street East
P.O. Box 50130
Charleston, WV 25305-0130

**RE: Feasibility Study
Cacapon State Park Lodge Expansion, West Virginia**

Dear Sir or Madam:

Hotel & Leisure Advisors is pleased to submit this proposal to prepare an estimate of market demand and financial feasibility for the proposed expansion of the Cacapon State Park Lodge in West Virginia. This letter sets forth the objective, scope of services, fees, timing, and conditions of the project.

Objective

The objective of this engagement is to estimate the market feasibility of the proposed expansion of the existing Lodge. The existing lodge contains 48 rooms and the proposed expansion would add an additional 100 rooms to the facility. Our study will analyze the sizing of the proposed expansion and provide recommendations concerning any changes to the proposed plans. Our report will address two scenarios. In scenario one, we will prepare financial projections for the subject assuming an expansion is added. In scenario two we will prepare financial projections assuming the existing hotel is maintained without the expansion. This will help you to understand the difference in financial performance between the two scenarios and indicate whether or not the addition of an additional rooms and facilities will be beneficial to the hotel considering the development costs. It is our understanding that the estimate of feasibility will be used for decision-making purposes in determining whether to develop the expansion of the hotel.

We are also available to prepare a self-contained full narrative appraisal report, which would conform to the Uniform Standards of Professional Appraisal Practice (USPAP) and Office of the Comptroller.

Scope of Services

The scope of this assignment is as follows.

Site and Market Review:

1. Project Definition
 - Review with the client the overall business objectives and goals for the proposed hotel expansion
 - Identify project issues and opportunities
 - Discuss development concepts with the client including sizes and level of investment. Defining the proposed scope of the concept will serve as a basis

for refining the potential market for the project and provide a framework of assumptions to use in our feasibility analysis

- Client to provide a list of people that he/she wishes for us to consult with during our research
- Client to identify any confidentiality issues

2. Data Collection

- Review previous market research and information developed for the concept
- Review historical operating performance of the subject
- Review our previous work and relationships in the submarket of the subject
- Review and analyze the performance of other similar hotels taking into account monthly and daily trends
- Examine the market area and competing markets for the subject
- Prepare a site analysis for the subject including traffic counts, access, visibility, proximity and travel time, nearby visitor attractions, nearby corporate and group demand generators, and access to convention and event facilities relative to competitive properties
- Identify primary leisure, group, and commercial attractions and organizations within the market to identify growth and changes in the market

3. Interviews

- Conduct interviews with 10 - 15 existing and potential demand generators concerning their interest in the proposed expansion
- Meet with managers of the subject property
- Meet with managers or owners of existing competitive hotel or resort properties
- Talk to persons on contact list provided by the client
- Interview representatives of various hotel chains to determine performance of area hotels and proposed new supply additions
- Meet with representatives of Convention and Visitors Bureau, Chamber of Commerce, city officials, county officials, economic development officials, and assessor's office to collect information concerning site and region
- Confer with other relevant parties who are knowledgeable about the market

4. Analysis

- Review the overall development master plan and projected development within the neighborhood
- Analyze historical operating performance of the subject including fill days, denials, daily occupancy, daily average rate, and financial performance
- Analyze the history of bookings lost at the existing park lodge and assess the reason for lost bookings i.e. full house, existing facilities too small to accommodate group
- Analyze the affect on fair market share for each market segment regarding sensitivity due to pricing, weekends vs. weekday, seasonality, growth rates, market penetration, inflation
- Assess the economic and demographic factors of the general area to determine the economic environment of the subject hotel and the sources from which business is generated within the area. This will include a review of the local and larger region's population, household growth, employment, income levels, transportation, business & occupational tax collection, etc.
- Examine current hotel supply and review the impact of any recent hotel openings on the existing hotel market and their projections for future demand
- Perform detailed analyses of demand generators within the hotel market, potential demand generators which may be coming into the market and those which may be leaving the market

- Quantify the performance of similar properties in similar markets throughout the region compared to the subject
- Determine new hotels which are under construction, planned, or proposed in the market
- Evaluate trends in the supply of and demand for guest rooms to estimate the future supply and demand situation
- Utilize our detailed hotel supply and demand computer model to analyze the historical performance of the market and make projections for the market and the subject property
- Analyze whether a franchise affiliation is appropriate for the subject property and recommend brands

Prospective Financial Analysis: Utilizing the results from the market analysis, we will estimate the probable future operating performance of the hotel for the standard holding period. The following defines the scope of the financial analysis:

- Estimate revenue based on fair market share generated by sales from each profit center i.e. guest rooms, food and beverage, conference room rental, gift shop, massage center, other
- Estimate maintenance and operation expenses i.e. labor and supplies for management, administration, housekeeping, security, maintenance, operation, food and beverage, custodial, spa and message, pool, building and grounds, advertising, other
- Based on estimate of construction, FFE, and pre-opening costs (prepared by others under a separate architectural/ engineering contract), estimate annual debt service expense for money financed for a given interest rate
- Prepare forecast of annual net operating income over stipulated time period and calculate ratio of revenue generated/expenses (debt service ratio)

In preparing the financial analysis, we will draw on various resources including:

- Available operating results of existing similar properties in the market area for comparison
- Historical operating performance of the subject
- Our database of actual financial statements of comparable hotels
- Hotel-related operating data from industry publications including Smith Travel Research's Host Report and PKF Trends
- Experience of our consultants and their daily interaction with industry contacts

This analysis will reflect the effects of estimated future inflation on the revenues and expenses and will arrive at the estimated cash flow from operations. We will estimate the financial performance for the hotel. We will estimate the financial performance for the hotel both with and without the expansion through a two-scenario analysis. Based upon typical discount and capitalization rates of a hotel, we will project the net present value for the proposed hotel or resort. We will compare this to typical construction costs for a development similar to the project.

Phase I – Market Study: We will reach a determination as to the potential performance of the hotel. Our analysis will confirm the strength and growth of available markets, trends in occupancy patterns, utilization levels, and other factors important to the success of comparable hotel properties. We will estimate occupancy levels, average daily rates, and financial projections for an eleven-year holding period for the subject hotel under both scenarios. We will recommend the number of the guest rooms, and other amenities for the

proposed expansion utilizing information from the architect. We will suggest amenity offerings which the property could use to attract additional demand.

Narrative Report: We will communicate our findings in a full narrative market study report which will indicate recommended facilities and prospective financial analysis for the proposed expansion of the hotel.

Phase II – Appraisal Report: We are available to perform an appraisal report as an additional phase of the project after preliminary drawings and a development budget have been produced. We will utilize the Income Capitalization Approach, the Sales Comparison Approach, and the Cost Approach to value as applicable. Our opinion of market value will be communicated to you in conformity with the Uniform Standards of Professional Appraisal Practice and FIRREA requirements. We will provide values “as is,” “as completed,” and “as stabilized.”

Phase III - Additional Consulting Services: We are available to provide additional consulting services which will assist you in finding a lender, architect and interior designer for the project. In addition, we are available to introduce you to hotel management companies with experience to assist in developing and/or managing the property.

David J. Sangree, MAI, CPA, ISHC will lead the engagement and will be assisted by different members of the staff (the attached qualifications give biographies of the staff). Mr. Sangree has assessed more than 1,000 hotel properties. He has analyzed and visited nearly all of the hotel properties with indoor waterparks in the United States and Canada. He has published articles with *Hotel Motel Management*, *Hotel Online*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, and *Lodging Hospitality* concerning hotels and resorts. He has performed more than 100 appraisals and/or market feasibility studies on existing and proposed indoor waterpark resorts in the United States and Canada.

Fees

The following table describes the proposed fee structure.

Proposed Fee Structure		
Components of Study	Fees	Description
Phase I - Market Feasibility Study and Financial Analysis	\$27,000	Research, analysis, draft and final written reports
Expenses	Included	Travel, subsistence and out of pocket expenses including Smith Travel Research report (\$400)

The fees for Phase II - Appraisal Report, are to be negotiated when the phase is requested. The fees for Phase III - Additional Consulting Services, will be available at a rate of \$300 per hour or a specific fee quote will be determined once we outline the scope of the services to be provided.

The above fee estimate is subject to revision if the scope of the engagement is altered. In such an event, we will discuss the matter with you so that a mutually acceptable revision can be made. If at any point during the course of the engagement a decision is made to discontinue our services, our professional fees will be based upon the time expended through that date. The following table describes the payment schedule.

Payment Schedule		
Components	Fees	Description
Retainer	50% of the fee quote	Prior to starting the engagement
Payment in Full	Balance plus expenses	Draft copy of the report issued for your review at the completion of the report. Payment of the invoice required prior to issuing of up to 5 copies of the final reports.
Revisions to Draft Report	Free / 10% of original fee	Changes to the draft report requested within 30 days after issuance of the draft report are free. After that time, a fee equal to 10% of the original fee will be required to make the additional changes to the draft report
Overdue Penalties	1.5% per month	Invoices more than 60 days overdue will be subject to a finance charge

As a material inducement for Hotel & Leisure Advisors to enter into this agreement for services and for value received, and the consideration of Hotel & Leisure Advisors' performance in providing appraisal and consulting services for the client, the signature on this letter guarantees the company's timely payment of this agreement. This includes, but is not limited to, the payment of any and all sums due pursuant to the agreement. This guarantee applies to appraisal and consulting services that have been rendered prior to the above date and appraisal and consulting services that are rendered after the above date.

The terms of this agreement shall be interpreted and construed in accordance with the laws of the State of Ohio. The client hereby submits to the nonexclusive jurisdiction of the court having jurisdiction in the County of Cuyahoga, State of Ohio, and agrees not to raise and waive any objection based upon forum non conveniens.

Timing

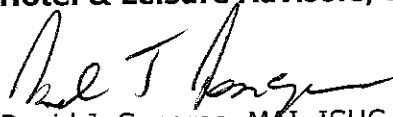
We are available to begin work immediately. We plan to provide you with the report documenting our conclusions within 45 - 60 days of your signing this engagement letter. We will work with your appointed representative to ensure the required data is made available. We will forward a data request list to you once the engagement is approved. *The delivery date of the draft and final reports is contingent upon receiving the data requested for the property on a timely basis.*

Conditions

The report will be prepared in accordance with our Standard Conditions, which are attached. To indicate your acceptance of this proposal, please sign the enclosed copy of this letter and return it to us with a retainer of 50%, as authorization for us to proceed with the engagement. Thank you for this opportunity to be of service. We look forward to working with you on this assignment.

Sincerely,

Hotel & Leisure Advisors, LLC


David J. Sangree, MAI, ISHC
President

ACCEPTED BY: _____

TITLE: _____

DATE: _____

Standard Conditions: The following Standard Conditions apply to real estate consulting engagements and appraisals by Hotel & Leisure Advisors, LLC (H&LA). Extraordinary Assumptions are added as required.

1. This report is to be used in whole and not in part.
2. Publication of this report without the prior written consent of Hotel & Leisure Advisors is prohibited unless otherwise stated in the letter of engagement. The report may not be used by any person other than the party to whom it is addressed nor for purposes other than that for which it was prepared. Neither the report, nor its contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants (or the MAI, ISHC or CPA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission. Permission will be granted only upon meeting certain conditions.
3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.
4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.
5. This report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.
6. H&LA has not considered the presence of potentially hazardous materials such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect hazardous materials and H&LA urges the client to retain an expert in this field if desired.
7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not operate in violation of any applicable government regulations, zoning, codes, ordinances, or statutes.
8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.

9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per diem fees and travel costs are paid.
10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over the expected period of ownership. This engagement does not entail an evaluation of management's or owner's prior or future effectiveness. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultant's best estimates of current market thinking on future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.
13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the hotel prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute.
16. It is agreed that the maximum damages recoverable from H&LA or its affiliates or their respective employees relative to this engagement shall be the amount of the money actually collected by H&LA or its affiliates for this assignment. Under no circumstances shall any claim for consequential damages be made. In addition, there is no accountability or liability to any third party.
17. This report does not address the project's compliance with the federal statute commonly known as the Americans with Disabilities Act as well as regulations and accessibility guidelines promulgated thereunder.

**SAMPLE TABLE OF CONTENTS FOR MARKET FEASIBILITY STUDY
OF THE
PROPOSED RESORT OR HOTEL
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CITY, COUNTY, STATE
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David J. Sangree, MAI, CPA, ISHC

President
Hotel & Leisure Advisors, LLC
14805 Detroit Avenue, Suite 420
Cleveland, Ohio 44107-3921
Phone: 216-228-7000 ext. 1
Fax: 216-228-7320
E-mail: dsangree@hladvisors.com
www.hladvisors.com

Professional Affiliations

International Association of Amusement Parks and Attractions (IAAPA)
World Waterpark Association (WWA)
WWA's Waterpark Resort Task Force
Appraisal Institute, MAI (Former President, Northern Ohio Chapter)
The Appraisal Journal Review Panel
American Institute of Certified Public Accountants (AICPA)
Cornell Hotel Society (Past Treasurer - Chicago, IL chapter)
International Society of Hospitality Consultants (ISHC)
Ohio Travel Association
Ohio Hotel and Lodging Association
Meeting Planners International
National Association of Condo Hotel Owners
National Golf Foundation
National Ski Areas Association

Education

Bachelor of Science, Hotel Administration, Cornell University, 1984
Various International Society of Hospitality Consultants, Appraisal Institute, & CPA continuing education courses

Experience

- President, Hotel & Leisure Advisors, Cleveland, Ohio, 2005 –
- Director of Hospitality Consulting and Principal in Cleveland office, US Realty Consultants, Inc., Cleveland and Columbus, Ohio, 1992-2005.
- Financial & Training Consultant with Malawi National Credit Union League (US Peace Corps), Malawi, Africa, 1989-1991.
- Senior Consultant in the Hospitality Group of Pannell Kerr Forster, Chicago, Illinois, 1987-1989.
- Management positions with four Westin Hotels and Resorts in Cincinnati, Chicago, New York, and Fort Lauderdale - 1983-1987.

Mr. Sangree's expertise is in the appraisal and analysis of hotels, resorts and indoor waterpark resorts. He has performed studies on more than 1,000 existing and proposed

hotels in more than 40 states in all price ranges including economy, full-service, extended-stay, and luxury hotels and resorts and indoor waterpark resorts. He has extensive experience in performing market and feasibility studies, impact analysis, appraisals, financial analysis and performance projections, site selection, and financial reviews for hospitality properties. He has been an active appraiser/consultant since 1987 and also has 10 years of work experience in the hotel/restaurant industry including management positions with four Westin Hotels properties.

Mr. Sangree is a nationally recognized expert on indoor waterpark resorts and has visited most of the open waterpark properties in the United States and Canada. He has performed more than 100 studies of hotels and resorts with indoor waterparks since 1999, and he maintains a database of statistical information concerning indoor waterpark resorts. He also performs feasibility studies, appraisals, and economic impact analysis for proposed and existing ski areas, waterparks, amusement parks, conference and convention centers, arenas and entertainment centers. He is active in the analysis and valuation of land and other income-producing property types including casinos, golf courses, office, retail centers, housing developments, and multi-property portfolios.

State Certification

Certified as a General Real Estate Appraiser in the states of Ohio, Michigan, Illinois, New York, Pennsylvania, and Georgia. Temporary certification available in all other states. Certified as a Public Accountant in the state of Ohio.

Published Articles

- "Riding the Wave, Indoor Waterpark Resort Numbers Increase in '06" *Water Leisure and Lodging and Hotel Online*, September 2006
- "Appraisal & Market Analysis of Indoor Waterpark Resorts," *Waterpark Development and Expansion Guide '06 and Hotel Online*, September 2006
- "Financing Your Indoor Waterpark Resort," *Waterpark Development and Expansion Guide '06 and Hotel Online*, September 2006
- "Adding a Waterpark to a Hotel: Is it a Good Idea?" *Hotel & Motel Management*, June 2006
- "Midwest Whets Appetite for Indoor Waterparks," *Heartland Real Estate Business*, May 2006
- "Ohio's Lodging Market: Historical Analysis & 2006 Forecast," *Hotel Online*, March 2006
- "Indoor Waterparks and Hotels, a Case Study," *Hotel Investment Issues and Perspectives Fourth Edition*, January 2006 & *Hotel Online*, February, 2006
- "Indoor Waterpark Destination Resorts, a Growing Trend," *Aquatics Magazine*, October 2005
- "Splashtacular Growth," *Water Leisure and Lodging*, September 2005
- "Hotel Capitalization Rates Drop Further," *Hotel Online*, May 2005
- "Indoor Waterpark Resorts Continue Growth in '05," *Midwest Real Estate News*, May 2005
- "Hotel Condominium Sales Grow at Indoor Waterpark Resorts," *Hotel Motel Management*, April 2005
- "Cleveland's Lodging Market: a Slow Climb Back," *Hotel Online*, February 2005
- "Indoor Waterpark Resorts Continue Impressive Growth in '05," *Hotel Online*, January 2005
- "Splashtacular Growth of Indoor Waterpark Resorts," *World Waterpark Magazine*, October 2004
- "Financing Challenges for Indoor Waterpark Resorts," *World Waterpark Development and Expansion Guide 2004-2005*

- "Indoor Waterparks Appeal to Hotels, Large Destination Resorts," *Hotel Motel Management*, July 2004
- "Indoor Waterpark Resorts Expand Nationwide," *Hotel Online*, April 2004
- "Hotel Capitalization Rates Drop," *Hotel Online*, March 2004
- "Cleveland Market at Bottom with Improvement Predicted," *Hotel Online*, January 2004
- "Appraisal and Financing of Indoor Waterpark Resorts," *Hotel Online*, October 2003 & *World Waterpark Development and Expansion Guide*, 2004
- "Indoor Waterpark Resorts: Independent Versus Franchised," *USRC Hospitality Perspectives*, Spring 2003
- "Indoor Waterpark Resorts Enjoy Competitive Advantages over Traditional Hotels," *Lodging Hospitality*, May 2003
- "War in Iraq Expected to Have Limited Effect on Hotel Values," *Hotel Motel Management*, May 2003
- "Cleveland Hospitality Market Faces Increased Vacancies," *Heartland Business*, March 2003
- "Hotel Capitalization Rates Drop," *Hotel Online*, February 2003 and *USRC Hospitality Perspectives* Spring 2003
- "Analyzing the Impact of a New Hotel on Existing Properties," *AAHOA Lodging Business*, October 2002
- "Indoor Waterpark Resorts Make a Splash in Midwest," *Hotel Motel Management*, August 2002
- "Full-service Hotel Capitalization Rates Jump," *Hotel Interactive*, April 2002 and *USRC Hospitality Perspectives*, Winter/Spring 2002
- "Midwest Cities Drop in Occupancy," *USRC Hospitality Perspectives*, Winter/Spring 2002
- "Recession Aids Capitalization Rate Increase for Full-service Hotels," *Hotel Motel Management*, February 2002
- "Investors Demand Higher Capitalization Rates from Hoteliers," *Hotel Motel Management*, February 2001
- "Investment Parameters Rising in the Limited and Full-service Sectors," *Lodging Real Estate*, May 2000
- "Hotel Capitalization Rates Start to Rise," *USRC Hospitality Perspectives*, Fall/Winter 1999/2000
- "Northern Operators Test Waters for Indoor Recreation Areas," *Hotel Motel Management*, February 2000
- "Midwest Cities Continue New Hotel Expansion," *USRC Hospitality Perspectives*, Fall/Winter 1999/2000
- "Hotel Capitalization Rates Continue to Rise," *UNLV Hospitality Financial Management Review*, Winter 2000
- "Hotel Investments on Rise," *USRC Hospitality Perspectives*, Fall/Winter 1998/1999
- "Hotel Investments Nearing Replacement Cost," *USRC Hospitality Perspectives*, Summer/Fall 1997
- "Hotel Investments Shows Strong Improvement," *USRC Hospitality Perspectives*, Summer 1996
- "Trends in Hotel Management Contracts," *Cornell Hotel and Restaurant Quarterly*, October 1996
- "Management Fees Survey," *USRC Hospitality Perspectives*, Fall/Winter 1995/1996
- "Dramatic Expansion Continues for Chicago Hotel Market," *Chicago Commerce Magazine*, 1988

Quoted extensively in CNN.com, *Columbus Business First*, *Columbus Monthly*, *Hotel Business*, *Columbus Dispatch*, *Cleveland Crain's*, *Cleveland Plain Dealer Cincinnati Business Courier*, *Fort Myers News-Press*, *Hotel Interactive*, *Cornell Hotel and Restaurant Quarterly*, *Meeting News*, *Aquatics International*, *Midwest Real Estate News*, *New York*

Times, Albany Times Union, RCI Ventures, Time Magazine, USA Today and other publications.

Recent Major Speaking Engagements

"Financing 101: Preparing Financial Projections and Obtaining Financing for Indoor Waterpark Resorts," November 2006 at the Waterpark Resorts Leadership and Development Conference (WRLD) in Las Vegas, NV
"How to Analyze the Market and Determine Economic Feasibility" October 2006 at the World Waterpark Association Conference in Orlando, FL
"Feasibility Analysis for Indoor Waterpark Resorts" October 2006 at Cornell University's School of Hotel Administration Development Class
"Indoor Waterparks and Hotels," January 2006 at ALIS (America's Lodging Investment Summit) conference in Los Angeles
"Indoor Waterpark Resorts - Feasibility and Statistics," November 2005 at International Association of Amusement Parks and Attractions (IAAPA) conference in Atlanta
"Indoor Waterpark Destination Resorts" and "Market Feasibility Study Methodology," October 2005 at the World Waterpark Association conference in Las Vegas
"Financing Challenges for Hotel Indoor Waterparks Resorts," October 2004 at the World Waterpark Association conference in Fort Lauderdale, Florida
"Buy, Sale, or Refinance: Which One of These Is in Your Future," June 2004 at the Best Western regional conference, Detroit, Michigan
"Trends in Hotel Values," March 2004 at the Hotel Investment Conference, Atlanta, Georgia
"Appraising and Financing Hotel Indoor Waterparks Resorts," October 2003 at the World Waterpark Association conference in Palm Springs, California
"Underwriting and Market Analysis," September 2003 at the International Society of Hospitality Consultants conference in Chicago, Illinois
"Buying and Selling Hotels Panel," March 2003 at the Hotel Investment Conference, Atlanta, Georgia
"Analysis of Indoor Waterparks Impact on Resort Performance," September, 2002 at the International Society of Hospitality Consultant's conference in Montréal, Canada
"Changes in Hotel Capitalization Rates," January 2002 at the Hotel Brokers International Annual Conference, Orlando, Florida

Recent Litigation Assignments Involving Expert Testimony

Board of Revision Tax Appeal (2006)
Re: Five Seasons Country Club, Cincinnati, Ohio

State of Virginia Circuit Court (2005)
Re: Keswick Club, Charlottesville, Virginia

Board of Revision Tax Appeals (2005)
Re: Various Residence Inns, Hilton Garden Inn, Embassy Suites, Cuyahoga County, Ohio

United States Bankruptcy Court (2004)
Re: Days Inn, Monroeville, Pennsylvania

State of Florida Circuit Court (2004)
Re: Howard Johnson Plaza, Orlando, Florida

Qualifications of David J. Sangree, MAI, CPA, ISHC
Page 5

Board of Revision Tax Appeal (2003)
Re: Preston Hotel, Sharonville, Ohio

College Park Holdings, LLC versus RaceTrac Petroleum, Inc. (2002)
Re: Radisson Hotel-Old National Highway, College Park, Georgia

Board of Revision Tax Appeal (2003)
Re: Radisson Gateway Hotel, Cleveland, Ohio

Nationwide Insurance versus Motor Inn, Inc. (2003)
Re: Drawbridge Inn, Fort Mitchell, Kentucky

Historical Clients (Partial Listing)

American Youth Hostels
Baker & Hostetler
Bank of America
Bank of Nova Scotia
Bank One
Best Western International
Blue & Co., LLC
BMV Hospitality
Brilyn Inc.
Buffalo Lodging Associates
Capstone Realty Advisors
Cedar Fair
Chase Commercial Mortgage Banking
Chase Manhattan Bank
Chase Real Estate Finance Group
Chemical Bank of New York
Choice Hotels International
CIBC
Citicorp Real Estate, Inc.
Columbia Sussex
Columbus Convention & Visitors Bureau
Comfort Inn
Concord Columbus Limited Partnership
Concord Hospitality Enterprises Co.
Continental Companies
Continental Wingate
Days Inns Worldwide Inc.
DBG Enterprises, Inc.
Dillon International
Dinsmore & Shohl LLP
Emerald Hospitality
Fifth Third Bank
First Hospitality Company LLC
Floridian Motel
Fort Findlay Brewing Company
Franklin County Convention Facilities
Galbreath Company
GE Capital Real Estate
Glen Properties
GMAC Commercial Mortgage Corporation
Greenwich Capital
Great Wolf Resorts
Grobmyer Associates
H & W Management Inc.
Harrison Inn
Holiday Inn Express
Homestead Village
Hotel Development Services LLC
HP Development LLC
Huntington National Bank
Huron Partners
Impac Hotel Group
Indiana Motel Developers, Inc.
Indianapolis Bond Bank
Intercontinental Hotels & Resorts
I-X Center Corporation
Kelsey Foods, Inc.
Landcor Hospitality
Lawrenceburg Redevelopment Commission
Lend Lease
Life Start Wellness Network
M & T Bank
Lowe Gray Steele & Darko, LLP.
Madden Group, Inc.
Marion Cando
Marriott Corporation
Marshall BankFirst
Mcardle Enterprises
Meander Hospitality Group
Meridian Pacific, Ltd.
Metropolitan Life
Middletown Convent. & Visitors Bur.
Mortgage Company of Indiana
Moyar Enterprises
MTB Corporation
NationsBank Corporation
Nationwide Insurance
Nationwide Realty
New Castle Hotel Group
Nomura Capital
Ocwen Financial Corp.
Ohio Equities, Inc.
Orient Express Hotels
Ohio State University
Overseas Chinese Bank
P & G Hospitality Group
P & S LLC
Peak Resorts Inc.
Peoples Bank of Western Pennsylvania
Petro Environmental Tech. Inc.
Pharmacia & Upjohn
Piqua Improvement Corporation
Prudential Realty Group, Inc.
Ramada Franchise Systems, Inc.
Roscoe Village Foundation
Rockbridge Capital, Inc.
S & T Bank
Schacet Companies
Schuler, Plank, Morgan and Braham
Scott Enterprises
Sheraton Suites
Shree Radha Krishna
Sheboygan Development Council
Six Flags
Snavelly Development Co
Solid Waste Authority
Stonehenge Holdings, Inc.
Suburban Press, Inc.
Sunstone Hotels
Sunshine Home Development
The Catlett Corporation
The Great Lakes Companies, Inc.
The Sea Hotel Company
Timothy Harvey Properties
Towne Development Group, Ltd.
Vandyne Enterprises
Vanguard Financial Company
Vedant Inc.
Virchow Krause
Washington Mutual
Wells Fargo Bank
Wheeling National Bank
Wilson Hotel Management Company Inc
Win Sum Ski Corporation
Wyndham Hotels & Resort



HOTEL & LEISURE ADVISORS

QUALIFICATIONS
OF
HOTEL & LEISURE ADVISORS



HOTEL & LEISURE ADVISORS

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Summary of Qualifications

FOCUS

- ❖ Hotel & Leisure Advisors is a hospitality consulting firm specializing in appraisals, feasibility studies, and impact analysis for hotels, outdoor and indoor waterparks, resorts, amusement parks, golf courses, restaurants, conference and convention centers, and other leisure real estate.
- ❖ We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry.
- ❖ We are especially prepared to respond to the unique needs of clients in the hospitality industry.
- ❖ Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data.
- ❖ We follow news and transactions occurring in the hospitality industry on a daily basis.

EXPERIENCE

- ❖ Our consultants have more than 50 years combined experience in the hospitality industry and have studied more than 1,000 properties throughout North America.
- ❖ Our consultants have analyzed a variety of property types and worked with clients with many different perspectives.
- ❖ We apply appropriate and detailed analysis to projects ranging from stand-alone properties to complex multi-component developments.

EDUCATION

- ❖ The consultants of Hotel & Leisure Advisors have degrees from recognized hospitality programs at leading universities.
- ❖ All consultants participate in continuing education programs provided by appraisal and hospitality organizations.
- ❖ David J. Sangree holds the MAI designation from the Appraisal Institute, is a CPA, and is a member of the International Society of Hospitality Consultants (ISHC).

VALUE

- ❖ Hotel & Leisure Advisors produces comprehensive, detailed reports that meet high standards outlined by the Appraisal Institute and adhere to the Uniform Standards of Professional Appraisal Practice (USPAP).
- ❖ Our reports are insightful and tailored specifically to each individual project.
- ❖ We are members of and obtain statistical data from Smith Travel Research, PKF, World Waterpark Association, International Association of Amusement Parks and Attractions, National Golf Foundation, National Ski Areas Association, International Association of Assembly Managers, and National Restaurant Association.

REPUTATION

- ❖ Hotel & Leisure Advisors gets much of its business from referrals from clients who recognize the quality and value of our reports.
- ❖ Our reports are respected by lenders and clients for providing the reasoning and research behind conclusions.
- ❖ Our consultants are quoted in the media and contribute articles to leading industry publications.
- ❖ We are happy to provide references on request.

Hotel & Leisure Advisors is proud to provide an extensive range of services to our clients that can be tailored to meet specific needs. We are interested in working with you to create a package that satisfies all your requirements.

MAI Appraisals & Appraisal Reviews

An appraisal is a professional opinion of the value of a property. It is often used in the process of obtaining financing and to establish a market value for a sale. Periodic appraisals may be required to assess the quality of a lender's portfolio. Appraisals are often ordered by lenders, buyers, sellers, owners wishing to refinance, and investors.

An appraiser with the MAI designation exceeds the minimum state certification and licensing required of all appraisers. When you hire an MAI, you are getting the services of someone with specialized training and experience in the appraisal industry who adheres to specific standards and ethics and must fulfill continuing education requirements.

David J. Sangree, MAI, CPA, ISHC is certified by the Appraisal Institute and licensed to conduct appraisals in Ohio and many other states. He and his staff perform the highest quality real estate appraisal assignments focusing on real estate related to the hospitality industry. The firm also performs appraisal reviews of other hospitality-related appraisals.

Hotel & Leisure Advisors utilizes a sophisticated hospitality valuation model which provides a detailed analysis of a market and determines the valuation for a property. Our analysis considers the income capitalization approach, sales approach, and cost approach with the primary focus for a hospitality project on the income capitalization approach.

Tax Appeal Appraisals

A tax appeal appraisal is a specialized form of an MAI appraisal which is typically done in relationship to a tax assessment appeal by either the government or the property owner when wanting to determine the market value for assessment purposes.

Hotel & Leisure Advisors will prepare a market value appraisal to determine the real estate component of the going concern hospitality property. Our analysis includes a detailed review of the market and determines the going concern valuation. We then distribute that value among the real estate, personal property, and any business value component that may exist. David J. Sangree, MAI, CPA, ISHC, has testified in numerous tax appeal cases in various states for both the property owner and the government entities concerning appraisals performed.

Market & Financial Feasibility Studies

A market or financial feasibility study is performed for proposed projects or for existing properties being considered for significant changes. The study is an analysis of market conditions, economic and demographic factors, and how they could affect the proposed project. The study estimates the operating performance of the proposed project and may suggest variations in size or scope that would improve performance.

Lenders may require a feasibility study as part of a financing application. Developers, investors, owners, and managers may use a feasibility study in their planning process. Hotel & Leisure Advisors performs market and financial feasibility studies for all types of hotels and leisure real estate. The consultants perform extensive supply and demand interviews in researching performance levels of hotels and leisure real estate within local and regional markets. We utilize a sophisticated hospitality valuation and analysis model which provides a detailed analysis of a market by evaluating competitive factors, several databases of financial information, and comparisons with other similar properties and industry standard reports from the Host Report, PKF Trends, IAAPA, National Golf Foundation, and the National Restaurant Association.

Impact Analysis

An impact analysis for a proposed project details the effects of that project in a market where an existing franchise exists. An owner of an existing franchise or the franchising company may order an impact analysis when a new franchise is being considered in an area where similar properties are in operation.

David J. Sangree, MAI, CPA, ISHC is on the recommended list of many hotel companies to prepare impact analyses for their franchises. An impact analysis prepared by H&LA provides a detailed look at the actual performance of the subject hotel and considers demand sources for the proposed hotel. After performing various interviews in the market we prepare a detailed analysis to consider the potential impact on the existing property. We utilize a detailed computer-based model to determine the existing demand at the objecting property and consider specific demand segments which may switch to a new property if it were constructed. We analyze potential additional demand which could come to the objecting property from having another brand affiliation in a general market. We estimate the amount of occupancy, average daily rate, and room revenue impact which may occur from the addition of a new property to an existing market. We estimate both base and incremental impact.

Site Analysis & Review

Hotel & Leisure Advisors provides site analysis to research potential locations for lodging and leisure facilities. We prepare a detailed analysis on the location and review performance of comparable properties. Studies include analyzing traffic counts, access, visibility, proximity and travel time, nearby visitor attractions, nearby corporate and group demand generators, and access to convention and event facilities. We analyze primary leisure, group, and commercial attractions and organizations within the market to identify distances from the site to potential demand generators.

Litigation Support & Expert Witness

Hotel & Leisure Advisors is available to provide expert witness for attorneys in various litigation cases involving the hospitality industry or valuations. David J. Sangree, MAI, CPA, ISHC, has testified in a number of courtrooms in various states concerning hotel- and hospitality-related projects. As an expert witness, he provides a high level of qualifications and strong research capabilities.

Industry Research

Hotel & Leisure Advisors is available to prepare research concerning the hospitality industry on a wide range of topics. The consultants have written numerous publications on various topics in the hospitality industry including indoor waterpark resorts, hotel capitalization rates, hotel impact studies, management fees in hotels, overviews of various markets within the United States, and other topics. We are available to conduct specific research concerning a requested topic.

Operational Analysis & Reviews

The consultants of Hotel & Leisure Advisors have more than fifty combined years of experience in managing, reviewing, and operating hotels. We are available to prepare an operational analysis and review of an existing hotel to analyze areas where the hotel is performing well and those in which improvements need to be made. Our report considers subjective areas through our inspection as well as a financial review comparing the financial performance of the subject property with industry standards and our database of financial statements of hotels.

Seminars & Presentations

David J. Sangree, MAI, CPA, ISHC, has provided seminars at a range of national hotel, waterpark, and amusement conferences. The consultants of H&LA are available to lead seminars and presentations for various organizations concerning hospitality industry topics or about a specific topic for a company or organization.

Hotel & Leisure Advisors is a hospitality consulting firm specializing in hotels, resorts, outdoor and indoor waterparks, amusement parks, golf courses, restaurants, conference and convention centers, and other leisure real estate. Our focus on these property types provides our clients with access to the latest hospitality industry trends and resources. Our experience with these property types means we analyze your project within the broader hospitality industry context and give you more meaningful reports.

Hotels & Resorts

Limited-Service Hotels • Select-Service Hotels • Full-Service Hotels • All Suite Hotels • Extended Stay Hotels • Resorts • Condominium Hotels • Time-Share Resorts • Casino Hotels • Spa Hotels • Ski Resorts

- Studies of more than 1,000 existing and proposed hotels and resorts in more than 40 states since 1987
- Analysis of hotel and resort markets throughout the United States, Canada, and the Caribbean
- Experience with wide range of property types and hotel franchises
- Familiarity with hotels and resorts, including indoor waterpark resorts, which comprise 85% of our business

Indoor Waterpark Resorts, Waterparks, & Amusement Parks

Indoor Waterpark Resorts • Indoor Waterparks • Outdoor Waterparks • Amusement Parks

- David Sangree is a recognized national expert on indoor waterpark resorts and has visited most of the open waterpark properties in the United States and Canada. (Select group of his publications about indoor waterpark resorts is enclosed with this package)
- David Sangree has been a featured speaker and roundtable participant at industry conferences sponsored by the World Waterpark Association, International Association of Amusement Parks and Attractions, Aquatics Magazine, and the International Society of Hospitality Consultants
- He has performed more than 100 studies of hotels and resorts with indoor waterparks since 1999 when indoor waterparks were first proposed outside of the Wisconsin Dells in the United States
- The firm has analyzed a range of outdoor waterparks and amusement parks with annual attendance from 50,000 to over two million

Golf Courses

Golf Courses • Golf Course Resorts • Country Clubs

- Analysis of stand-alone golf courses, golf course resorts, and golf course residential developments in 14 states

- Hospitality background of staff allows for experienced analysis of golf courses connected to a resort
- Experience with a wide range of golf courses in terms of quality level and pricing

Restaurants

Restaurants in Hotels • Stand-Alone Restaurants

- Analysis on a wide range of restaurants throughout the United States
- Work experience in a wide range of restaurants and hotels
- Experience with both high end and chain style restaurants

Conference, Convention, & Exposition Centers

Conference Centers • Convention Centers • Exposition Centers • Arenas • Amphitheaters • Fairgrounds

- Conducted studies on larger conference and convention centers located in major metropolitan areas as well as smaller conference centers in hotels
- Experience with both stand-alone facilities and centers connected with hotels
- Performed feasibility studies for proposed facilities and appraisals of existing centers

Analysis Methods

The consultants of Hotel & Leisure Advisors gather data from many sources and conduct thorough analyses for reports prepared for all property types. Here is a representative list of the functions that may be performed in the preparation of a consulting study or appraisal:

- Analyze in detail the local and regional markets for the project
- Review the overall development and projected development within the neighborhood
- Assess the economic and demographic factors of the general area to determine the economic environment of the subject and the sources from which business is generated within the area. This will include a review of the local and larger region's population, household growth, employment, income levels, transportation, etc.
- Consider supply and demand changes, cyclical patterns, and potential growth in the market
- Evaluate trends in the supply of and demand for hospitality properties to forecast future supply and demand situations
- Collect data about existing primary and secondary competition through interviews, financial statements, and public information
- Determine new supply proposed for a market area using our databases of proposed and under construction properties and other resources

- Conduct demand interviews with individuals, groups, and corporations that are potential users of the new property
- Perform detailed analyses of demand generators within the market, potential demand generators which may be coming into the market and those which may be leaving the market
- Analyze pricing and usage at comparable facilities
- Utilize a complex computer-based model to synthesize gathered data into projections about demand, rates, usage, financial performance
- Utilize income capitalization approach, sales comparison approach, and cost approach as applicable when doing market value appraisals
- For appraisals, allocate going concern value among real estate, personal property and business values.
- For feasibility studies, review sizing and components planned for proposed development and recommend changes

Resources

Hotel & Leisure Advisors' unique position in the hospitality industry gives us access to many resources that give more depth to the reports we prepare for our clients. We use the following resources:

- Solid contacts with developers, lenders, architects, franchise companies that provide information on performance, fees, and new supply
- Financial statements database from a wide range of hotels and resorts throughout the United States and Canada
- Hotel sales database which contains more than 2,000 different sales across a wide range of prices
- Financial information database for existing indoor waterpark resorts
- Our frequently updated list of new indoor waterpark resorts proposed in the U.S. and Canada
- Member of the World Waterpark Association and the International Association of Amusement Parks and Attractions, which provide extensive data and research concerning indoor and outdoor waterparks and amusement parks
- Financial and usage database of outdoor waterparks and amusement parks
- Smith Travel Research, PKF Trends, Lodging Econometrics and other hotel data sources
- Golf course financial statements and golf course sales databases
- Statistical data concerning the performance of golf courses from National Golf Foundation, Pellucid, and others
- National Restaurant Association and related statistical restaurant data
- International Association of Assembly Managers, *Meetings Magazine*, *Tradeshow Week*, and other sources which profile the meetings industry

Hotel & Leisure Advisors works with a wide range of lenders, investors, developers, attorneys, and hotel companies in providing appraisals, market feasibility studies, impact studies, and other consulting reports. The following lists include clients served by consultants of H&LA at various firms.

If you would like specific references relevant to your type of project, please contact us.

Developers & Investors

Action Pittsburgh, LLC
 Aquatic Resorts & Entertainment
 Audubon Land Development Co.
 BBL Construction Services
 Bettendorf Development Corp.
 Blue Dolphin Development
 Blue Sky Development
 Bouchville Manors
 Brandicorp
 The Burke Group
 The Catlett Corporation
 Chehalis Tribal Enterprises
 CNL
 Corporex Realty & Investment Corp.
 The Cortex Alliance, LLC
 Cross Holdings
 C.W. Craig
 David Gross Contracting Corp.
 David Thie & Associates
 Dial Companies
 Eastdil Realty
 Equity Real Estate Group
 EV Bishoff Company
 EVS Consulting Inc.
 Felcor Lodging Trust
 Focus Development
 Giambrone Companies
 Glen Properties
 Golf Management Services Corp.
 Great Wolf Resorts, Inc.
 Greenleaf Co.
 Heritage Development Company
 Heritage Hills Golf Resort
 Horizon Development Co.
 Hotel Development Services LLC
 HP Development LLC
 H₂O Resorts II, LLC
 Hunter Hospitality, LLC
 Indiana Motel Developers, Inc.
 Kalahari Resorts
 Martin Capital Group
 Maxwell Development & Construction
 Mcardle Enterprises
 Meadowview Development LLC

Monsoon Lagoon
 Moyar Enterprises
 Nationwide Realty
 NK Enterprises LLC
 Paer Ahnert Enterprises
 Peeples Business Development
 Peerless Group
 Petro Environmental Tech., Inc.
 Pharmacia & Upjohn
 Platinum Ridge Properties
 Pomeroy Enterprises
 Rand LLC
 RCI Consulting dba Ragatz Consulting
 Real Estate Investors of Decatur LLC
 Riverpointe South Hotel Partners, LLC
 R&R Global Hospitality
 Rymine Properties
 Schacet Companies
 Sheboygan Development Corporation
 Shelter Canadian Properties Limited
 Silver Companies
 Skipper Marine Corporation
 Skowron Real Estate
 Skyline Plaza Development
 Smiley's Fun Zone
 Snavelly Development Co.
 Splash Zone
 Stonehenge Real Estate
 Strategic Growth Company
 Sunshine Home Development, Inc.
 Tarbell Management Group
 Thunder Enterprises
 Timothy Harvey Properties
 Towne Development Group, Ltd.
 Urban Redevelopment Authority of Pittsburgh
 Vandyne Enterprises
 Vista Research
 VMS Realty
 Waterpark H2O
 Weingart Development Company
 Westshore Improvement LLC
 Wilderness Hotel & Golf Resort
 Win Sum Ski Corp.

Hotel Companies

American Youth Hostels
 Bertram Inn and Conference Center
 Best Western City View Motor Inn
 Best Western International
 BMV Hospitality
 Boykin Lodging Co
 BRE/Homestead Village LLC
 Brilyn Inc.
 Buffalo Lodging Associates
 Choice Hotels
 Choice Hotels International
 Columbia Sussex
 Comfort Inn
 Comfort Inn North
 Continental Wingate
 Côte Family Companies
 Days Inns Worldwide, Inc.
 DBGE
 Dial Family Resorts
 Dillon International
 Dollywood Company
 Erie County Hoteliers Association
 Felcor Lodging Trust
 Floridian Motel
 Franklin County Convention Facilities
 The Galbreath Company
 Glenmoor Country Club
 The Great Lakes Companies, Inc.
 Great Northern Resorts Limited
 Harrison Inn
 HD Hotels
 Historic Roberts Hotel LLC
 Holiday Inn Express
 Homestead Village
 Hostmark Hospitality Group
 The Hotel Group
 InterContinental Hotels Group
 Lodgian, Inc.
 Marriott International, Inc.
 Middletown Convention & Visitors Bureau
 New Castle Hotel Group
 Orient Express Hotels
 Otsego Club
 P & G Hospitality Group
 Peak Resorts Inc.
 Playhouse Square Center
 Powder Ridge White Water Mountain Resorts
 Ramada Franchise Systems, Inc.
 Resort at Split Rock
 Roscoe Village Inn
 RSDS Hotel Group
 Scott Enterprises
 The Sea Hotel Company LLC
 Seven Springs Mountain Resort
 Sheraton Suites
 Shree Radha Krishna
 Starboard Hospitality LLC
 Sunstone Hotel Investors
 Wave Pointe Marina and Resort
 White Lodging Services
 Wilderness Resort
 Willow Valley Resort
 Wyndham Hotels & Resorts

Lenders

American National Bank
 Associated Bank National Association
 Banc One Capital Corporation
 Bank of America
 Bank of Arizona
 Bank of Nova Scotia
 Bank One
 Bremer Bank
 Cambridge Capital
 Capmark Finance Inc.
 Capstone Realty Advisors
 Cardinal Investment Company
 Charter One Bank
 Chase Commercial Mortgage Banking
 Chase Manhattan Bank
 Chase Real Estate Finance Group
 Chemical Bank of New York
 CIBC
 CIT Small Business Lending
 Citicapital Small Business Finance
 Citicorp Real Estate, Inc.
 Citigroup Global Markets Inc.
 CNL Income Corporation
 Comerica Bank
 The Commercial Capital Group, Ltd.
 Criimi Mae Services
 Fifth Third Bank
 First Community Financial
 First Place Bank
 Five Star Commercial Mortgage
 GE Capital Franchise Finance
 GE Capital Real Estate
 GE Franchise Finance Corporation
 GMAC Commercial Mortgage
 GMAC Hospitality Division
 Grand Pacific Financing Corporation
 Greenwich Capital
 Greenwich Capital Financial Products, Inc.
 Horizon Bank
 Huntington National Bank
 Indianapolis Bond Bank
 iStar Financial Inc.
 Key Bank
 Legg Mason Real Estate Capital, Inc
 Marine Bank
 Marshall Group
 Marshall Investments
 Merrill Lynch Capital
 Metropolitan Life
 Midland Loan Services
 Mortgage Company of Indiana
 M&T Bank

Lenders Continued

NationsBank Corporation
 Nationwide Insurance
 Newbridge Capital Group
 Nomura Capital
 Ocwen Financial Corp.
 Ohio Equities, Inc.
 Orix Capital Market, LLC
 Overseas Chinese Bank
 Peoples Bank of Western Pennsylvania
 Promac
 Prudential Realty Group, Inc.
 Rockbridge Capital Inc.
 S & T Bank

Salomon Brothers Realty Corporation
 Sky Bank
 Southwest Bank
 Standard Bank and Trust Co.
 Stearns Bank NA
 Stonehenge Holdings, Inc.
 Summit Financial Group
 UPS Capital Business Credit
 Vanguard Financial Company
 Vista Research
 Washington Mutual
 Wells Fargo Retechs
 Wheeling National Bank

Management Companies

Alliance Hospitality Inc.
 American Hospitality Management Company
 Babson Capital Management LLC
 Cedar Fair
 CK Capital And Management
 Concord Columbus Limited Partnership
 Concord Hospitality Enterprises Company
 DBG Enterprises, Inc.
 First Hospitality Company LLC
 Galbreath Company
 H & W Management Inc.

Huron Partners
 Impac Hotel Group
 Keller Enterprises
 Landcor Hospitality
 Lend Lease Asset Management, LLP
 Lexington Management Corporation
 Madden Group, Inc.
 Meander Hospitality Group
 Tarbell Management Group
 Wilson Hotel Management Company Inc.

Attorneys

Auble, Jolicoeur & Gentry
 AVTI
 Baker & Hostetler
 Baker, Donelson, Bearman, Caldwell & Berkowitz
 Dinsmore & Shohl LLP
 Kohrman Jackson Krantz
 Lemery Greisler LLC
 Lowe, Gray, Steele & Darko, LLP
 Murray, Murphy, Moul & Basil, LLP

Payne & Hodous
 Piper Rudnick
 Plunkett & Cooney, P.C.
 Schottenstein Zox & Dunn
 Schuler, Plank, Morgan & Braham
 Squire, Sanders & Dempsey
 Thompson Hine
 Weiss, Berzowski, Brady & Donahue
 Whalen & Compton

Other

Blue & Co., LLC
 BTL SR Toledo, Inc.
 City Club of Gastonia
 Clark County Fairgrounds
 Clear Channel Entertainment
 Columbus Convention & Visitors Bureau
 Contemporary Technologies
 Continental Companies
 Five Seasons Country Clubs
 Fort Findlay Brewing Company
 Grobmyer Associates
 Interwestern of Ohio
 I-X Center Corporation
 Kelsey Foods, Inc.
 Landauer Associates, Inc.
 Landauer Hospitality Group
 Lawrenceburg Redevelopment Commission
 Life Start Wellness Network

Lorain County Metropolitan Park District
 Marion Cando
 Marshall County Chamber of Commerce
 Meridian Pacific, Ltd.
 MTB Corporation
 Ohio State University at Newark
 Orion Consulting Inc.
 P & S LLC
 Pinnacle Advisory Group
 Piqua Improvement Corporation
 PKF Consulting
 Shaker Associates Limited
 Sierra Liberty Associates
 Solid Waste Authority
 Suburban Press, Inc.
 Swaco
 The Trust for Public Land
 Vedant Inc.

Others Continued

Warnick & Company, LLC
Wave2Wave Communications, Inc.
Zapis Communications

Hotel & Leisure Advisors is a team of qualified appraisal professionals and support staff with more than fifty combined years of experience in the hospitality industry. Our knowledge of hospitality industry trends, access to superb resources, and experience result in detailed, functional, and informative reports for our clients.

David J. Sangree, MAI, CPA, ISHC - President

Mr. Sangree's expertise is in the appraisal and analysis of hotels, resorts, indoor and outdoor waterparks, and other leisure real estate. He has performed studies on more than 1,000 existing and proposed hotels nationwide in all price ranges including economy, full-service, extended-stay, luxury hotels, resorts, and indoor waterpark resorts. He has extensive experience in performing market studies, feasibility and impact analyses, appraisals, financial analyses and site selection. Since 1987, Mr. Sangree has provided consulting services to banks, hotel companies, developers, management companies, and other parties involved in the lodging and leisure sectors throughout the United States, Canada, and the Caribbean. Mr. Sangree was formerly employed by US Realty Consultants in Cleveland and Columbus, Pannell Kerr Forster in Chicago, and Westin Hotels in Chicago, New York, Fort Lauderdale, and Cincinnati. Mr. Sangree received his Bachelor of Science degree from Cornell University School of Hotel Administration in 1984. He has spoken at seminars throughout the United States, and has written numerous articles and is frequently quoted in magazines and newspapers about the hospitality and waterpark fields.

Joseph Pierce - Senior Associate

Mr. Pierce has performed appraisals, market feasibility studies, and impact studies nationally. He has been a hospitality consultant and appraiser since 2003. He has a wide range of experience in operations and accounting in hotels and resorts. Mr. Pierce has been a Controller and Director of Finance and Accounting for Clarion, Renaissance, Marriott, and Westin Hotels. He also managed an independently-owned hotel, The Talbott Hotel in Chicago. Mr. Pierce received an MBA from Michigan State University's hospitality program in 1981 and a Bachelor of Science in Accounting from the State University of New York at Brockport in 1978.

Laurel A. Keller - Senior Associate

Ms. Keller has performed appraisals, market feasibility studies, and impact studies nationally. She has been a hospitality consultant and appraiser since 2001. She is active in valuation and consulting for hotels, resorts and other leisure oriented income-producing properties. She has held management positions with the Sheraton Cleveland Airport Hotel, the Sheraton Cleveland City Center Hotel, the Avon Oaks Country Club in Avon, Ohio, and the Onwentsia Country Club in Lake Forest, Illinois. Ms. Keller received her Bachelor of Science in Hospitality Management from Purdue University in 1997.

Nuresh Maredia – Associate

Mr. Maredia has performed appraisals, market feasibility studies, and impact studies nationally. He is active in valuation and consulting for hotels, resorts and other leisure oriented income-producing properties. He has worked in management positions at a hotel and restaurant in Texas and has also helped his family operate and manage four independent hotels in and around Mumbai, India. Mr. Maredia received a Masters of Science in Hospitality Business in 2005 and a Bachelor of Arts in Business Finance in 2003 from Michigan State University.

Nan E. Delahunt – Associate

Ms. Delahunt is a hospitality consultant and appraiser. She was a Market and Financial Analyst with Boykin Lodging Company performing analysis of hotel and resort acquisition and development opportunities. Previously she served in a range of accounting and auditing positions with BDO Seidman, LLP and other firms. She has also been employed in various positions in restaurants and a golf course. She holds a Bachelor's of Business Administration in Accounting from Saint Mary's College, Notre Dame, Indiana in 1992. She also earned a Masters of Business Administration from the Weatherhead School of Management in 2006.

Kyle Mossman – Senior Research Analyst

Mr. Mossman researches various hospitality-related topics for the firm and performs reviews and math checks of reports. He is a 1999 graduate of Otterbein College and obtained his Master's Degree in Library and Information Science from Kent State University in 2006.

Laura M. Sangree – Business Manager

Mrs. Sangree handles the operational and technological aspects of Hotel & Leisure Advisors including office management, benefits administration, website management, and corporate communications. She received an MBA from the University of Chicago in 1988 and a Bachelor of Arts from The College of Wooster in 1984.

Cristi Zavarella – Administrative / Research Assistant

Ms. Zavarella provides administrative support, conducts hospitality research and performs reviews and math checks of reports. She received a Bachelor of Arts in English and Linguistics from Cleveland State University in 1994.

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

<u>ARIZONA</u>		Days Inn	West Palm Beach
HoJo Inn	Flagstaff		
Ramada Inn	Goodyear	<u>GEORGIA</u>	
Courtyard by Marriott	Phoenix	Crowne Plaza Ravinia	Atlanta
TownPlace Suites	Phoenix	Harvey Hotel - Powers Ferry	Atlanta
Residence Inn	Scottsdale	Holiday Inn - Airport South	Atlanta
Residence Inn - Mayo Clinic	Scottsdale	Holiday Inn Express	Atlanta
		Holiday Inn Express - Cobb Galleria	Atlanta
<u>ARKANSAS</u>		Radisson Expert Witness	Atlanta
Holiday Inn	Jacksonville	Radisson Hotel College Park	Atlanta
Hilton Inn	Little Rock	Radisson Hotel	Atlanta
		Radisson Hotel Airport	Atlanta
<u>CALIFORNIA</u>		Radisson Hotel NorthLake	Atlanta
Comfort Park Suites	Anaheim	Residence Inn - Midtown	Atlanta
Econolodge	Bakersfield	Ritz-Carlton - Atlanta/Buckhead	Atlanta
Quality Inn	Bakersfield	Ritz-Carlton - Atlanta/Downtown	Atlanta
Horizon Casino Resort	Lake Tahoe	Ritz-Carlton - Atlanta/Midtown	Atlanta
		Best Western (proposed)	Port West Worth
<u>COLORADO</u>		Best Western	Savannah
Proposed Indoor Waterpark Resort	Colorado Springs	Best Western & Denny's Restaurant	Savannah
Fairfield Inn	Denver	Holiday Inn Express	Smyrna
Proposed Indoor Waterpark Resort	Keystone		
		<u>HAWAII</u>	
<u>CONNECTICUT</u>		Westin Kauai Resort	Kauai
Clarion/Doubletree	Norwalk		
Hampton Inn	Rocky Hill	<u>IDAHO</u>	
Radisson Inn (proposed)	Stonington	Holiday Inn Airport	Ada
		Holiday Inn Express	Hayden
<u>FLORIDA</u>			
Sea Turtle Inn	Atlantic Beach	<u>ILLINOIS</u>	
Pink Shell Resort	Fort Myers Beach	Hawthorn Suites	Bloomington
Best Western	Jacksonville	Holiday Inn	Bloomington
Hampton Inn (proposed)	Jacksonville	Proposed Indoor Waterpark Resort	Bridgeview
Howard Johnson Express Inn	Kissimmee	Hawthorn Suites Hotel	Champaign
Banana Bay Resort	Marathon	Crowne Plaza Hotel	Chicago
Homewood Suites	Miami	Country Inn & Suites	Chicago
Sheraton (proposed)	North Naples	Holiday Inn O'Hare	Chicago
Holiday Inn	Orlando	Omni Hotel (proposed)	Chicago
Howard Johnson Express	Orlando	Wyndham Garden O'Hare	Chicago
Quality Inn Airport	Orlando	Westin Hotel	Chicago
South Seas Resort (proposed)	Orlando	Camelot Inn (Motel 6)	Collinsville
Proposed Hotel	Sarasota	Best Western	Collinsville
Courtyard by Marriott - Sarasota/Bradenton	Sarasota	Holiday Inn Decatur	Decatur
Courtyard by Marriott - University Town Center	Sarasota	Radisson Suites	Downers Grove
Residence Inn	Sarasota	Baymont Inn	East Peoria
Springhill Suites	Sarasota	Embassy Suites	East Peoria
Comfort Suites	Tampa	Proposed Water Park Resort	East Peoria

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

ILLINOIS Continued

Proposed Holiday Inn Indoor Water Resort	Effingham
Proposed Hilton Garden Inn	Effingham
Best Western Midway Motor Lodge	Elk Grove Village
Holiday Inn	Elk Grove Village
Sheraton Suites	Elk Grove Village
Holiday Inn	Elmhurst
Fox Lake Resort (proposed)	Fox Lake
Holiday Inn	Glen Ellyn
Proposed Key Lime Cove Resort	Gurnee
Full-Service Hotel at Sears (proposed)	Hoffman Estates
Proposed Indoor Waterpark Resort	Hoffman Estates
Holiday Inn	Itasca
Best Western Inn	La Grange
Hilton Garden Inn (proposed)	Mattoon
Mattoon Conference Center	Mattoon
Proposed Indoor Waterpark Resort	Mokena
Fairfield Inn – Normal	Normal
Holiday Inn	Normal
Adam’s Mark Hotel	Northbrook
Northbrook Hilton	Northbrook
Wyndham Garden	Oak Brook
Holiday Inn Brandywine	Peoria
Holiday Inn City Center	Peoria
Signature Inn	Peoria
Fairfield Inn – Rockford	Rockford
Doubletree O’Hare	Rosemont
Holiday Inn O’Hare	Rosemont
Four Points by Sheraton	Schiller Park
Holiday Inn Express (proposed)	Schiller Park
Howard Johnson at O’Hare	Schiller Park
Holiday Inn	Schaumburg
Marriott Schaumburg	Schaumburg
Best Western	Urbana
Motel 6	Villa Park
Conference Center Hotel (proposed)	Woodridge

INDIANA

Holiday Inn Express (proposed)	Bluffton
Holiday Inn Express (proposed)	Carmel
Fairfield Inn – Castleton	Castleton
Limited Service Hotel (proposed)	Corydon
Ramada Limited	Evansville
Holiday Inn Express	Fishers
Proposed Indoor Waterpark Resort	Fishers
Candlewood Suites (proposed)	Fort Wayne
Holiday Inn Airport	Fort Wayne

Sumner Suites	Fort Wayne
Holiday Inn Express (proposed)	Gas City
Proposed Indoor Waterpark Resort	Greendale
Holiday Inn Express & Suites (proposed)	Greensburg
Holiday Inn Express	Howe
Best Western Castleton Inn	Indianapolis
Best Western-Indianapolis	Indianapolis
Days Inn East	Indianapolis
Embassy Suites Downtown	Indianapolis
Embassy Suites North	Indianapolis
Four Points by Sheraton	Indianapolis
Harrison Inn & Conference (proposed)	Indianapolis
Hampton Inn East (proposed)	Indianapolis
Hampton Inn Northeast	Indianapolis
Holiday Inn East	Indianapolis
Holiday Inn Southeast	Indianapolis
Holiday Inn Select North	Indianapolis
Intown Suites (proposed)	Indianapolis
Indoor Waterpark Resort (proposed)	Indianapolis
Motel 6	Indianapolis
Omni Severin Hotel	Indianapolis
Omni Indianapolis North Hotel	Indianapolis
Proposed 750-room Hotel	Indianapolis
Proposed Banquet and Conference Center	Indianapolis
Signature Inn	Indianapolis
Staybridge Suites (proposed)	Indianapolis
University Place Hotel	Indianapolis
Proposed Hotel & Conference Center	Lawrenceburg
Holiday Inn	Marion
Luxury Hotel (proposed)	Madison
Knights Inn	Merrillville
Radisson Star Plaza	Merrillville
Holiday Inn	Michigan City
Holiday Inn (proposed)	Mishawaka
Roberts Hotel & Waterpark	Muncie
Limited-Service Hotel (proposed)	New Albany
Holiday Inn Express (proposed)	Rising Sun
Proposed Indoor Waterpark Resort	Shipshewana
Wana Waves Hotel & Waterpark	Shipshewana
Holiday Inn	Shelbyville
Holiday Inn Express	Shelbyville
Hotel & Indoor Waterpark (proposed)	West Lafayette

IOWA

Holiday Inn Amana Colonies	Amana
Proposed Indoor Waterpark Resort	Amana

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

IOWA Continued

Proposed Indoor Waterpark Resort	Bettendorf
Marriott Hotel	Des Moines

KANSAS

Great Wolf Lodge	Kansas City
Courtyard by Marriott	Shawnee

KENTUCKY

Holiday Inn Airport (proposed)	Boone County
Best Western Continental Inn	Bowling Green
Best Western Motor Inn	Bowling Green
Best Western (proposed)	Bowling Green
Holiday Inn Express	Carrollton
Days Inn	Danville
Holiday Inn	Florence
Knights Inn - South	Florence
Drawbridge Inn	Fort Mitchell
Best Western Regency	Lexington
Holiday Inn	Louisville
Holiday Inn - Airport East	Louisville
Holiday Inn - Rivermont	Louisville
Holiday Inn - Southeast	Louisville
Wilson Inn - Airport	Louisville
Holiday Inn	Morehead
Holiday Inn Express (proposed)	Mount Sterling
Hilton Garden Inn (proposed)	Newport
L&K Motel & Restaurant	Richmond
Wise Motel	Richmond
Holiday Inn	Winchester

LOUISIANA

Holiday Inn Select	New Orleans
Omni Royal Orleans Hotel	New Orleans
Royal Sonesta	New Orleans
Windsor Court	New Orleans

MARYLAND

Proposed Skyline Hotels with IWP	Baltimore
Proposed Indoor Waterpark Resort	BWI Airport
Residence Inn	Frederick
Proposed Indoor Waterpark Resort	McHenry
Doubletree Club Hotel	Largo
Ramada Inn	Oxen Hill
Inn at Perry Cabin	St. Michaels
Inn at Perry Cabin Expansion	St. Michaels

MASSACHUSETTS

Wyndham Copley Plaza	Boston
Holiday Inn	Boxborough
Best Western	Fitchburg

MICHIGAN

Holiday Inn Express & Suites (proposed)	Acme
Holiday Inn Express	Allen Park
Hampton Inn	Ann Arbor
Holiday Inn North Campus	Ann Arbor
Holiday Inn	Battle Creek
Holiday Inn Express	Birmingham
DTE Energy Music Theatre	Detroit
Hilton Garden Inn	Detroit
The Palace @ Auburn Hills	Detroit
Holiday Inn Express with Waterpark	Dundee
Hampton Inn (proposed)	East Lansing
Marriott Hotel	East Lansing
Indoor Waterpark Resort (proposed)	Gaylord
Courtyard Hotel	Grand Rapids
Crowne Plaza	Grand Rapids
Hampton Inn	Grand Rapids
Holiday Inn Express	Grand Rapids
Holiday Inn	Grayling
Holiday Inn Holland	Holland
Holiday Inn Express (proposed)	Holland
Holiday Inn	Kalamazoo
Days Inn	Kalamazoo
Radisson Hotel	Kalamazoo
Clarion Hotel & Conference Center	Lansing
Holiday Inn Lansing - South	Lansing (South)
Holiday Inn Lansing - West	Lansing (West)
Best Western of Mackinaw City	Mackinaw City
Best Western, Thunderbird	Mackinaw City
Holiday Inn Express	Mackinaw City
Holiday Inn Express (proposed)	Marshall
Hampton Inn	Muskegon
Holiday Inn Express (proposed)	Pellston
Double J Resort	Rothbury
Blue Water Inn	St. Clair
Best Western - Lakefront	St. Ignace
Straits Breeze Inn	St. Ignace
Radisson Town Center	Southfield
Holiday Inn	Southgate
Comfort Suites	Stevensville
Knights Inn	Sturgis
Condo Hotel Resort (proposed)	Traverse City

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

MICHIGAN Continued

Great Wolf Lodge	Traverse City
Great Buffalo Lodge (proposed)	Traverse City
Holiday Inn	Traverse City
Fairfield Inn - Warren	Warren
Proposed Ramada Inn with IWP	Watervliet
Holiday Inn Express & Suites	Williamsburg
Holiday Inn & Express	Woodhaven

MINNESOTA

Holiday Inn	Arden Hills
Holiday Inn Express	Baxter
Holiday Inn Minneapolis North	Brooklyn Center
Northland Inn	Brooklyn Park
Best Western Edgewater	Duluth
Holiday Inn	Duluth
Holiday Inn Metrodome	Minneapolis
Radisson Hotel - Metrodome	Minneapolis
Proposed Indoor Waterpark Resort	Nisswa
Holiday Inn	Ostego
Holiday Inn	Owatonna
Holiday Inn City Center	Rochester
Holiday Inn Express Airport (proposed)	Rochester
Days Inn River Center	St. Paul
Holiday Inn	Winona
Holiday Inn I-94 East	St. Paul
Holiday Inn St. Paul North	St. Paul
Holiday Inn (proposed)	Vadnais Heights

MISSISSIPPI

Harvey Hotel Downtown	Jackson
Harvey Hotel & Suites	Jackson
Holiday Inn Express	Jackson
Holiday Inn Select (Proposed)	Jackson

MISSOURI

Motel 6	Fenton
Crowne Plaza	Jackson
Days Inn South	Kansas City
Best Western Airport	St. Louis
Holiday Inn Select	St. Louis
Proposed Resort	St. Louis
Holiday Inn	St. Peters
Hawthorn Suites	Springfield

NEBRASKA

Holiday Inn	Kearney
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NEW HAMPSHIRE

Holiday Inn	Concord
Holiday Inn	Manchester
Inn at Amoskeag Falls	Manchester
Proposed Resort	Tilton

NEW JERSEY

Hampton Inn	Absecon
Crowne Plaza	Clark
Residence Inn	East Rutherford
Crowne Plaza	Edison
Days Inn	Edison
Holiday Inn Express	Flemington
Courtyard by Marriott (proposed)	Lyndhurst
Proposed Indoor Waterpark Resort	May's Landing
Four Points by Sheraton	Mt. Arlington
Staybridge Suites	Parsippany
Best Western	Rahway
Renaissance Hotel	Rutherford
Holiday Inn	Somerset
Ramada Inn Plainfield	South Plainfield
Clinton Inn	Tenafly
Sunrise Suites Hotel	Tinton Falls
Proposed Resort	Vernon
Proposed Resort	Wildwood

NEW MEXICO

Carlisle Hotel	Albuquerque
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NEVADA

Holiday Inn	Kearney
Embassy Suites	Las Vegas
Comfort Inn	North Las Vegas
Comfort Inn and Suites (proposed)	North Las Vegas

NEW YORK

Albany Ramada Inn	Albany
Best Western Albany Airport Inn	Albany
Ramada Inn	Armonk
Comfort Inn	Batavia
Best Western	Chestnut Ridge
Extended Stay Hotel (proposed)	Clarence
Best Western	Clifton Park
Microtel	Colonie
Radisson Hotel	Corning
Greek Peak Resort	Cortland
Best Western New Baltimore Inn	Coxsackie
Best Western City View	East Elmhurst

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
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NEW YORK Continued

Quality Inn - LaGuardia	East Elmhurst
Proposed Indoor Waterpark Resort	Ellicottville
Ramada Inn	Elmsford
Proposed Glacier Lakes Resort	Farmington
Best Western (proposed)	Flushing
Proposed Indoor Waterpark Resort	Great Valley
Proposed Indoor Waterpark Resort	Harriman
Radisson Hotel	Henrietta
Proposed Hotel & Indoor Waterpark	Hogansburg
Best Western - MacArthur	Holtsville
Best Western - Strathmore	Holtsville
Hudson Valley Resort	Kerhonkson
Best Western City View	Long Island
Proposed Hotel	Malone
Proposed Hotel	Massena
Indoor Waterpark (proposed)	Monroe
21 Club	New York
Best Western	New York
Holiday Inn	Orangeburg
Six Flags Resort (proposed)	Queensbury
Six Flags Great Escape Resort	Queensbury
Holiday Inn - Henrietta	Rochester
Lodge At Woodcliff	Rochester
Best Western Rotterdam Motor Inn	Schenectady
Ramada Inn & Convention Center	Schenectady
Proposed Indoor Waterpark Resort	Syracuse
Best Western Rensselaer Inn	Troy
Hope Lake Resort Development	Virgil
Fairfield Inn	Webster
Best Western	West Coxsackie

NORTH CAROLINA

Comfort Suites	Asheville
Proposed Convention Hotel	Asheville
Renaissance by Marriott	Asheville
Homewood Suites	Charlotte
Microtel Inn	Charlotte
Summerfield Suites	Charlotte
Microtel	Cornelius
Sheraton Imperial Hotel	Durham
Proposed hotel with IWP	Fayetteville
Best Western	Kenly
Microtel Inn	Morrisville
Holiday Inn State Capital	Raleigh
Holiday Inn (proposed)	Raleigh
Best Western (proposed)	Randleman

Communities of Penland Hotel	Spruce Pine
Best Western (proposed)	Wilmington
Best Western	Wilmington

NORTH DAKOTA

Country Inn and Suites	Fargo
Holiday Inn	Grand Forks
Proposed Canad Inns Indoor Waterpark Resort	Grand Forks
Twin Oaks Resort (proposed)	Lake Metigoshe

OHIO

Fairfield Inn & Suites (proposed)	Akron
Knights Inn - South	Akron
Knights Inn	Akron
Quaker Square Hilton	Akron
Best Western Executive Inn	Akron
Comfort Inn	Ashtabula
Ohio University Inn	Athens
Aqua Marine Resort	Avon Lake
Bertram Inn & Conference Center	Aurora
Proposed Indoor Waterpark Resort	Aurora
Proposed Country Inn & Suites	Austintown
Holiday Inn	Beachwood
Residence Inn	Beachwood
Red Roof Inn	Bedford Heights
Ramada Inn	Bedford Heights
Holiday Inn	Bellefontaine
Holiday Inn Express (proposed)	Bowling Green
Holiday Inn Express (proposed)	Brook Park
Hampton Inn (proposed)	Brooklyn
Holiday Inn Express (proposed)	Brooklyn
Holiday Inn Express & Suites (proposed)	Brooklyn
Holiday Inn	Cambridge
Comfort Inn	Canton
Glenmoor Club	Canton
Microtel Inn and Suites (proposed)	Canton
Proposed Holiday Inn Express Hotel	Centerville
Holiday Inn Express	Chillicothe
Garfield Suites Hotel	Cincinnati
Eastgate Hotel (proposed)	Cincinnati
Hampton Inn (proposed)	Cincinnati
Hawthorn Suites - Downtown (proposed)	Cincinnati
Holiday Inn - Downtown	Cincinnati
Holiday Inn Eastgate	Cincinnati
Holiday Inn Express (proposed)	Cincinnati
Holiday Inn North	Cincinnati

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
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<u>OHIO</u> Continued		Survey of Convention Cities	Columbus
Hyatt Regency Hotel	Cincinnati	Towneplace Suites	Columbus
Signature Inn - Northeast	Cincinnati	Westin Great Southern	Columbus
Holiday Inn Express & Suites	Circleville	Renaissance Quail Hollow	Concord Twp.
Best Western Greentree	Clarksville	Roscoe Village Inn	Coshocton
Best Hotel & Suites	Cleveland	Country Inn and Suites	Cuyahoga Falls
Comfort Inn	Cleveland	Sheraton Suites	Cuyahoga Falls
Embassy Suites	Cleveland	Country Inn and Suites (proposed)	Dayton
Hampton Inn	Cleveland	Crowne Plaza	Dayton
Hilton Garden Inn	Cleveland	Doubletree Guest Suites	Dayton
Holiday Inn Express-Downtown	Cleveland	Fairfield Inn	Dayton
Holiday Inn (proposed)	Cleveland	Hampton Inn	Dayton
Holiday Inn - Airport	Cleveland	Holiday Inn	Dayton
Holiday Inn and Suites (proposed)	Cleveland	Holiday Inn - South	Dayton
Holiday Inn - Lakeside	Cleveland	Holiday Inn - Dayton Mall	Dayton
Lakefront Boat Hotel (proposed)	Cleveland	Holiday Inn - North	Dayton
Marriott Downtown	Cleveland	Knights Inn	Dayton
Radisson Hotel	Cleveland	Signature Inn	Dayton
Residence Inn	Cleveland	Stouffers Renaissance	Dayton
Sheraton - City Center	Cleveland	Holiday Inn Express (proposed)	Delaware
Travelodge/Holiday Inn	Cleveland	Red Roof Inn	Delaware
Youth Hostel (proposed)	Cleveland	Staybridge Suites (proposed)	Dublin
Best Western	Columbus	Wyndham Dublin Hotel	Dublin
Concourse Hotel	Columbus	Radisson Hotel	Eastlake
Convention Center Hotel (proposed)	Columbus	Clarion Hotel	Eastlake
Courtyard by Marriott - Downtown	Columbus	Holiday Inn	Elyria
Courtyard by Marriott - Airport	Columbus	Hampton Inn	Englewood
Extended Stay Hotel (proposed)	Columbus	Holiday Inn Northwest	Englewood
Hampton Inn	Columbus	Euclid Hotel (proposed)	Euclid
Hampton Inn & Suites (proposed)	Columbus	Hampton Inn (proposed)	Fairfield
Holiday Inn Downtown	Columbus	Hilton	Fairlawn
Holiday Inn Select	Columbus	Holiday Inn	Fairlawn
Holiday Inn - Airport	Columbus	Best Western	Forest Park
Holiday Inn - East	Columbus	Indoor Waterpark Resort (proposed)	Forest Park
Holiday Inn Express - West (proposed)	Columbus	Proposed Full-Service Hotel	Forest Park
Holiday Inn Express	Columbus	Holiday Inn	Freemont
Holiday Inn Express (proposed)	Columbus	Holiday Inn Fostoria	Fostoria
Howard Johnson - West	Columbus	Holiday Inn Express (proposed)	Gahanna
Hyatt Regency	Columbus	Proposed Springhill Suites	Gahanna
Hyatt Regency Expansion	Columbus	Proposed Towneplace Suites	Gahanna
Marriott North	Columbus	Proposed Cambria Suites Hotel	Green
Proposed Sleep Inn	Columbus	Holiday Inn Express & Suites (proposed)	Groveport
Proposed 300-room Hotel	Columbus	Proposed Hampton Inn	Heath
Ramada Plaza	Columbus	Holiday Inn Express (proposed)	Huber Heights
Ramada Inn East Airport	Columbus	L&K Motel/Hotel & Restaurant	Huber Heights
Residence Inn	Columbus	Holiday Inn	Hudson
Staybridge Suites (proposed)	Columbus	Courtyard by Marriott	Independence

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
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<u>OHIO</u> Continued			
Holiday Inn	Independence	Holiday Inn Express (proposed)	Milford
Marriott Hotel (proposed)	Independence	Cherry Valley Lodge	Newark
Residence Inn	Independence	Proposed OSU Conference Cntr.	Newark
Holiday Inn Express (proposed)	Jeffersonville	Holiday Inn Express (proposed)	Newark
Holiday Inn	Kent	Jackson Motor Lodge	North Jackson
Holiday Inn Express Kings Island	Kings Mill	Homestead Village	North Olmsted
Proposed Hotel	Lakewood	Courtyard by Marriott	North Olmsted
Best Western	Lancaster	Radisson	North Olmsted
Hampton Inn	Lancaster	Hilton Garden Inn (proposed)	Norwood
Shaker Run Hotel (proposed)	Lebanon	Holiday Inn Express	Oakwood Village
Holiday Inn Express (proposed)	Lodi	Holiday Inn Express (proposed)	Obetz
Limited-Service Hotel (proposed)	Lodi	Holiday Inn Express (proposed)	Oxford
Holiday Inn Express (proposed)	London	AmeriHost	Painesville
Erievue Motel	Lorain	Quail Hollow Resort	Painesville
Proposed Hotel	Lyndhurst	Howard Johnson	Perry Township
Microtel Inn (proposed)	Madison	Holiday Inn French Quarter	Perrysburg
L&K Motel/Hotel	Mansfield	Holiday Inn Express & Suites	Perrysburg
Marblehead Inn	Marblehead	Perrysburg Inn	Perrysburg
Marion Conference Center (proposed)	Marion	Comfort Inn	Piqua
Days Inn - Kings Island	Mason	Proposed Hotel & Conference Center	Piqua
Great Wolf Lodge	Mason	Proposed Hotel	Piqua
Hannaford Inn & Suites	Mason	Best Western	Port Clinton
Proposed Extended Stay Hotel	Mason	Holiday Inn	Portsmouth
Signature Inn/Country Inn Northeast	Mason	Proposed Country Inn & Suites	Reynoldsburg
Comfort Inn and Suites	Maumee	Proposed Fairfield Inn	Reynoldsburg
Comfort Inn West	Maumee	Super 8 Motel	Richfield
Economy Inn	Maumee	Best Western	Sandusky
Holiday Inn	Maumee	Castaway Bay	Sandusky
Tharaldson Inn & Suites	Maumee	Floating Hotel (proposed)	Sandusky
Holiday Inn (proposed)	Maumee	Great Wolf Lodge	Sandusky
Holiday Inn	Mayfield	Holiday Inn	Sandusky
Holiday Inn Express	Mentor	Indoor Waterpark Resort (proposed)	Sandusky
Residence Inn	Mentor	Kalahari Resort	Sandusky
Holiday Inn Dayton Mall	Miamisburg	Proposed Coyote Falls Resort	Sandusky
Courtyard by Marriott	Middleburg Heights	Holiday Inn - North	Sharonville
Holiday Inn	Middleburg Heights	Preston Hotel	Sharonville
Proposed Courtyard by Marriott	Middleburg Heights	Comfort Inn	Sidney
Ramada Inn	Middleburg Heights	Best Western	Springdale
Residence Inn	Middleburg Heights	Howard Johnson Hotel	Springdale
Proposed Towneplace Suites	Middleburg Heights	Holiday Inn	Springfield
Towneplace Suites	Middleburg Heights	Holiday Inn - Express	St. Clairsville
Convention Center (proposed)	Middletown	Best Western (proposed)	Strasburg
Manchester Inn	Middletown	Best Western Inn & Suites	Streetsboro
		Hampton Inn & Suites (proposed)	Streetsboro
		Proposed Hotel w/ Indoor Waterpark	Streetsboro
		Wingate Inn	Streetsboro
		Hampton Inn	Stow

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
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<u>OHIO</u> Continued		Comfort Inn	Erie
Holiday Inn	Strongsville	Courtyard by Marriott	Erie
Holiday Inn Select	Strongsville	Courtyard by Marriott (proposed)	Erie
Proposed Indoor Waterpark Resort	Sugar Creek	Holiday Inn Express & Suites (proposed)	Erie
Holiday Inn Express & Suites (proposed)	Swanton	Holiday Inn Express	Erie
Proposed Holiday Inn Express	Tiffin	Hilton Garden Inn (proposed)	Erie
Holiday Inn at Southwyck	Toledo	Knights Inn	Erie
Toledo Marriott Portside	Toledo	Downtown Full-Service Hotel (proposed)	Erie
Toledo Hilton Inn	Toledo	Residence Inn	Erie
Holiday Inn West	Toledo	Splash Lagoon	Erie
Comfort Suites (proposed)	Twinsburg	Holiday Inn East	Harrisburg
Best Western	Urichsville	Holiday Inn Harrisburg Hotel & Conf.	Harrisburg
Holiday Inn Express (proposed)	Vermillion	Holiday Inn Harrisburg West	Harrisburg
Holiday Inn Express (proposed)	Wadsworth	Holiday Inn Express Riverfront	Harrisburg
Staybridge Suites (proposed)	West Chester	Radisson Hotel & Conference Ctr.	Harrisburg
Proposed Hotel	West Chester	Ramada Inn Market Square	Harrisburg
Courtyard by Marriott	Westlake	Holiday Inn Express (proposed)	Hershey
Residence Inn	Westlake	Best Western Inn at Towamencin	Kulpsville
Towneplace Suites	Westlake	Resort @ Split Rock	Lake Harmony
Howard Johnson - East	Whitehall	Ramada Brunswick Hotel	Lancaster
Holiday Inn	Wickliffe	Willow Valley Resort proposed addition	Lancaster
Country Hearth Inn (proposed)	Willard	Days Inn	Monroeville
Marriott Courtyard	Willoughby	Comfort Suites (proposed)	Oakdale
Hilton Garden Inn (proposed)	Wooster	Proposed Hotel	Oaks
Holiday Inn	Worthington	Best Western City Center	Philadelphia
Residence Inn (proposed)	Worthington	Best Western Independence Park	Philadelphia
Towneplace Suites (proposed)	Worthington	Best Western Penn Landing	Philadelphia
		Sheraton - Northeast	Philadelphia
<u>OKLAHOMA</u>		Comfort Inn	Pittsburgh
Howard Johnson Express	Clinton	Courtyard by Marriott (proposed)	Pittsburgh
Courtyard	Oklahoma City	Fox Chapel Resort	Pittsburgh
Embassy Suites	Oklahoma City	Holiday Inn (McKnight Road)	Pittsburgh
Holiday Inn	Oklahoma City	Holiday Inn Parkway East	Pittsburgh
Holiday Inn Express (2)	Oklahoma City	Holiday Inn Greentree	Pittsburgh
Holiday Inn Express (proposed)	Oklahoma City	Marriott Hotel	Pittsburgh
		Proposed Extended Stay Hotel	Pittsburgh
<u>OREGON</u>		Proposed Hotel: Bakery Square	Pittsburgh
Hampton Inn	Clackamas	Proposed Indoor Waterpark Resort	Pittsburgh
		Westin William Penn	Pittsburgh
<u>PENNSYLVANIA</u>		Holiday Inn Airport	Pittsburgh
Microtel Inn	Allentown	Great Wolf Lodge (proposed)	Pocono Township
All-Suite Hotel (proposed)	Altoona	Proposed Indoor Waterpark Resort	Poconos
Proposed Resort	Beaver Falls	Great Wolf Lodge	Scotrun
Proposed Resort	Black Moshannon State Park	Proposed Hotel with Waterpark	Somerset
Seven Springs Resort	Champion	Best Western Hill Motor Lodge	Tannersville
Knights Inn	Clarion	Holiday Inn	Uniontown
Comfort Suites (proposed)	Edinboro		

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
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PENNSYLVANIA Continued

Holiday Inn Meadowlands	Washington
Proposed Full Service Hotel	West Homestead
Pocono Mountain Lodge	Whitehaven
Holiday Inn Williamsport	Williamsport
Holiday Inn Express (proposed)	Williamsport
Heritage Hills Resort Waterpark Addition	York

RHODE ISLAND

Providence Marriott	Providence
Hampton Inn & Suites (proposed)	Warwick
Proposed Shipwreck Falls Resort	West Warwick

SOUTH CAROLINA

Charleston Place Hotel	Charleston
Orient Express Hotel	Charleston
Omni Hotel at Charleston Place	Charleston
Planters Inn	Charleston
Holiday Inn Express (proposed)	Garden City
Holiday Inn & Suites (proposed)	Little River
Embassy Suites	Myrtle Beach
Hilton Resort	Myrtle Beach
Holiday Inn Express Broadway	Myrtle Beach
Holiday Inn - Kings Highway	Myrtle Beach
Holiday Inn - Oceanfront	Myrtle Beach
Holiday Inn - Sunspree Resort	Myrtle Beach
Kingston Plantation	Myrtle Beach
Holiday Inn	Myrtle Beach West
Holiday Inn Express & Suites	Murrells Inlet
Holiday Inn	N. Myrtle Beach
Holiday Inn	Pawleys Island

TENNESSEE

Proposed Indoor Waterpark Resort	Chattanooga
Econo Lodge	Columbia
Best Western	Franklin
Proposed Indoor Waterpark Resort	Jellico
Best Western Luxbury Inn	Knoxville
Signature Inn	Knoxville
Ramada Inn Midtown	Memphis
Holiday Inn Select	Nashville
Proposed Indoor Waterpark Resort	Pigeon Forge
Proposed Resort	Pigeon Forge
Proposed Indoor Waterpark Resort	Sevierville
Wilderness Resort	Sevierville
Proposed Wyndham Hotel	Sevierville
Best Western	Shelbyville

Best Western	Tullahoma
Days Inn	White House
Best Western	Winchester

TEXAS

Crowne Plaza (proposed)	Addison
Harvey Hotel	Addison
Holiday Inn Express	Addison
Holiday Inn Airport West	Bedford
Harvey Hotel	Brook Hollow
Holiday Inn Express (proposed)	Commerce
Days Inn	Corpus Christi
Bristol Suites	Dallas
Harvey Hotel	Dallas
Holiday Inn Aristocrat	Dallas
Holiday Inn Central	Dallas
Holiday Inn - Market Center	Dallas
Holiday Inn - North Park Plaza	Dallas
Holiday Inn Select - Downtown (proposed)	Dallas
Holiday Inn Select - Mockingbird Lane	Dallas
Holiday Inn Select - North	Dallas
Holiday Inn Sunland Park	El Paso
Holiday Inn Select	Garland
Holiday Inn Express	Greenville
Crowne Plaza - Galleria	Houston
Harvey Suites Medical Center	Houston
Holiday Inn and Suites	Houston
Holiday Inn Astrodome	Houston
Holiday Inn Medical Center	Houston
Holiday Inn Northwest	Houston
Ramada Plaza Northwest	Houston
Harvey Hotel	Irving
Harvey Suites	Irving
Holiday Inn Airport South	Irving
Holiday Inn Select	Irving
Fairfield Inn	Laredo
Harvey Hotel	Plano
Holiday Inn	Plano
Holiday Inn Select	Richardson
Ramada Limited (I-10)	San Antonio
Ramada Limited (SW Loop 410)	San Antonio

UTAH

Holiday Inn Express	Salt Lake City
Quality Inn Center	Salt Lake City
Sheraton City Center	Salt Lake City

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

VERMONT

Sheraton Hotel & Conference Ctr.	Burlington
Long Trail House	Stratton Mountain
Stratton Springs Lodge	Stratton Mountain

VIRGINIA

Hampton Inn	Alexandria
Proposed Kalahari Resort	Ashland
Courtyard By Marriott (proposed)	Blacksburg
Keswick Hall	Charlottesville
Keswick Hall Orient Express	Charlottesville
Courtyard by Marriott	Chesapeake
Proposed Springhill Suites	Chesapeake
Residence Inn	Chesapeake
Best Western	Fredericksburg
Best Western Thunderbird	Fredericksburg
Johnny Appleseed Inn	Fredericksburg
Proposed Indoor Waterpark Resort	Fredericksburg
Hawthorn Suites	Herndon
Comfort Inn	Hillsville
Super 8	Hillsville
Holiday Inn	Newport News
Great Wolf Lodge (proposed)	Williamsburg

WASHINGTON

Great Wolf Lodge (proposed)	Centralia
Hawthorn Suites	Kent
Courtyard	Lynnwood
Proposed Indoor Waterpark Resort	Moses Lake
Holiday Inn	Renton

WEST VIRGINIA

Sleep Inn/Harding Rest.	Charleston
Sleep Inn (proposed)	Cross Lanes
Proposed Volcano Island Resort	Fairmont
Holiday Inn Hotel & Suites	Huntington
Holiday Inn Express (proposed)	Huntington
Holiday Inn	Morgantown
Proposed Hotel-Marshall County	Moundsville
Sleep Inn (proposed)	Moundsville
Holiday Inn	Weirton
Proposed Indoor Waterpark Resort	Wheeling

WISCONSIN

Holiday Inn	Appleton
Hotel & Conference Center (proposed)	Appleton
Paper Valley Hotel	Appleton

Sheraton Hotel (proposed)	Appleton
Best Western	Baraboo
Holiday Inn & Express	Black River Falls
Fairfield Inn	Brookfield
Residence Inn	Brookfield
Inn at Mount Telemark	Cable
Holiday Inn Express	DeForest
Lake Lawn Resort	Delavan
Holiday Inn Express & Suites	Greenfield
American Club	Kohler
Great Wolf Lodge	Lake Delton
Grand Geneva Resort	Lake Geneva
Rodeway Inn	Lake Mills
Proposed Wave Point Resort	Little Sturgeon Bay
Crowne Plaza	Madison
Excel Grand Hotel	Madison
Holiday Inn East	Madison
Holiday Inn Madison West	Madison
Holiday Inn Select	Madison
Ramada Limited Northeast (Proposed)	Madison
Holiday Inn Conference Center	Marshfield
Park Oasis Inn	Mauston
Holiday Inn - Airport	Milwaukee
Holiday Inn Express & Suites	Milwaukee
Sheraton Four Points	Milwaukee
Waters of Minocqua	Minocqua
Valley Inn	Neenah
Holiday Inn Express & Suites	New Lisbon
Pioneer Inn and Marina	Oshkosh
Pioneer Resort	Oshkosh
Indoor Waterpark Resort (proposed)	Pleasant Prairie
Holiday Inn Express	Racine
Marriott Hotel	Racine
Blue Harbor Resort	Sheboygan
Sheboygan Condominiums (proposed)	Sheboygan
Waterpark Resort (proposed)	Sheboygan
Holiday Inn Express (proposed)	Sparta
Holiday Inn Convention Center	Stevens Point
Holiday Inn Express (proposed)	Superior
Holiday Inn	Tomah
Indoor Waterpark Resort (proposed)	Wausau
Best Western	Wisconsin Dells
Great Wolf Lodge	Wisconsin Dells
Holiday Inn	Wisconsin Dells
Kalahari Resort	Wisconsin Dells

**PARTIAL LIST OF HOTELS AND RESORTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

WISCONSIN Continued

Wilderness Resort

Wisconsin Dells

INTERNATIONAL

BAHAMAS

Proposed Upscale Golf Resort

Great Harbor Cay
Island

CANADA

Proposed Indoor Waterpark Resort

Great Wolf Lodge (proposed)

Proposed Courtyard by Marriott

Proposed Fairfield Inn & Suites

Proposed Residence Inn

Grand Prairie, AB

Niagara Falls, ON

Montreal, QB

Montreal, QB

Montreal, QB

**PARTIAL LIST OF INDOOR WATERPARK RESORTS, INDOOR AND OUTDOOR WATERPARKS AND
AMUSEMENT PARKS APPRAISED OR STUDIED BY CONSULTANTS
OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

ARKANSAS

Magic Springs and Crystal Falls Amusement Park Hot Springs

COLORADO

Proposed Indoor Waterpark Resort Colorado Springs
Proposed Indoor Waterpark Resort Keystone

CONNECTICUT

Outdoor waterpark (proposed) Middlefield

IDAHO

Proposed Indoor Waterpark Addition Boise
Holiday Inn Express Hayden

ILLINOIS

Proposed Indoor Waterpark Resort Bridgeview
Holiday Inn Decatur & Waterpark Decatur
Proposed Waterpark Resort East Peoria
Prop. Holiday Inn & Indoor Waterpark Effingham
Holiday Inn and Mayan Adventure Waterpark Elmhurst
Prop. Fox Lake Resort with Waterpark Fox Lake
Proposed Key Lime Cove Resort Gurnee
Proposed Indoor Waterpark Resort Hoffman Estates
Proposed Indoor Waterpark Resort Mokena

INDIANA

Proposed Indoor Waterpark Resort Fishers
Proposed Indoor Waterpark Resort Greendale
Proposed Hotel with Waterpark Indianapolis
Holiday Inn and Caribbean Cove Indianapolis
Roberts Hotel & Waterpark Muncie
Proposed Indoor Waterpark Resort Shipshewana
Wana Waves Hotel & Waterpark Shipshewana
Prop. Hotel with Indoor Waterpark West Lafayette

IOWA

Proposed Indoor Waterpark Resort Amana
Holiday Inn and Wasserbahn Waterpark Amana Colonies
Proposed Indoor Waterpark Resort Bettendorf

KANSAS

Great Wolf Lodge Kansas City

MARYLAND

Proposed Skyline Hotels with IWP Baltimore
Indoor Waterpark Resort (proposed) BWI Airport
Proposed Indoor Waterpark Resort McHenry

MASSACHUSETTS

Proposed Waterpark Resort Fitchburg

MICHIGAN

Holiday Inn Express with Waterpark Dundee
Proposed Indoor Waterpark Gaylord

Proposed Indoor Waterpark Addition Grand Rapids
Holiday Inn Express Grand Rapids
Double JJ Resort – Indoor Waterpark Rothbury
Great Wolf Lodge Traverse City
Proposed Condo Hotel Resort Traverse City
Proposed Ramada Inn with IWP Watervliet

MINNESOTA

Proposed Indoor Waterpark Addition – Holiday Inn Arden Hills
Holiday Inn Express and Three Bear Lodge Baxter
Best Western Edgewater Duluth
Holiday Inn Wildwoods Waterpark Ostego
Holiday Inn and Great Serengeti Waterpark Owatonna
Proposed Indoor Waterpark Resort Nisswa

MISSOURI

Proposed Indoor Waterpark Resort Saint Louis

NEBRASKA

Holiday Inn with Water Feature Kearney

NEW HAMPSHIRE

Proposed Indoor Waterpark Resort Tilton

NEW JERSEY

Proposed Indoor Waterpark Resort May's Landing
Proposed Indoor Waterpark Resort Vernon
Proposed Indoor Waterpark Resort Wildwood

NEW YORK

Greek Peak Ski Resort Cortland
Proposed Indoor Waterpark Resort Ellicottville
Proposed Glacier Lakes Resort Farmington
Proposed Indoor Waterpark Resort Great Valley
Proposed Hotel & Indoor Waterpark Hogansburg
Waterpark Addition to Resort Kerhonkson
Proposed Indoor Waterpark Monroe
Proposed Randall's Island Aquatic Center New York
Six Flags Great Escape Resort Queensberry
Indoor Waterpark Resort (proposed) Syracuse

NORTH CAROLINA

Prop. Convention Hotel with Indoor Waterpark Asheville
Proposed Hotel with IWP Fayetteville
Communities of Penland with Waterpark Penland

NORTH DAKOTA

Proposed Canad Inns with indoor waterpark Grand Forks
Holiday Inn Grand Forks

**PARTIAL LIST OF INDOOR WATERPARK RESORTS, INDOOR AND OUTDOOR WATERPARKS AND
AMUSEMENT PARKS APPRAISED OR STUDIED BY CONSULTANTS
OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

OHIO

Holiday Inn East with Indoor Waterpark	Columbus
Holiday Inn Select Fort Rapids	Columbus
Proposed Indoor Waterpark Resort	Forest Park
Proposed Great Wolf Lodge	Mason
Monsoon Lagoon	Port Clinton
Castaway Bay	Sandusky
Great Bear Lodge	Sandusky
Great Wolf Lodge	Sandusky
Holiday Inn and Maui Sands Resort	Sandusky
Kalahari Resort	Sandusky
Proposed Coyote Falls Resort	Sandusky
Proposed Indoor Waterpark Resort	Sandusky
Proposed Indoor Waterpark Resort	Streetsboro
Proposed Indoor Waterpark Resort	Sugarcreek
Comparable Amusement Park Sales	Various

PENNSYLVANIA

Proposed Indoor Waterpark Resort	Beaver Falls
Seven Springs Resort	Champion
Splash Lagoon Indoor Waterpark	Erie
Resort at Split Rock – Waterpark Expansion	Lake Harmony
Willow Valley Resort Addition	Lancaster
Proposed Indoor Waterpark Resort	Oaks
Proposed Fox Chapel Marina Resort	Pittsburgh
Proposed Indoor Waterpark Resort	Pittsburgh
Proposed Great Wolf Lodge	Pocono Township
Proposed Indoor Waterpark Resort	Poconos
Great Wolf Lodge	Scotrun
Proposed Hotel with Waterpark	Somerset
Waterpark Addition to Resort	York

RHODE ISLAND

Proposed Shipwreck Falls Resort	West Warwick
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TENNESSEE

Proposed Indoor Waterpark Resort	Chattanooga
Proposed Indoor Waterpark Resort	Jellico
Proposed Waterpark Addition to Hotel	Nashville
Proposed Indoor Waterpark Resort	Pigeon Forge
Proposed Resort	Pigeon Forge
Wilderness Resort	Sevierville
Proposed Wyndham Hotel	Sevierville

UTAH

Proposed Indoor Waterpark Addition	Salt Lake City
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VERMONT

Proposed Waterpark Addition	Burlington
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VIRGINIA

Proposed Kalahari Resort	Ashland
Proposed Waterpark Resort	Fredericksburg
Great Wolf Lodge	Williamsburg

WASHINGTON

Proposed Great Wolf Lodge	Centralia
Proposed Indoor Waterpark Resort	Moses Lake

WEST VIRGINIA

Proposed Indoor Waterpark Resort	Fairmont
Proposed Indoor Waterpark Resort	Wheeling

WISCONSIN

Proposed Addition of an Indoor Waterpark	Cable
Black Wolf Lodge	Lake Delton
Prop. Condos at Great Wolf Lodge	Lake Delton
Prop. Wavepoint Resort & Marina	Little Sturgeon Bay
Proposed Wavepoint Resort	Little Sturgeon Bay
Holiday Inn and Waterpark	Madison
Waters of Minocqua Resort	Minocqua
Proposed Indoor Waterpark Resort	Pleasant Prairie
Blue Harbor Resort	Sheboygan
Proposed Indoor Waterpark Resort	Sheboygan
Proposed Sheboygan Condominiums	Sheboygan
Proposed Indoor Waterpark Resort	Wausau
Wilderness Resort	Wisconsin Dells
Kalahari Resort	Wisconsin Dells
Great Wolf Lodge	Wisconsin Dells

WEST VIRGINIA

Proposed Volcano Island	Fairmont
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CANADA

Proposed Indoor Waterpark Resort	Grand Prairie
Great Falls Lodge	Niagara Falls
Proposed Indoor Waterpark Resort	Niagara Falls

**PARTIAL LIST OF GOLF COURSES, COUNTRY CLUBS & SKI AREAS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

<u>CONNECTICUT</u>		Shaker Run Hotel and Golf Course	Lebanon
Powder Ridge Ski Resort	Middlefield	Five Seasons Sports Country Club	Westlake
<u>COLORADO</u>		<u>PENNSYLVANIA</u>	
Keystone Mountain	Keystone	Seven Springs Resort and Golf Course	Champion
<u>HAWAII</u>		Big Boulder Ski Area	Kidder Township
Westin Kauai Resort - Proposed Golf Course	Kauai	Proposed Jack Frost National Golf Course and Ski Resort	Kidder Township
<u>IOWA</u>		Resort at Split Rock and Golf Course	Lake Harmony
Proposed Resort and Golf Course	Amana	Willow Valley Resort and Golf Course	Lancaster
<u>KENTUCKY</u>		Heritage Hills Golf Resort	York
Proposed Residential and Golf Course Development	Harodsburg	<u>SOUTH CAROLINA</u>	
<u>MICHIGAN</u>		Kingston Plantation and Golf Course	Myrtle Beach
Ostego Club Ski Resort and Golf Course	Gaylord	<u>VERMONT</u>	
Double JJ Resort and Golf Course	Rothbury	Stratton Mountain	Stratton
<u>MINNESOTA</u>		<u>VIRGINIA</u>	
Grand View Lodge Golf Course	Nisswa	Keswick Club and Subdivision	Charlottesville
<u>NEW YORK</u>		<u>WASHINGTON</u>	
Proposed Greek Peak Ski Area	Cortland	Proposed Resort with Golf Course	Moses Lake
Proposed Hope Lake Golf Course	Cortland	<u>WISCONSIN</u>	
Holiday Valley Ski Resort and Golf Course	Ellicottville	Mount Telemark	Cable
Hudson Valley Resort and Golf Course	Kerhonkson	Lake Lawn Resort and Golf Course	Delavan
Lodge at Woodcliff and Golf Course	Rochester	American Club	Kohler
Windham Mountain Ski Area	Windham	Grand Geneva Resort	Lake Geneva
<u>NORTH CAROLINA</u>		Proposed Resort with Golf Course	Little Sturgeon Bay
Proposed Penland Golf Course	Spruce Pine	<u>OHIO</u>	
Aqua Marine Resort Golf Course	Avon Lake	Aqua Marine Resort Golf Course	
Glenmoor Club	Canton	Glenmoor Club	
Five Seasons Sports Country Club	Cincinnati	Five Seasons Sports Country Club	
Proposed Golf Course	Cincinnati	Proposed Golf Course	
Phoenix Golf Course	Columbus	Phoenix Golf Course	
Renaissance Quail Hollow and Golf Course	Concord Township	Renaissance Quail Hollow and Golf Course	
Proposed Golf Course	Jackson Township	Proposed Golf Course	

**PARTIAL LIST OF RESTAURANTS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

FLORIDA

Quaker Steak and Lube (proposed) Sarasota

KENTUCKY

Former Restaurant Lexington

MICHIGAN

Gandy Dancer Ann Arbor
Charley's Crab Grand Rapids
Meriwether's Southfield
River Crab & Blue Water Inn St. Clair
Charley's Crab Troy

NEW YORK

Quaker Steak and Lube (proposed) Clarence
21 Club New York

NORTH CAROLINA

City Club of Gastonia Gastonia

OHIO

L&K Restaurant Chester
Engine House #5 Columbus
Proposed Microbrewery and Restaurant Findlay
Proposed Valentino's Restaurant Middleburg Heights
Five Seasons Club Westlake

PENNSYLVANIA

Boston's Restaurant Erie
Quaker Steak and Lube Erie
Safari Steakhouse Restaurants Erie
Grand Concourse Pittsburgh
Big Fish West Conshohocken

Note: Refer to the list of Hotels & Resorts for additional hotels and resorts with food and beverage outlets.

**PARTIAL LIST OF CONFERENCE, CONVENTION AND EXPOSITION CENTERS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

COLORADO

Proposed Indoor Waterpark Resort Colorado Springs

FLORIDA

South Seas Resort (proposed) Orlando

GEORGIA

Crowne Plaza Ravinia Atlanta
Radisson Hotel Atlanta

HAWAII

Westin Kauai Resort Kauai

ILLINOIS

Crowne Plaza Hotel Chicago
Holiday Inn O'Hare Chicago
Omni Hotel (proposed) Chicago
Westin Hotel Chicago
Radisson Suites Downers Grove
Proposed Hilton Garden Inn Effingham
Sheraton Suites Elk Grove Village
Fox Lake Resort (proposed) Fox Lake
Full-Service Hotel at Sears (proposed) Hoffman Estates
Mattoon Conference Ctr. Mattoon
Adam's Mark Hotel Northbrook
Northbrook Hilton Northbrook
Holiday Inn Brandywine Peoria
Holiday Inn City Center Peoria
Doubletree O'Hare Rosemont
Holiday Inn O'Hare Rosemont
Holiday Inn Schaumburg
Marriott Schaumburg Schaumburg
Conference Center Hotel (proposed) Woodridge

INDIANA

Embassy Suites Downtown Indianapolis
Embassy Suites North Indianapolis
Harrison Inn & Conference Ctr (proposed) Indianapolis
Holiday Inn Select North Indianapolis
Omni Severin Hotel Indianapolis
Omni Indianapolis North Hotel Indianapolis
Proposed 750-room Hotel Indianapolis
Proposed Banquet and Conference Center Indianapolis
University Place Hotel Indianapolis
Performing Arts Theater (proposed) Lawrenceburg
Proposed Hotel & Conference Center Lawrenceburg
Luxury Hotel (proposed) Madison

Radisson Star Plaza Merrillville
Holiday Inn (proposed) Mishawaka
Holiday Inn Shelbyville
Proposed Indoor Waterpark Resort Shipshewana

IOWA

Holiday Inn Amana Colonies Amana
Proposed Indoor Water Park Resort Amana
Marriott Hotel Des Moines

KENTUCKY

Drawbridge Inn Fort Mitchell
Holiday Inn Louisville

LOUISIANA

Omni Royal Orleans Hotel New Orleans
Royal Sonesta New Orleans
Windsor Court New Orleans

MASSACHUSETTS

Wyndham Copley Plaza Boston
Holiday Inn Boxborough

MICHIGAN

DTE Energy Music Theatre Detroit
Hilton Garden Inn Detroit
The Palace @ Auburn Hills Detroit
Marriott Hotel East Lansing
Crowne Plaza Grand Rapids
Holiday Inn Grayling
Radisson Hotel Kalamazoo
Clarion Hotel & Conference Center Lansing
Holiday Inn Lansing - South Lansing (South)
Holiday Inn Lansing - West Lansing (West)
Double J Resort Rothbury
Radisson Town Center Southfield
Condo Hotel & Conf. Ctr. Resort (proposed) Traverse City

MINNESOTA

Northland Inn Brooklyn Park
Holiday Inn Duluth
Holiday Inn Metrodome Minneapolis
Radisson Hotel - Metrodome Minneapolis
Proposed Indoor Waterpark Resort Nisswa
Holiday Inn City Center Rochester
Holiday Inn St. Paul North St. Paul

**PARTIAL LIST OF CONFERENCE, CONVENTION AND EXPOSITION CENTERS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

MISSISSIPPI

Harvey Hotel Downtown Jackson
 Holiday Inn Select (Proposed) Jackson

MISSOURI

Crowne Plaza Jackson
 Holiday Inn Select St. Louis

NEW HAMPSHIRE

Holiday Inn Concord
 Holiday Inn Manchester

NEW JERSEY

Crowne Plaza Edison
 Renaissance Hotel Rutherford
 Holiday Inn Somerset
 Clinton Inn Tenafly

NEVADA

Embassy Suites Las Vegas

NEW YORK

Radisson Hotel Corning
 Greek Peak Resort Cortland
 Radisson Hotel Henrietta
 Hudson Valley Resort Kerhonkson
 Holiday Inn Orangeburg
 Six Flags Resort (proposed) Queensbury
 Lodge At Woodcliff Rochester
 Ramada Inn & Convention Center Schenectady

NORTH CAROLINA

Proposed Convention Hotel Asheville
 Renaissance by Marriott Asheville
 Holiday Inn (proposed) Raleigh

NORTH DAKOTA

Alerus Convention Center Hotel Grand Forks

OHIO

Quaker Square Hilton Akron
 Ohio University Inn Athens
 Bertram Inn & Conference Center Aurora
 I-X Convention Center Berea
 Glenmoor Club Canton
 Firststar Arena Cincinnati
 Holiday Inn Eastgate Cincinnati
 Hyatt Regency Cincinnati

Holiday Inn - Lakeside Cleveland
 Marriott Downtown Cleveland
 Sheraton - City Center Cleveland
 Concourse Hotel Columbus
 Convention Center Hotel (proposed) Columbus
 Hyatt Regency Columbus
 Marriott North Columbus
 Proposed 300-room Hotel Columbus
 Westin Great Southern Columbus
 Renaissance Quail Hollow Concord Twp.
 Sheraton Suites Cuyahoga Falls
 Doubletree Guest Suites Dayton
 Stouffers Renaissance Dayton
 Wyndham Dublin Hotel Dublin
 Radisson Hotel Eastlake
 Clarion Hotel Eastlake
 Hilton Fairlawn
 Hancock County Fairgrounds and
 Civic Center (proposed) Findlay
 Marriott Hotel (proposed) Independence
 Marion Conference Center
 (proposed) Marion
 Great Wolf Lodge Conference Center Mason
 Holiday Inn Dayton Mall Miamisburg
 Convention Center (proposed) Middletown
 Manchester Inn Middletown
 Cherry Valley Lodge Newark
 Proposed OSU Conference Center Newark
 Holiday Inn French Quarter Perrysburg
 Proposed Hotel & Conference Center Piqua
 Holiday Inn - North Sharonville
 Exposition Center (proposed) Springfield
 Holiday Inn Select Strongsville
 Toledo Marriott Portside Toledo
 Toledo Hilton Inn Toledo

OKLAHOMA

Embassy Suites Oklahoma City
 Holiday Inn Oklahoma City

PENNSYLVANIA

Proposed Resort Beaver Falls
 Proposed Resort Centre
 Seven Springs Resort Champron
 Downtown Full-Service Hotel
 (proposed) Erie
 Holiday Inn Harrisburg Hotel &
 Conf. Harrisburg
 Radisson Hotel & Conference Ctr. Harrisburg
 Resort at Split Rock Lake Harmony
 Willow Valley Resort Lancaster

**PARTIAL LIST OF CONFERENCE, CONVENTION AND EXPOSITION CENTERS APPRAISED OR STUDIED
BY CONSULTANTS OF HOTEL & LEISURE ADVISORS AT VARIOUS FIRMS**

PENNSYLVANIA Continued

Sheraton - Northeast	Philadelphia
Marriott Hotel	Pittsburgh
Westin William Penn	Pittsburgh
Holiday Inn Meadowlands	Washington

RHODE ISLAND

Providence Marriott	Providence
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SOUTH CAROLINA

Charleston Place Hotel	Charleston
Orient Express Hotel	Charleston
Omni Hotel at Charleston Place	Charleston
Embassy Suites	Myrtle Beach
Hilton Resort	Myrtle Beach

TEXAS

Crowne Plaza (proposed)	Addison
Harvey Hotel	Dallas
Holiday Inn - Market Center	Dallas
Holiday Inn Select - Downtown (proposed)	Dallas
Holiday Inn Select - North	Dallas
Crowne Plaza - Galleria	Houston
Harvey Hotel	Irving
Harvey Hotel	Plano

UTAH

Sheraton City Center	Salt Lake City
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VERMONT

Sheraton Hotel & Conference Ctr.	Burlington
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VIRGINIA

Proposed Resort & Conf. Ctr.	Fredericksburg
Indoor Waterpark Resort	Williamsburg

WASHINGTON

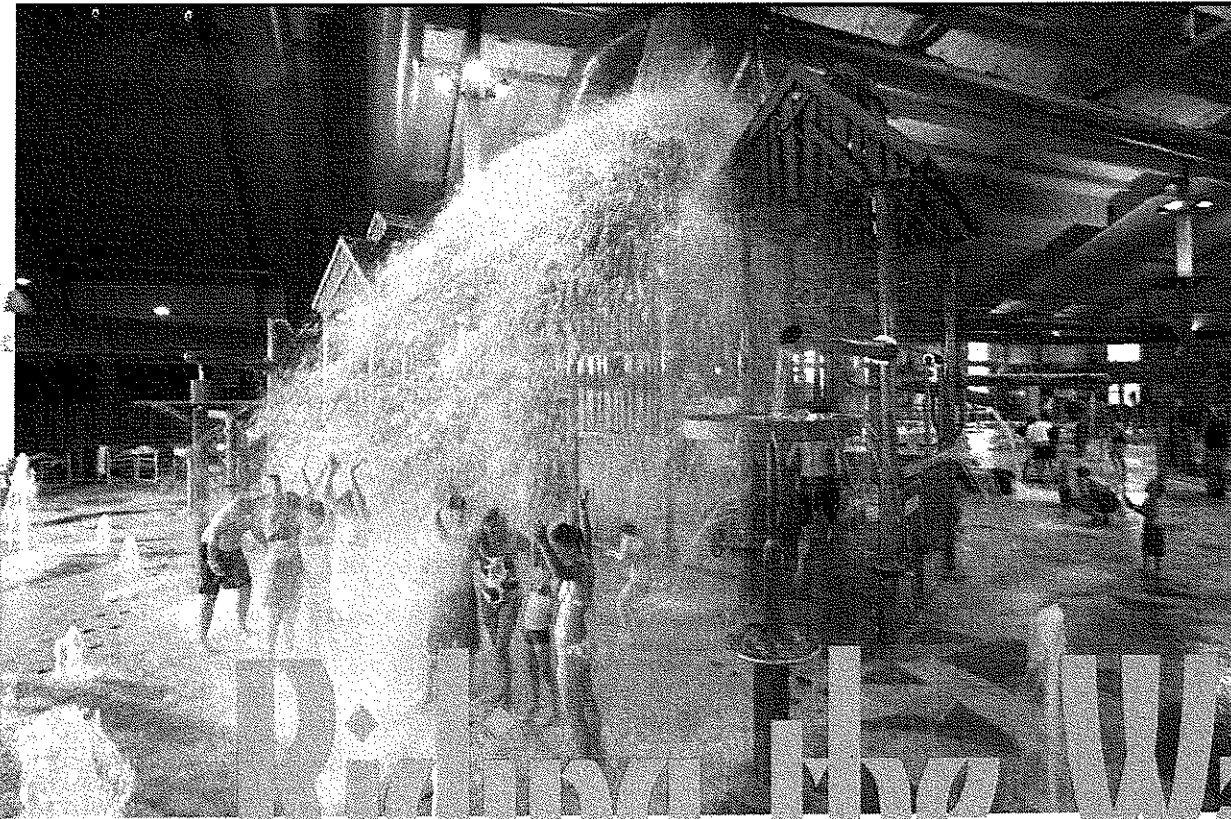
Great Wolf Lodge (proposed)	Centralia
Holiday Inn	Renton

WEST VIRGINIA

Holiday Inn	Morgantown
Holiday Inn	Weirton
Proposed Indoor Waterpark Resort	Wheeling

WISCONSIN

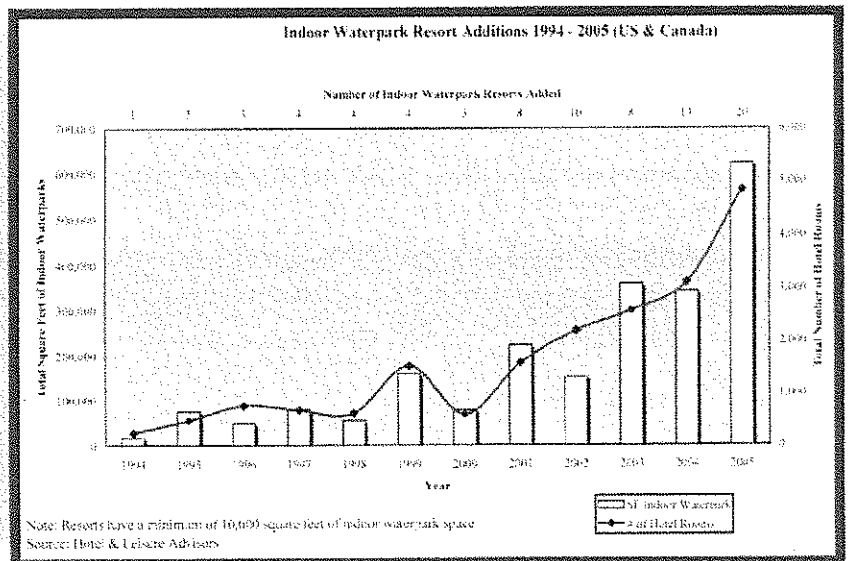
Hotel & Conference Center (proposed)	Appleton
Paper Valley Hotel	Appleton
Sheraton Hotel (proposed)	Appleton
Inn at Mount Telemark	Cable
Lake Lawn Resort	Delavan
American Club	Kohler
Grand Geneva Resort	Lake Geneva
Proposed Wave Point Resort	Little Sturgeon Bay
Crowne Plaza	Madison
Convention Center (proposed)	Madison
Holiday Inn Conference Center	Marshfield
Sheraton Four Points	Milwaukee
Marriott Hotel	Racine
Blue Harbor Resort	Sheboygan
Holiday Inn Convention Center	Stevens Point



Riding the Wave

Indoor Waterpark Resort Numbers Increase in '06

Indoor waterpark resorts have established themselves as a viable segment of the travel industry and expanded well beyond their Wisconsin base. During the period from 1994 to 2005, 80 indoor waterpark resorts opened or expanded their properties in the U.S. and Canada totaling approximately 2,208,000 square feet and offering over 19,000 hotel rooms. The number of indoor waterparks has grown significantly since their inception in the early 1980s, while the average number of hotel rooms attached to these waterparks has also increased substantially over the years. The following table shows the number of hotel rooms and square feet of indoor waterparks that have opened annually in the U.S. and Canada from 1994 to 2005.



For example, in 1994 there was one indoor waterpark resort which opened in the U.S. and Canada with a total of 232 guest rooms and 16,000 square feet of indoor waterpark space. This equaled one guest room per every 69 square feet of indoor waterpark space offered. In 2005, 20 indoor waterpark resorts opened with a total of 4,831 guest rooms and 621,000 square feet of indoor waterpark space. This represented approximately one guest room per every 129 square feet of indoor waterpark space for the 2005 openings.

The increase in the number of guest rooms constructed has kept pace with increases in demand for indoor waterparks in most markets although in Wisconsin and Minnesota oversupply issues are beginning to surface. In Minnesota and Wisconsin, properties with indoor waterparks are recording lower rates of occupancy and average daily rate than they recorded in previous years due to increased competition.

The following table summarizes the results of our supply analysis of indoor waterpark resorts. Although numerous hotels bill their indoor pools as "waterparks," our definition restricts the use of the term waterpark resort to those hotels which are connected to an indoor waterpark containing a minimum of 10,000 square feet of indoor waterpark space and inclusive of amenities such as slides, tubes, and a variety of indoor water play features.

The table indicates that there are currently 79 indoor waterpark resorts located in the United States with nearly 40% located in Wisconsin. In addition, there are 13 indoor waterpark resorts operating in Canada, although many other hotels in Canada offer smaller indoor water features with less than 10,000 square feet. Of the Wisconsin total, 16 are located in Wisconsin Dells, which is a resort city in central Wisconsin that has achieved national recognition for its indoor waterparks and year-round activities.

Indoor Waterpark Resort Supply Analysis as of June, 2006						
State	Number of Resorts	Average Room Count	Indoor Waterpark Size (SF)			Percent Franchised
			Average	High	Low	
Idaho	1	98	25,000	25,000	25,000	100%
Indiana	1	344	30,000	30,000	30,000	100%
Iowa	3	164	18,667	25,000	11,000	67%
Illinois	2	169	24,500	25,000	24,000	50%
Kansas	2	250	33,000	38,000	28,000	0%
Kentucky	1	81	10,000	10,000	10,000	100%
Massachusetts	1	260	10,000	10,000	10,000	0%
Michigan	7	198	29,714	58,000	10,000	43%
Minnesota	12	183	28,917	68,000	11,000	55%
Missouri	2	617	20,000	20,000	20,000	0%
New York	1	200	38,500	38,500	38,500	0%
North Dakota	4	186	13,250	21,000	10,000	100%
Ohio	4	361	47,250	80,000	33,000	25%
Pennsylvania	2	385	67,500	78,000	57,000	50%
South Dakota	1	150	30,000	30,000	30,000	100%
Texas	1	428	70,000	70,000	70,000	0%
Virginia	2	951	48,500	55,000	42,000	0%
Washington	2	111	10,000	10,000	10,000	100%
Wisconsin	30	217	32,670	225,000	10,900	20%
Total USA/Average	79	282	30,972			39%
Alberta	3	260	30,600	217,900	12,000	67%
Manitoba	2	148	10,000	10,000	10,000	100%
Ontario	6	375	44,167	100,000	15,000	50%
Quebec	1	222	10,000	10,000	10,000	100%
Saskatchewan	1	152	10,000	10,000	10,000	100%
Total Canada/Average	13	232	30,953			69%

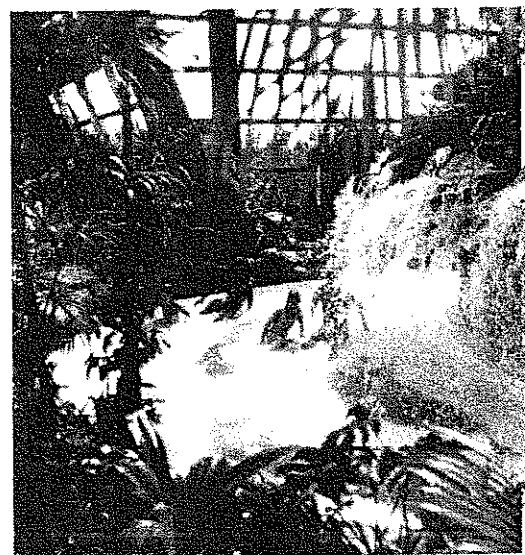
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space
Source: Hotel & Leisure Advisors June, 2006

Continued growth in "Splash Factors"

Indoor waterpark resorts have grown in size as well as popularity since their inception in the 1980s. The average size of the indoor waterpark component has grown to accommodate more amenities such as wave pools, additional activity pools, "toddler friendly" play areas, dry activity components, and more intricate tubes and slides. For example, Great Wolf Resorts have increased the size of their indoor waterparks' design as demand for more intricate water play features has increased due to the concept's popularity. The company's Great Wolf Lodge property in Sandusky,

Ohio (which opened in 2001) was constructed with a 33,000 square foot indoor waterpark area. Great Wolf Lodges in Kansas City, Kansas, and Traverse City, Michigan, both opened in 2003 with 38,000 square foot indoor waterpark areas. In 2006, Great Wolf Resorts opened their new resort in Niagara Falls, Ontario with 100,000 square feet of indoor waterpark area.

As with the amusement park industry, owners and operators of indoor waterpark resorts have discovered that in order to attract new families to their facilities and keep their repeat guests coming back for more, they need to continually work to add



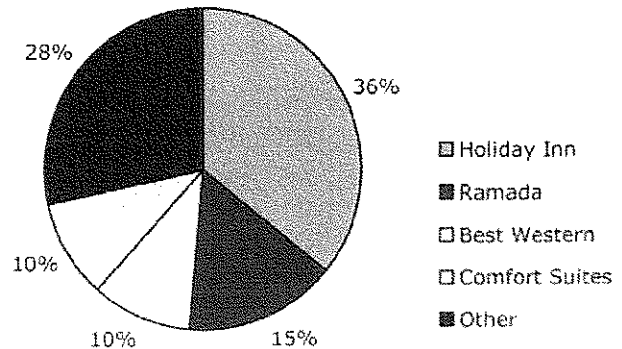
Continued on page 19

The six largest indoor waterpark resorts located in the Wisconsin Dells outperformed the general Wisconsin Dells non-resort overall average hotel occupancy by 19 occupancy points and the average daily rate of the non-resort hotels by \$110 in 2004. The average daily rate for these properties includes usage of the indoor waterpark. According to their recent SEC filings, the Great Wolf Lodge properties open in 2005 averaged an occupancy level in the low-60s% with an average daily rate slightly above \$200. Properties in the Wisconsin area are achieving a slight decline in performance due to the rapid increase in supply in the Wisconsin and Minnesota markets.

Hotel companies, investors and developers in the U.S. continue to explore the potential and benefit of affiliating indoor waterpark resorts with a national hotel franchise. Franchised indoor waterpark resorts are more common in Canada. The previous table shows that only 39% of U.S. indoor waterpark resort rooms are affiliated with a national hotel chain, while 69% of indoor waterpark resort rooms in Canada are franchised. Though the non-franchised resorts can benefit from offering a wider variety of indoor waterpark amenities, they lack the benefits of a central reservation system and franchise recognition. The following chart shows the affiliation of the franchised indoor waterpark resorts in the U.S.

Holiday Inn is the only national hotel chain currently offering an indoor waterpark resort prototype to their offering of hotel types. At present, there are 14 Holiday Inn properties in operation attached to indoor waterparks, as Holiday Inn has been very open to the idea of allowing franchisees to add indoor waterparks to their existing properties. As of June 2006, there are 18 additional Holiday Inn indoor waterpark resorts or expansions to existing Holiday Inn properties planned for development in the United States.

Franchised Indoor Waterpark Resorts in US and Canada



Source: Hotel & Leisure Advisors June, 2006

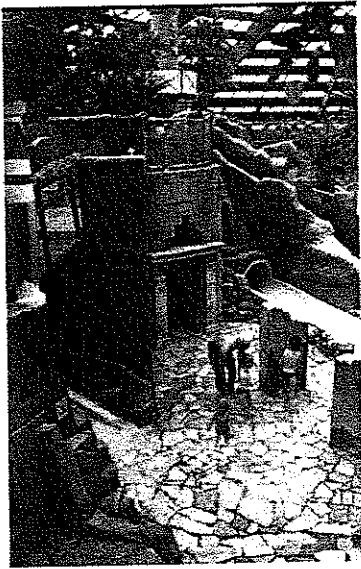
New Construction

The following table indicates indoor waterpark resorts which opened in 2005 in the United States and Canada.

The table indicates that 21 waterparks came on line within new resorts or expansions of existing resorts in 2005. A number of properties which opened in 2005 added or expanded waterpark facilities in existing hotels. Great Wolf Lodge in Wisconsin Dells expanded its rooms through the development of condominiums. The Kalahari Resort in Sandusky, Ohio, which opened in phases, was the largest waterpark to open in 2005 with 596 rooms and 80,000 square feet of waterpark space.

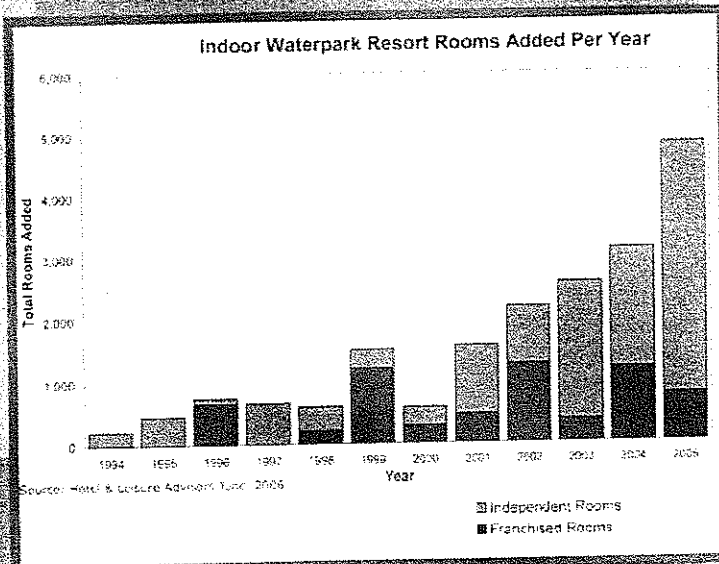
Indoor Waterpark Additions & Indoor Waterpark Resorts Opened in 2005				
Indoor Waterparks and Resorts	City	State / Prov	New Rooms	Waterpark Sq. Ft.
Holiday Inn Express and Raptor Reef	Hayden	ID	98	25,000
Grizzly Jack's Grand Bear Lodge at Starved Rock	Utica	IL	100	24,000
Baymont Inn Waterpark Addition	Shepherdsville	KY	0	10,000
Mountain Grand Lodge and Avalanche Bay	Boyne Falls	MI	220	58,000
Zehndor's Splash Village	Frankenmuth	MI	63	30,000
Comfort Suites	Mackinaw City	MI	50	10,000
Best Western Waterpark Expansion	Sterling Heights	MI	0	9,000
Holiday Inn Express and Three Bear Lodge	Baxter	MN	99	25,000
Lodge at Brainerd Lakes	Baxter	MN	102	28,000
Holiday Inn and Wildwoods	Otsego	MN	125	30,000
Kalahari Indoor Waterpark Resort- Route 250	Sandusky	OH	596	80,000
Great Wolf Lodge	Poconos	PA	401	78,000
Massanutten Resort Indoor Waterpark Addition	Harrisonburg	VA	0	42,000
Great Wolf Lodge	Williamsburg	VA	301	55,000
Ramada Inn and Big Splash Indoor Waterpark	Ocean Shores	WA	54	10,000
Comfort Suites with Indoor Waterpark	Johnson Creek	WI	77	10,000
Holiday Inn Express and Waterpark	Milwaukee	WI	115	10,000
Holiday Inn Hotel with Splash Point	Stevens Point	WI	132	15,000
Jellystone Park- Three Bears Lodge	Warren	WI	120	38,000
Country Springs Hotel Waterpark Addition	Waukesha	WI	0	25,000
Great Wolf Lodge Condominium Expansion	Wisconsin Dells	WI	128	0
Total		21	2,781	612,000
Average			164	30,600

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space
Source: Hotel & Leisure Advisors, June, 2006



The ratio of franchise to independent indoor waterpark hotels has fluctuated since 1994. The following table shows the number of indoor waterpark rooms that have been added per year by franchised and independent hotels.

Since 2003, the number of indoor waterpark rooms added by independent hotels has exceeded the number of rooms added by franchised hotels.



new components and keep the concept "fresh." We project that the average size of indoor waterparks constructed will continue to increase as customer expectations increase. Resorts will add attractions which are larger in scope such as wave pools, areas specially designed for younger resort

guests, and faster, taller, steeper, more intricate water-slides and tubes. As more and more indoor waterpark resorts are constructed throughout the United States and Canada, developers will need to focus on individualizing the offerings of their resorts, maintaining customer service levels as atten-

Continued on page 55

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Our research indicates that there are 21 new indoor waterpark resorts or expansions to resorts that have opened or are projected to open in the United States and Canada in 2006. The following table identifies these properties.

Indoor Waterpark Additions & Indoor Waterpark Resorts Projected to Open in 2006				
Indoor Waterparks and Resorts	City	State / Prov	New Rooms	Waterpark Sq. Ft.
Best Western Pzazz Fun City with Indoor Waterpark	Burlington	IA	0	20,000
Best Western Clock Tower Waterpark Addition	Rockford	IL	0	35,000
Holiday Inn with Indoor Waterpark	Elmhurst	IL	0	25,000
Holiday Inn Express Splash Universe Resort	Dundee	MI	86	30,000
Double JJ Ranch Indoor Waterpark Addition	Rothbury	MI	114	34,000
Waterpark of America at Mall of America	Bloomington	MN	400	70,000
Best Western Edgewater	Duluth	MN	17	30,000
Great Adventure Water Resort/Days Inn	Bellevue	NE	0	30,000
Regency Waterpark Addition	Omaha	NE	0	25,000
Carlisle/Radisson Indoor Waterpark Addition	Albuquerque	NM	0	20,000
Six Flags Great Escape Waterpark Resort	Queensbury	NY	200	38,500
Holiday Inn Fort Rapids with Indoor Waterpark	Columbus	OH	60	38,000
Great Wolf Lodge	Mason/Kings Island	OH	401	79,000
Great Wolf Lodge	Niagara Falls	ON	406	100,000
Sheraton Brock Indoor Waterpark Addition	Niagara Falls	ON	0	90,000
LaQuinta and Fairfield Inn with Indoor Waterpark	Rapid City	SD	255	30,000
Schitterbahn Indoor/Outdoor Waterpark Resort	Galveston	TX	0	70,000
Great Wolf Lodge Expansion	Williamsburg	VA	100	15,000
Chula Vista Expansion	Wisconsin Dells	WI	170	60,000
Great Wolf Lodge Expansion	Wisconsin Dells	WI	0	38,000
Wilderness Glacier Canyon Lodge	Wisconsin Dells	WI	224	65,000
Total		21	2,433	942,500
Average			203	44,881

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space
Source: Hotel & Leisure Advisors, June, 2006

In addition, there are a number of indoor waterpark resorts known to be in the planning or development stages in a variety of locations throughout the U.S. and Canada. The following table identifies projects which have been announced.

The table indicates that we are currently tracking 190 projects with an average of 43,574 square feet of indoor waterpark space. These include expansions of existing hotels and development of new resorts. If all of these facilities are constructed, this would result in over 7,860,240 square feet of new indoor waterpark space. The largest number of new projects comes from new development projects and from Holiday Inn indoor waterpark expansions. The majority of planned indoor waterpark resorts are located in northern states.

dance increases, and adding new components whenever possible.

Conclusion

Indoor waterpark resorts have emerged as a leisure destination for families looking for a convenient weekend getaway or vacation. Historically, the indoor waterpark resorts were located in the Wisconsin Dells region, but growth continues throughout the United States. We project continued development of indoor waterpark resorts in the northern United States as they offer an attractive year-round leisure opportunity for families and attractive investment returns for developers. However, with the substantial growth in supply in the segment, we recommend thorough feasibility analysis be performed for projects to ensure that the project's return on investment is adequate for the development. **WLL**

Indoor Waterparks Currently Proposed or In Progress
United States and Canada

Region	Number of Resort Properties	Number of New Resort Rooms	Average Room Count	Indoor Waterpark SF Total	Indoor Waterpark SF Average
Northeastern United States	46	9,435	270	1,973,000	45,884
Midwestern United States	90	17,276	250	3,559,240	40,446
Southern United States	17	3,992	397	735,000	47,188
Western United States	34	8,192	394	1,453,000	44,353
USA Total/Average	187	38,897	283	7,740,240	44,468
Canada	3	510	170	120,000	40,000
N. America Total/Average	190	39,407	260	7,860,240	43,574

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space
Source: Hotel & Leisure Advisors, June, 2006

David J. Sangree, MAI CPA, ISHC is President of Hotel & Leisure Advisors, a national hospitality consulting firm. He performs appraisals, feasibility studies and other consulting reports for hotels, resorts, waterparks, golf courses, conference centers, and other leisure properties. He has performed over 1,000 hotel studies and over 100 indoor waterpark resort market feasibility and/or appraisal studies across the United States and Canada.

MIDWEST WHETS APPETITE FOR INDOOR WATERPARKS

The Midwest has experienced rapid growth in the development of indoor waterpark resorts in recent years.

David I. Sangree



David Sangree
 President,
 Hotel & Leisure Advisors

In the past, waterparks were associated with summer vacation and hot, sunny weather. However, waterparks are now being associated with places like Wisconsin Dells, Wisconsin, Sandusky, Ohio, and Indianapolis, where the parks are indoors and connected to hotels. The rapid growth in the development of indoor waterpark resorts is a phenomenon that started in the Wisconsin Dells area in the 1990s and has quickly caught on in many areas. The growth of indoor waterparks is due to their popularity with children, and the desire of parents and grandparents to select lodging locations that will be fun for the entire family. In addition, indoor waterpark

resort properties are increasingly popular for short weekends and 2- or 3-day getaways for families that may not have time for longer vacations. The primary markets experiencing this development boom are the traditional summer resort locations, although they are increasingly being developed in suburban and urban locations as well.

An indoor waterpark resort is defined as a lodging establishment containing an aquatic facility with a minimum of 10,000 square feet of indoor waterpark space, and inclusive of such amenities as slides, tubes and a variety of indoor water-play features. The indoor waterpark is a component of the lodging business, and it infuses the resort with entertainment value that can be made available year-round, not just when the weather cooperates. By bringing the waterpark indoors, the weather factor has been eliminated.

Currently, there are 64 indoor waterpark resorts in the midwestern United States. Long hailed as the waterpark mecca of the Midwest, Wisconsin Dells has 16 indoor waterpark resorts with 602,500 square feet of indoor waterpark space. Between 2002 and 2006, the number of hotels in the Midwest with indoor waterparks has more than doubled from 31 to the current total.

A number of new indoor waterparks have opened or are expected to open this year through new construction or as additions to existing hotels. The Hucks Harbor Indoor and Outdoor Waterpark is located within the Fun City entertainment center in Burlington, Iowa. The entertainment center features a 20,000-square-foot indoor waterpark, restaurants, a bar, an arcade, a bowling alley, go-karting, a laser tag arena and a golf course. The indoor waterpark opened in January and the outdoor waterpark is scheduled to open in the spring. The entertainment center is connected to an existing 142-room Best Western hotel.

The Double J Ranch located in Rothbury, Michigan, is adding a 34,000-square-foot indoor waterpark that is scheduled to open in November. The waterpark will connect to the resort's new conference center, which will include a retail component, a spa, a salon and 114 condominium hotel rooms.

In Bloomington, Minnesota, development of the Waterpark of America, which will be located next to the Mall of America, is wrapping up. The resort will feature a 68,000-square-foot indoor waterpark, a kayak course, a current channel, a 403-room hotel, an arcade,

space, a gift shop, a restaurant, a fitness center and a spa. Also in Ohio, the Great Wolf Lodge is underway in the city of Mason, adjacent to Paramount's Kings Island. The more than \$100 million development will feature a 79,000-square-foot indoor waterpark, a 401-room hotel, an arcade, a 40,000-square-foot conference and banquet facility, a spa, a fitness room, restaurants, and a gift shop. The resort is scheduled to open later this year.

In Wisconsin Dells, the main hub of the Midwest indoor waterpark trend, there is a wealth of activity occurring within the industry. The Chula Vista Resort, which currently has a 30,000-square-foot indoor waterpark and a 100,000-square-foot outdoor waterpark, is adding another 60,000-square-foot indoor waterpark and approximately 170 new condominium hotel units to its existing facility. Also, the Wilderness Glacier Canyon Lodge in Wisconsin Dells has just added its fourth indoor waterpark, which opened in April. The resort is also adding 224 additional condominium hotel units. The new 68,000-square-foot indoor waterpark will be an addition to Wilderness Glacier Canyon's existing 130,000 square feet of indoor waterpark space.

The growth of indoor waterparks in the Midwest is occurring due to increased demand and the industry's success in achieving strong results for the investors and owners. Hotels with indoor waterparks and indoor waterpark destination resorts can justify substantially higher room rates than hotels without indoor waterparks during the off season, since the rate includes admission to the indoor waterpark, a \$15 to \$40 value per person per day. We project continued growth in the waterpark field in coming years in the midwestern states.

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INDOOR WATERPARK RESORTS AND INDOOR WATERPARK ADDITIONS TO EXISTING HOTELS PROJECTED TO OPEN THIS YEAR IN THE MIDWEST

Indoor Waterparks and Resorts	City	State	Sq. Ft.
Hucks Harbor Indoor and Outdoor Waterpark - Best Western	Burlington	IA	20,000
Sheraton Chicago NW Indoor Waterpark Addition	Arlington Heights	IL	46,240
Holiday Inn with Indoor Waterpark	Elmhurst	IL	25,000
Splash Universe Waterpark Resort - Holiday Inn Express	Dundee	MI	25,000
Double J Ranch Indoor Waterpark Addition	Rothbury	MI	34,000
Waterpark of America at Mall of America	Bloomington	MN	68,000
Best Western Edgewater Resort & Waterpark	Duluth	MN	23,000
Comfort Suites and Thumperpond	Ottertail	MN	12,000
Great Adventure Water Resort/Days Inn	Omaha	NE	30,000
Regency Waterpark Addition	Omaha	NE	25,000
Holiday Inn East with Indoor Waterpark Addition	Columbus	OH	38,000
Great Wolf Lodge	Mason/Kings Island	OH	79,000
Watiki Indoor Waterpark Resort	Rapid City	SD	30,000
Chula Vista Expansion	Wisconsin Dells	WI	60,000
Great Wolf Lodge Expansion	Wisconsin Dells	WI	38,000
Wilderness Glacier Canyon Lodge	Wisconsin Dells	WI	68,000

Totals: 16 parks — 621,240 square feet

Average Size: 38,828

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space

Source: Hotel & Leisure Advisors, April 2006

Consultant's Corner

Research essential before waterpark addition gets built

IN THE details

Cost vs. revenue important

- Analyze incremental return
- Evaluate hotel property size
- Determine demand



By David Sangree
H&MM
Columnist

Numerous hotel owners are considering adding an indoor waterpark to their existing hotel as a way to

boost occupancy levels and revenue at their property. How does one determine if this is a good idea? How much does it cost to add a waterpark to a property?

I have performed more than 100 studies across the United States and Canada on existing and proposed hotels concerning waterpark additions. Indoor waterparks can be beneficial to certain types of properties that have a potential to attract stronger leisure demand on days when school is out, including weekends, school breaks, summer and other vacation times. But the cost to

Indoor waterpark development costs (waterpark component only)

Location of waterpark	Year opened/ to open	Cost	Square feet of waterpark space	Cost per square foot
Eastern USA	2003	\$20,000,000	46,000	\$434.78
Western USA	2003	\$8,000,000	30,000	\$266.67
Midwest USA	2004	\$16,000,000	38,000	\$473.68
Midwest USA	2004	\$8,500,000	30,000	\$283.33
Eastern USA	2005	\$14,000,000	42,000	\$333.33
Midwest USA	2006	\$9,000,000	23,000	\$391.30
Western USA	2006	\$11,000,000	23,000	\$478.26
Eastern USA	2007	\$15,400,000	48,000	\$320.83

Source: Hotel & Leisure Advisors

build an indoor waterpark also is quite high. Therefore, it is necessary to perform a detailed analysis concerning the poten-

tial revenue and net income gained versus the cost to develop and potential loss of certain components of demand.

The accompanying chart indicates the cost to construct an indoor waterpark addition

Please turn to page 22

Columns

H&MM June 5, 2006

HotelMotel.com

Waterpark

Continued from page 8 for various sized projects located throughout the United States.

The chart indicates that the cost to construct an indoor waterpark ranges from about \$250 per square foot to \$500 per square foot of indoor waterpark space. The cost range is rather wide and depends upon the types of waterpark features in-

cluded. For example, a water coaster can cost more than \$1 million while a water slide can be less than \$100,000.

In order to justify the capital cost of adding an indoor waterpark, the property needs to analyze the incremental return the addition would achieve. My analyses of other properties indicate that the leisure percentage of demand typically will increase while the group and corporate demand percentages will decline

when an indoor waterpark is added to an existing property. The addition of many more leisure guests may increase revenues in the food-and-beverages, gift shop, arcade and spa departments of a hotel. Typically, families visiting a hotel with an indoor waterpark will spend more time in the property and utilize the outlets of the property.

When considering the addi-



tion of an indoor waterpark, one needs to analyze the following:

- During what months does the property have the lowest occupancy rates?
- What days of the week does the property achieve its highest occupancy rates? What days of the week are slowest?
- Are the guestrooms at the property large enough for a family of four or five to utilize the

room when visiting the indoor waterpark?

- Does the property have the land area to build an indoor waterpark?
- Is the property's management team capable of managing the major change in operation?
- How many other indoor waterparks currently are in the market and how many are proposed?
- What demand segments will be negatively impacted if greater numbers of children and families are in the hotel?

There are many questions a hotel owner needs to answer before considering the waterpark addition. Research indicates that properties in markets with no indoor waterparks achieve the maximum benefit from an indoor waterpark addition. In comparison, a property in a market with many existing indoor waterparks will achieve a lower return. In such a case, the additional net income might not be sufficient to justify the development costs.

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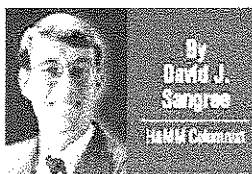
WHERE ARE YOU
IN THE CYCLE?



Hotel condominium sales grow at indoor waterpark resorts

Apr 18, 2005
 By: David J. Sangree
 Hotel & Motel Management

Condominium hotels are the talk of the hotel industry, and there has been an increasing trend toward adding condominium units to existing and proposed indoor waterpark resorts.



The table indicates the indoor waterpark resorts with condominium units in the Midwest, where a majority of indoor waterpark resorts are. Compared with other parts of the country, such as Florida, the number of hotel condominium units is rather limited in Midwestern states. However, condominium units at resorts with special amenities like indoor waterparks have been increasing in Midwestern states.

These indoor waterpark resorts represent two types of condominium hotel developments. A majority of them include hotel rooms owned by the resort as well as condominium units owned by individual owners. The other type is the entirely condominium property such as Timber Ridge in Lake Geneva, Wis. This property is operated by the Marcus Corp., which also operates the adjacent Lake Geneva Resort.

The nine properties sold their hotel condominium units for a range of \$135 to \$454 per square foot. Sale prices for indoor waterpark resort condominium units have ranged from \$250,000 to \$900,000 for a two- to four-bedroom unit. The wide range in price is due to the differences in amenities, location and pricing strategy. The units typically come furnished and the prices include that. The Kalahari condominium units at both locations are three-bedroom lockout units that can be rented as individual guestrooms.



In all of these properties, the hotel management company offers the condominium owner the opportunity to provide rental services on a nightly basis at a management fee of between 32 percent and 50 percent of room revenue. The buyer of the condominium unit typically utilizes the unit only two to three weeks per year and hopes to achieve income from the rental to pay off the mortgage and earn a profit. The hotel company includes the condominium unit in its rental pool at all times, except when the unit's owner is utilizing it.

Midwestern indoor waterpark resorts with condominiums

Condominium development	Location
Grand Bear Lodge at Bearfoot Rock (UIC)	Ill. Ca. IL
Boyer Mountain State Lodge (UIC)	Boyer Falls, MI
Double JJ Ranch (UIC)	Robtburg, MI
Kalahari Resort Sandusky (UIC)	Sandusky, OH
Wilderness & Wilderness on the Lake	Lake Orion, WI
Kalahari Resort Wisconsin Dells	Lake Orion, WI
Cruis Vista Resort (UIC)	Wisconsin Dells, WI
Timber Ridge	Lake Geneva, WI
Blue Horizon Resort	Sheboygan, WI

Photo: UIC; Photo: UIC; Photo: UIC; Photo: UIC; Photo: UIC; Photo: UIC; Photo: UIC; Photo: UIC; Photo: UIC

Many indoor waterpark resorts in the Midwestern states have used the sale of condominium hotel units to fund construction of resort improvements. There are a number of proposed resort projects where the money raised from the sale of the condominium units will pay for most or all of the new development.

The developer typically maintains ownership in common-area facilities, including restaurants, meeting space and indoor waterparks, and also has the ability to manage the facility. Most expenses for operating the hotel are paid out of the management company's share of the rental revenue, including various operating departments.

Midwestern indoor waterpark resorts with condominiums fixtures and equipment.

Condominium owners typically pay for their share of taxes, common-area expenses, utilities, administrative expenses and replacement of furniture,

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HOTEL & LEISURE ADVISORS

Ohio's Lodging Market: Historical Analysis & 2006 Forecast

By: David J. Sangree, MAI, CPA, ISHC, Laurel A. Keller, and Joseph Pierce

SUMMARY

This analysis reviews Ohio's three major lodging markets over the past five years and projects future hotel performance in the Cleveland, Columbus, and Cincinnati MSA's. It examines historic operating performance, hotel sales, new development and local attractions that affect demand to present a detailed view of each market's performance and potential.

METROPOLITAN, STATE, AND NATIONAL HOTEL PERFORMANCE COMPARISONS

This chart shows the historical lodging performance for the Cleveland, Columbus, and Cincinnati MSA markets as well as for Ohio and the United States for YE2005.

Occupancy and Average Daily Rate Comparisons Select MSA, Ohio, and National Markets															
	2003					2004					2005				
	Occ.	ADR	RevPAR	% Chg.	Supply	Occ.	ADR	RevPAR	% Chg.	Supply	Occ.	ADR	RevPAR	% Chg.	Supply
Cincinnati MSA	53.4%	\$69.24	\$36.97	3.5%	23,909	54.8%	\$72.03	\$39.47	6.8%	22,734	56.2%	\$73.83	\$41.49	5.1%	23,622
Cleveland MSA	54.6%	\$73.53	\$40.15	-1.8%	22,158	57.1%	\$74.98	\$42.81	6.6%	22,046	56.6%	\$78.01	\$44.15	3.1%	22,060
Columbus MSA	55.7%	\$71.18	\$39.65	-1.0%	24,931	56.6%	\$71.45	\$40.44	2.0%	24,921	58.9%	\$71.45	\$44.09	9.0%	24,575
State of Ohio	53.2%	\$67.28	\$35.79	0.4%	132,053	54.5%	\$67.99	\$37.08	3.6%	122,051	55.0%	\$70.34	\$38.65	4.2%	122,428
United States	59.1%	\$83.11	\$49.11	0.2%	4,466,508	61.3%	\$86.24	\$52.88	7.7%	4,450,768	63.1%	\$90.84	\$57.34	8.4%	4,422,607

Source: Smith Travel Research

The major Ohio cities continue to lag behind the nation in terms of occupancy and average daily rate performance. The reasons for this trend are the relative ease of building new hotels in Ohio which increases supply and the more limited demand in the corporate, leisure, and group segments in Ohio compared to larger metropolitan areas in the United States.

The following sections present a detailed analysis of the individual Ohio hotel markets of Cleveland, Columbus, and Cincinnati.

CLEVELAND, OHIO

The Cleveland MSA includes hotels located in Cuyahoga, Ashtabula, Geauga, Lake, Lorain, and Medina counties (22,060 rooms). The Akron MSA (located directly south of the Cleveland MSA in Stark and Summit Counties) contains an additional 6,652 hotel rooms in Stark & Summit counties. Unless otherwise noted, the Akron MSA is not part of this analysis.

Historical Performance: The following chart depicts the past five year's historical operating performance of the Cleveland MSA's hotels and our projection for 2006.

Historical & Projected Operating Performance Cleveland, Ohio MSA 2001 through 2006							
Year	OCC	Demand % Change	Supply % Change	ADR	% Chg.	RevPAR	% Chg.
2001	57.4%	--	--	\$77.51	--	\$44.49	--
2002	54.3%	-1.1%	3.2%	\$75.32	-2.8%	\$40.90	-8.1%
2003	54.6%	2.0%	1.4%	\$73.53	-2.4%	\$40.15	-1.8%
2004	57.1%	5.0%	0.3%	\$74.98	2.0%	\$42.81	6.6%
2005	56.6%	-1.4%	-0.5%	\$78.01	4.0%	\$44.15	3.1%
2006 Forecast	57.3%	2.0%	0.7%	\$81.00	3.8%	\$46.41	5.1%

Source: Smith Travel Research (historic) & H&LA (Projected)

Occupancy dipped slightly in 2005 after increasing in 2003 and 2004 despite the lack of new supply in the market. Although demand decreased in 2005, average daily rate climbed to the highest level recorded during the five year period. Based upon current economic conditions, we project occupancy levels to increase slightly in 2006 as compared to 2005. Furthermore, we project a more substantial increase in average daily rate, as Cleveland area hotel operators project additional rate increases in 2006.

Recent Hotel Sales: A total of 13 hotel sale transactions occurred in the greater Cleveland market during 2005. Below are three prominent sales.

- The 113-room **Courtyard by Marriott Beachwood** sold for \$8.2 million (\$72,566 per room) according to the assessor's office to The Harp Group. This 4-story upscale hotel is located in the upscale suburb of Beachwood off I-271. It offers 960 square feet of meeting space, a business center, gift shop, outdoor pool, whirlpool and fitness center.
- RJL Urban Lodging Fund, LP acquired the 216-room **Embassy Suites Beachwood** for \$18.5 million or \$85,648 per key as part of a portfolio transaction. This all-suites property is located at Chagrin Blvd. and I-271 and offers 5,500 square feet of meeting space, a business center, gift shop, indoor pool, fitness center and game room.

- The **Holiday Inn Cleveland Airport** sold to Trans Hotels for \$5 million (\$34,246 per room). This property is located off I-71 near the airport. This 6-story, 146-room property offers 3,137 square feet of meeting space, business center, high-speed Internet access, game room, indoor pool and fitness center.

Proposed Hotel Development: As in 2004, few hotel properties entered the Cleveland regional market in 2005. The full-service 295-room Marriott Hotel opened in Warrensville Heights in the Chagrin Highlands corporate development in the summer of 2005. An AmeriHost opened in Concord Township with 55 rooms while three additional properties opened just south of the Cleveland MSA in nearby Akron. As the overall market continues to absorb the overbuilding of recent years, the limited development has prevented further occupancy declines as demand decreased in the Cleveland market in 2005. New developments in 2006 are also limited. Only two properties totaling 150 rooms are anticipated to open in Cleveland's southeastern suburbs of Twinsburg and Stow. The following chart depicts the projected hotel supply additions in the greater Cleveland area, including the Akron MSA, for 2006 and 2007.

Hotel Room Additions Cleveland, Ohio					
PROPOSED ADDITIONS					
Completion	Property	No. of Rooms	Market	Location	Status
2006	Comfort Suites	70	Twinsburg	Interstate 480	U/C
2006	Homewood Suites	80	Akron	Stow/ Route 8	P
2007	Hilton Garden Inn	105	Mayfield	I-271	P
2007	Staybridge Suites	123	Mayfield Heights	Landerhaven Conference Facility	P
2007	Homewood Suites	122	Beachwood	I-271	P
2007	Hilton Garden Inn	88	Sheffield Lake	Detroit Road	P
2007	Hilton Garden Inn	121	Akron	Gateway Corporate Park	P
2007	Cambria Suites	108	Green	Near Airport	P
2007	Holiday Inn Express	91	Green	I-77 & Arlington Road	P
Total		908		P - Proposed	
Source: Hotel & Leisure Advisors				U/C - Under Construction	
February, 2006				U/D - Under Development	

Leisure Attractions: Cleveland area attractions have on average had stronger influence on their local hotel market than have leisure attractions in the other Ohio MSA's. Additionally, they have been better performers than some other sectors of the local economy, but they too have had challenges. The following chart lists the top leisure-oriented attractions in the greater Cleveland market.

Cleveland Area Top Leisure Attractions		
Attraction	Location	Est. 2005 Attendance
Lakefront State Park	North Shore	12,000,000
Cedar Point	Sandusky, OH	3,110,000
University Circle	Eastern Cleveland	2,500,000
Jacobs Field (Indians)	Downtown Cleveland	1,900,000
Cleveland Metroparks Zoo	Suburban Cleveland	1,200,000
Quicken Loans Arena (Cavaliers)	Downtown Cleveland	800,000
Geauga Lake	Aurora, OH	700,000
Cleveland Browns Stadium	Downtown Cleveland	700,000

Source: Hotel & Leisure Advisors

These attractions combined to present Cleveland on a world stage which provides long-term benefits including international business opportunities.

The Cleveland lodging market has been soft for a number of years, exacerbated by the slumping economy. However, the RevPAR increase realized in 2005 is encouraging, as the improving national economy and lack of new supply in the market allowed for rate growth despite a decrease in overall demand for rooms. For 2006, hotel operators anticipate ADR growth in addition to minimal occupancy improvement. The positive movement will still be modest as the area lacks a significant new demand generator and continues to postpone the development of a new convention center.

COLUMBUS, OHIO

As the state capital, the county seat for Franklin County and the largest city in Ohio, Columbus is the focal point for government activity within the state. Government related business provides a demand generator for hotel rooms in Columbus that is not significantly impacted by the rise and fall of economic activity within the state. Additionally, Ohio State University, the state's largest university, is located in the Greater Columbus area and provides the area with a solid employment base as well as a significant demand driver for hotel rooms.

Historical Performance: The Columbus MSA experienced a significant increase in the supply of hotel rooms from January 2001 to December 2002. In that period, 28 hotels opened adding a net 2,567 guest rooms to the market.

The following table depicts the past five year's historical performance of the Columbus MSA's hotels.

Historical & Projected Operating Performance Columbus, Ohio MSA 2001 through 2006							
Year	OCC	Demand % Change	Supply % Change	ADR	% Chg.	RevPAR	% Chg.
2001	58.6%	--	--	\$70.80	--	\$41.49	--
2002	56.7%	2.5%	5.5%	\$70.60	-0.3%	\$40.03	-3.5%
2003	55.7%	1.7%	2.7%	\$71.18	0.8%	\$39.65	-1.0%
2004	56.6%	1.1%	0.5%	\$71.45	0.4%	\$40.44	2.0%
2005	58.9%	4.1%	0.0%	\$74.86	4.8%	\$44.09	9.0%
2006 Forecast	60.0%	3.0%	1.2%	\$77.50	3.5%	\$46.50	5.5%

Source: Smith Travel Research (historic) & H&LA (Projected)

As the table shows, despite the events of September 11th and the downturn of the national economy, Columbus posted a 2.5% increase in demand for the period 2001 to 2002. The demand growth was overshadowed by the increase in supply mentioned above resulting in a decline of 1.9 occupancy points. Occupancy continued to decline in 2003 as the growth in supply, 2.7% over 2002, outpaced the demand for hotel rooms. Occupancy grew in 2004 and again in 2005 as overall demand increased by 1.1% and 4.1% respectively, while the increase in the supply of hotel rooms grew 0.5% in 2004, with no new supply in 2005. Average daily rates recorded a minimal decline between 2001 and 2002 before increasing between 2003 and 2005. The 2005 ADR was recorded at \$74.86, indicating a 4.8% increase from the 2004 ADR of \$71.45. We project occupancy levels to increase in 2006 as compared to 2005 based upon current economic conditions with an above inflationary increase in average daily rate.

Recent Hotel Sales: Thirteen hotel sale transactions occurred in the greater Columbus market during 2005. Below are three prominent sales:

- The 200-room **Cherry Valley Lodge** sold for \$15.5 million (\$77,500 per room) to WPH Cherry Valley. This resort property is located east of Columbus in Newark. It was built in 1993 and expanded in 2000. It features certified arboretums in two courtyards, 10,000 square feet of meeting space, a business center, gift shop, indoor pool, outdoor pool, fitness center, whirlpool, and game room. They are planning to add an indoor waterpark.
- Ozre Lodging I, LLC acquired the 164-room **Residence Inn by Marriott Worthington** for approximately \$4.3 million or \$41,346 per key according to the assessor's office. This 4-story property is located off I-270 at 7300 Huntington Park Drive and is within walking distance to area shopping, dining and attractions. Amenities include 750 square feet of meeting space, free high-speed internet access, an outdoor pool, whirlpool and fitness room.
- The **Fairfield Inn Columbus North** (now a Howard Johnson Hotel) sold to Asghar Khan for \$2.15 million (\$15,926 per room). This 3-story, 135-room property is located off I-71 at Morse Road and near area shopping malls and the Ohio Expo Center.

Proposed Hotel Development: Recent hotel developments have included the opening of the 116-room Hilton Garden Inn at Polaris which will be soon joined by a number of other

additional hotel developments. The other property which opened in 2005 was a Hampton Inn with 76 rooms in the eastern suburb of Heath, which borders Newark. The following chart depicts planned hotel supply additions in the greater Columbus area for 2006 and 2007.

Hotel Room Additions Columbus, Ohio					
PROPOSED ADDITIONS					
Completion	Property	No. of Rooms	Market	Location	Status
2006	Drury Inn and Suites	180	Grove City	I-71	U/C
2006	Candlewood Suites	122	Polaris	I-71	U/C
2006	Holiday Inn Fort Rapids Addition	60	Hamilton Road	I-70	U/C
2007	Residence Inn	125	Downtown	Buckeye Federal Building	U/C
2007	Hilton Garden Inn	158	OSU	Olentangy River Road	U/C
2007	Holiday Inn	90	West	Hilliard Rome/I-70	P
2007	Cambria Suites	113	Polaris	I-71	P
2007	Hilton	242	Polaris	I-71	P
2007	Hampton Inn and Suites	116	Polaris	I-71	P
2007	Fairfield Inn and Suites	125	Polaris	I-71	P
2007	Amerihost Inn and Suites	86	Airport	I-670	P
2007	Comfort Suites	84	East	East Broad Street	P
Total		1,501			
Source: Hotel & Leisure Advisors February, 2006				P - Proposed	
				U/C - Under Construction	
				U/D - Under Development	

The Polaris area around I-71 is rapidly becoming a major development node for the Columbus market with five projects announced and additional ones being discussed. These new projects at Polaris are projected to impact the existing market in Worthington where a bulk of the north side hotels are located. The Holiday Inn Fort Rapids will open with its indoor waterpark in the summer of 2006 and introduce the first indoor waterpark resort to the Columbus region.

Leisure Attractions: Columbus area attractions were a mixed bag of success and disappointment in 2005. COSI Columbus hosted Titanic: The Artifact Exhibition, in 2005 and was the most visited exhibit in COSI history with more than 226,000 visitors during its six-month run. Nationwide Arena, a focal point of the Arena District development in downtown Columbus, was dark many evenings as the NHL cancelled its 2004-2005 season as a result of a labor dispute lockout. The following chart lists the top leisure-oriented attractions in the greater Columbus market.

Columbus Area Top Leisure Attractions		
Attraction	Location	Est. 2005 Attendance
Alum Creek State Park	Delaware, OH	3,700,000
Columbus Zoo & Aquarium	Franklin, OH	1,400,000
Center of Science and Industry (COSI)	Downtown Columbus	890,000
Ohio Stadium (OSU)	North Columbus	840,000
Ohio State Fair	North Columbus	800,000
Nationwide Arena (Columbus Blue Jackets)	Downtown Columbus	720,000
Source: Hotel & Leisure Advisors		

Ohio State University provides exciting college football and basketball events, as well as other sporting competitions. Schottenstein Arena, a 19,500 seat facility on the OSU campus hosted the 2005 Division I Men's Ice Hockey Championship. In 2004 OSU and the City of Columbus hosted the NCAA Men's Basketball First and Second Rounds tournament at Nationwide Arena.

Columbus benefits from its central location in Ohio and its status as the state capital. The development of the Polaris, the Arena District, and other major projects have encouraged economic growth in the Greater Columbus area. The stability provided by governmental activity and the area educational institutions bode well for the prospect of long-term economic growth in the Columbus region. The Columbus lodging market continues to show positive demand but still lags behind national trends. However, the decline in new supply has made way for improved occupancy and ADR yielding positive RevPAR growth in 2004 and 2005. Hotel operators can anticipate ADR and occupancy growth in 2006, resulting in a third consecutive year of RevPAR improvement.

CINCINNATI, OHIO

Historical Performance: The Cincinnati MSA saw a large increase in the supply of hotel rooms between 1997 and 2000. According to Smith Travel Research, the occupancy percentage for the Cincinnati MSA stood at 60.2% in 1997 and declined year after year reaching a low point of 50.1% in 2001.

The following chart depicts the past five year's historical performance of the Cincinnati MSA's hotels.

Historical & Projected Operating Performance Cincinnati, Ohio MSA 2001 through 2006							
Year	OCC	Demand % Change	Supply % Change	ADR	% Chg.	RevPAR	% Chg.
2001	50.1%	--	--	\$69.77	--	\$34.95	--
2002	52.2%	2.2%	-1.0%	\$68.41	-1.9%	\$35.71	2.2%
2003	53.4%	2.5%	-0.7%	\$69.24	1.2%	\$36.97	3.5%
2004	54.8%	2.6%	-0.1%	\$72.03	4.0%	\$39.47	6.8%
2005	56.2%	2.1%	-0.5%	\$73.83	2.5%	\$41.49	5.1%
2006 Forecast	58.0%	2.5%	1.0%	\$77.00	4.3%	\$44.66	7.6%

Source: Smith Travel Research (historic) & H&LA (Projected)

Demand increases have been consistent over the past five years and are projected to continue. The growth in demand coupled with the modest overall decline in supply has allowed the market to absorb the pre-2001 supply additions and improve occupancy. The market saw a slight decline in ADR post 9/11, but has been able to advance rates each year since 2003. The combination of increased occupancy and ADR has afforded the Cincinnati market to post RevPAR growth each of the past five years. We project continued demand growth with limited increase in supply, which should afford occupancy and ADR levels to continue to grow in 2006 as compared to 2005 based upon current economic conditions.

Recent Hotel Sales: Nine hotel sale transactions occurred in the greater Cincinnati market during 2005. Below are three prominent sales.

- The 275-room **Holiday Inn Cincinnati North** sold for \$6.4 million (\$23,273 per room) to Hauck Hospitality. The 12-story property is located off I-275 at 3855 Hauck Road. The property is 12 miles north of downtown Cincinnati and is situated on approximately 7 acres of land. Amenities include a restaurant, bar & lounge, indoor and outdoor pools, and 9,000 square feet of meeting space which comprises 7 meeting rooms and a 6,000 square foot ballroom.
- Brahma Investment Group Inc. acquired the 148-room **Quality Hotel & Suites Central** for approximately \$5.2 million or \$35,135 per key. This property is located convenient to I-71 and I-75 at 4747 Montgomery Road in Norwood. Amenities include meeting space, restaurant, free high-speed internet access, an outdoor pool, and a fitness room.
- **The Holiday Inn Florence, KY** (now a Home Suites) was acquired by an undisclosed buyer for approximately \$1.6 million or \$15,000 per room. This 105-room property is located at 8050 Holiday Place and is 13 miles from downtown Cincinnati. Amenities include a restaurant, bar & lounge, outdoor pool, high-speed Internet access and 1,290 square feet of meeting space comprised of four meeting rooms.

Proposed Hotel Development: The only hotel which opened in 2005 in the Cincinnati market, was the 100-room Hampton Inn & Suites Cincinnati Union Center, which opened in the Cincinnati suburb of West Chester. The following chart depicts properties currently under construction and planned hotel supply additions in the greater Cincinnati area.

Hotel Room Additions Cincinnati, Ohio					
PROPOSED ADDITIONS					
Completion	Property	No. of Rooms	Market	Location	Status
2006	Sheraton Cincinnati North	257	Sharonville	I-75	U/C
2006	Drury Inn and Suites	175	Sharonville	I-75	U/C
2007	Cambria Suites	129	West Chester	Union Center/I-75	P
2007	Hilton Garden Inn Norwood	140	Norwood	Norwood Avenue	P
2007	Courtyard	113	West Chester	Union Center/I-75	P
2007	Great Wolf Lodge	401	Mason	Kings Island	U/C
Total		1,215		P - Proposed	
Source: Hotel & Leisure Advisors				U/C - Under Construction	
February, 2006				U/D - Under Development	

The Sheraton Cincinnati North Hotel was formerly a Radisson, which had been closed for two years while it underwent a \$20 million renovation. When it reopened it became the only full-service hotel within walking distance of the Sharonville Convention Center. The Union Center/West Chester market is due to add two additional hotels while the indoor waterpark resort Great Wolf Lodge is due to open adjacent to the Kings Island amusement park.

Leisure Attractions: Cincinnati's most widely visited attraction is Paramount's Kings Island, an amusement park located in suburban Mason, which attracts over three million people annually. The Ohio River area is one of Cincinnati's premier entertainment districts featuring restaurants, nightclubs and gaming facilities. Several of these facilities have developed on floating barges and riverboats in an area located in Newport, Kentucky known as Riverboat Row. The following chart lists the top leisure-oriented attractions in the greater Cincinnati market.

Cincinnati Area Top Leisure Attractions		
Attraction	Location	Est. 2005 Attendance
Paramount's Kings Island	Mason, OH	3,300,000
Great American Ballpark (Cincinnati Reds)	Cincinnati Riverfront	1,900,000
Cincinnati Zoo & Botanical Garden	Downtown Cincinnati	1,200,000
Cincinnati Museum Center (4 museums)	Union Terminal, Cincinnati	1,000,000
East Fork State Park	Bethel, OH	930,000
Newport Aquarium	Newport, KY	650,000
Source: Hotel & Leisure Advisors		

Cincinnati's most widely attended events include Cincinnati Reds baseball, Cincinnati Bengals football, the Kroger Senior Classics Golf and Oktoberfest. Cincinnati also supports a number of cultural opportunities including the Cincinnati Opera, Cincinnati POPS, Cincinnati Symphony Orchestra, Cincinnati Playhouse in the Park and The May Festival.

The Cincinnati Convention Center is currently undergoing a \$160 million expansion and reconfiguration. When completed in 2006, the facility will offer nearly 200,000 square feet of contiguous exhibition space, more than 100,000 square feet of meeting space including a 40,000 square foot ballroom, a 17,400 square foot ballroom, 37 meeting rooms and more than 750,000 gross square feet of space including pre-function areas and support space.

The Cincinnati area's continual expansion of regional attractions coupled with the limited growth in hotel guest room supply has helped bolster the Cincinnati occupancy and ADR in recent years. The expansion and reconfiguration of the convention center and the overall economic growth of the region bode well for the prospects of the hospitality industry in Cincinnati. The Cincinnati lodging market continues to absorb the overbuilding of the late 1990s causing its occupancy to lag behind that of the other two major cities in the state. However, demand for hotel rooms has been consistently stronger than Columbus or Cleveland and has afforded the market the opportunity to grow occupancy, ADR and thus RevPAR year after year.

OHIO OUTLOOK

The three major Ohio metropolitan areas are each showing signs of growth although at different speeds. The Cleveland market was the only one to record a decline in demand in 2005 which is not expected for 2006. The Cincinnati market will benefit from the expansion of the convention center which should boost demand for the downtown properties. The Columbus market is benefiting from its government base and stronger corporate growth than in the other two major cities.

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APPRAISAL AND MARKET ANALYSIS OF INDOOR WATERPARK RESORTS

By David J. Sangree, MAI, CPA, ISHC

SECTION IX

An appraisal of an indoor waterpark resort is similar to other appraisals in that it is a professional appraiser's opinion of value. It is typically required by a lender before financing can be obtained for a new project. The scope of the project, including plans and development budgets should be well defined prior to the start of the appraisal.

When a project is ready for an appraisal, developers and lenders often seek out appraisers with industry recognized qualifications which go beyond state minimum requirements. One such qualification, MAI membership, is offered by the Appraisal Institute. The MAI membership designation is awarded to appraisers who have met rigorous standards of education, experience and ethics. Members participate in continuing education to stay at the leading edge of their profession. For a project as complex as an indoor waterpark resort, it is beneficial to engage an appraiser who has extensive experience in the hospitality, resort, and waterpark industries.

Appraisals of indoor waterpark resorts pose unique challenges. Since waterparks are still a relatively new product, many real estate appraisers may be unfamiliar with them and may not know the steps required to appraise such properties. An indoor waterpark resort is an entertainment-based hospitality property, and therefore has the potential to achieve substantially higher revenues than a typical hotel. Conversely, this same characteristic makes its operation inherently riskier than the operation of a typical hotel. In other words, an indoor waterpark resort is more sensitive to fluctuations in the leisure market, the economy, and the demographic composition of a market area. Because the success of an indoor waterpark resort is so dependent on the health of the market, an indoor waterpark resort appraiser must conduct a more comprehensive market analysis than he or she might for a typical hotel property.

An appraisal should include a thorough market analysis and three approaches to determining the

market value of the project. This article discusses the methodology for conducting market research and preparing an appraisal of an indoor waterpark resort.

Market Analysis

A thorough market analysis of the local hospitality and indoor waterpark resort market is an essential component of an indoor waterpark resort appraisal. The value conclusion will depend heavily upon the data gathered for this section. Therefore, market analysis is the first and biggest step when appraising an indoor waterpark resort. Market research encompasses a large range of data, but the following section identifies key areas an appraiser should look at when conducting market research for an appraisal.

ECONOMICS AND DEMOGRAPHICS

When gathering economic and demographic data, the appraiser generally looks within a 120- to 180-mile radius of the subject property and gathers the following data.

- Population trends: What is the population in the area and is the number growing or shrinking?
- Household growth: How big is the typical household in the area? How many children are there per household? The number of children in the area is a particularly crucial data point since indoor waterparks are family-oriented facilities.
- Household economics: What is the unemployment rate in the area? What is the median income? How much disposable income do households in the area have?
- Area economics: What large corporations are in the area? Are there tourist attractions in the area? When answering these questions, an appraiser will look for existing demand generators as well as potential demand generators which are in the development stages. He or she will also look for demand generators which may be leaving the market soon.

- Area transportation: The number of airports, interstate highways, and rail stations greatly affects travel to an area; therefore these factors must be considered.
- Comparative data: Once an appraiser has gathered economic and demographic data from the subject market area, a comparison can be made to the same data from the market areas of other successful waterparks. Two areas which are frequently used as comparatives are Wisconsin Dells and Sandusky.
- Projections: Based on the data gathered in this section, what is the projected performance of the subject property? Are there plenty of demand generators in the area to draw visitors? Are there plenty of families with children in the area who might visit the waterpark?

HOTEL MARKET

For this set of data the appraiser should order a hotel market report from Smith Travel Research (STR). An STR report profiles the daily, monthly, and annual occupancy, average daily rate, and RevPAR of a market area. He or she should also conduct research on hotels in the market area which are in the development stages. Additionally, the appraiser should interview the management of competitive hotels in order to gain a greater understanding of the state of the hotel market. The following factors are critical to the understanding of the hotel market.

- Existing competitors: How many competitors exist in the market? To what degree are they competitive in terms of amenity offerings, affordability, etc.? How have they performed in past years in terms of occupancy, ADR and RevPAR?
- Recent hotel openings: How many hotels have opened in the past few years and what impact have those openings had on the existing market?
- Potential hotel openings: How many hotel projects are in the works? What types of hotels will they be? How many rooms? What is their projected impact on the current supply and demand situation in the market?
- Market segmentation and market penetration: What is the market segmentation and penetration of each competitor in the market? The appraiser will want to look at all market segments, but give special attention to the leisure market since an indoor waterpark resort targets this segment. Those hotels in the area

which garner the largest share of the leisure market will be the subject property's biggest competitors.

- Projections: Synthesize the data gathered in the previous steps and project the performance potential for the subject property. Based on the current market situation, is the subject likely to perform well in terms of occupancy and ADR? What are its potential penetration rates and market segmentation?

INDOOR WATERPARK RESORT MARKET

Indoor waterpark resorts tend to perform better than hotels without indoor waterparks in terms of occupancy and ADR and must therefore be looked at separately. As with the hotel market, the source for these data should come from a STR report, research on potential developments and interviews with competitive indoor waterpark resort management. Below are things to consider.

- Existing and potential competitors: How many other indoor waterparks are there in the area? How many are proposed in the area? How are existing waterparks performing in terms of occupancy and ADR? To what degree will existing and potential waterparks be competitive in terms of waterpark size, amenities, etc.?
- Waterpark pricing and usage: What are waterparks in the area charging for use of their waterpark? How many visitors do they get in a year? For these data, it is important to look at waterparks attached to hotels as well as those which are separate.
- Projections: Based on the data gathered above, how many waterpark visitors can the subject property expect, and will these visitors come from the subject hotel, nearby hotels or will they be local residents? What is a reasonable rate to charge for admission to the waterpark?

SUBJECT PROPERTY DATA

Information specific to the subject property is collected in these areas.

- Financial data: When appraising an existing property one needs to interview the management and obtain historical financial statements from them. For a proposed property, the interview will be with the developer and the appraiser will need to obtain the financial forecast and the development budget.
- Performance data: If the property is existing, historical market segmentation reports, usage figures, and other performance statistics are needed.
- Physical plant information: For an existing prop-

erty one will look at the building plans. For a proposed property, the appraiser will obtain the architectural plans.

- Governmental impacts: The subject's ad valorem taxes, zoning information, sales history, governmental restrictions, environmental regulations and other factors which may affect the subject property should be collected.

The Valuation Process

The purpose of most appraisals is to estimate the market value. Market value is defined in the Uniform Standards of Professional Appraisal Practice as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

The initial step in the appraisal is to conduct the market analysis described above. This systematic research and analysis is crucial in reaching a value conclusion for an indoor waterpark resort.

The next step is to incorporate that information with other financial data to determine market value. A hospitality property appraisal requires a more detailed analysis of the in-depth operations of a property than a typical commercial property appraisal. An appraisal of a hospi-

tility property is usually of the going concern of the property, and valuation is divided among the real estate, furniture, fixtures, and equipment, and any intangible value (business value).

Approaches to Appraisal:

There are three primary approaches for real estate appraisal: the income capitalization approach, the sales comparison approach and the cost approach. Although each method yields an estimate of market value, each does so in a different way. Therefore, it is important for an appraiser to choose an approach which will be

appropriate for the type of property being appraised. Below is a detailed description of each approach along with commentary on the applicability of each approach to the appraisal of indoor waterpark resorts.

The Income Capitalization Approach:

This approach analyzes the property's capacity to generate income (or other monetary benefit) and converts this capacity into an indication of market value. The approach is most suitable for hospitality properties in general and indoor waterpark resorts in particular because their values are based primarily on their cash flow. Within the income capitalization approach there are two methods which could be used: direct capitalization and discount cash flow. Direct capitalization converts an estimate of a single year's income expectancy or an annual average of several years' income expectancies into an indication of value in one direct step and is most applicable to properties that have achieved a stabilized level of operations and occupancy. The discounted cash flow (DCF) analysis is a market reflective method of estimating the present worth of anticipated income benefits – it converts a stream of expected income into a present value, and is most appropriate for properties that have not yet reached stabilized occupancy.

The appraiser should analyze and estimate various revenue and expense categories in determining the projected net operating income and value for the property. The projections for the property's occupancy and average daily rate performance are determined through the market analysis section as previously described. For the other revenue and expense categories, the appraiser

"...a waterpark resort appraisal requires a thorough market analysis involving a study of the economic and demographic factors as well as a review of the hotel and indoor waterpark resort markets."

should analyze the proposed subject property budget, actual operating results of other indoor waterpark properties, and industry standards for hotels from reports such as the Host Study. One should analyze the various departments of an indoor waterpark resort including outside waterpark sales, arcade revenue, gift shop, restaurants, lounges, meeting space, telephone, and other departments. Expenses for each of these departments should be estimated based upon an analysis of historical results and results from comparable indoor waterpark facilities. The discount rate and terminal capitalization rate for the analysis should be estimated based upon the industry surveys for hospitality properties taking into account the unique risk and income characteristics of an indoor waterpark resort property.

The Sales Comparison Approach:

This approach compares the subject property to other properties that have changed hands fairly recently, at known price levels. The reliability of this approach depends directly upon the quantity and quality of available market data. Because of this heavy reliance on market data, this approach is more difficult for indoor waterpark resort properties. There is a relatively limited supply of indoor waterpark resorts in relation to the total number of hotels in North America; therefore, there have only been a few indoor waterpark resort sales. This makes it difficult for the appraiser to find adequate market data; however, market data is available to the diligent appraiser. When using the sales comparison approach for an indoor waterpark resort, the appraiser should fully analyze any actual indoor waterpark resort sales as well as sales of non-waterpark hotels of comparable quality. One should obtain information such as sale price, historical occupancy, average daily rate, financial performance, renovation cost information, amenity offerings of the property, and special circumstances concerning the sale. Once the sales data have been fully analyzed, the appraiser will probably find a wide range of values. Therefore, the appraiser will need to use an adjustment grid to account for differences in location, size of the property, time and circumstances of the sale, etc. Through the adjustment grid, the appraiser can project a value for the subject property.

The Cost Approach:

In this approach, the cost to replace the improvements is estimated. Once replacement costs are determined, a deduction is made for any depreciation. The result is then combined with the estimated value of the

underlying land. This approach is especially appropriate when appraising a proposed development where development budgets and land cost are available. When using this approach one would first analyze the sale prices of existing land parcels near the subject site and project a value for the subject's land using a method similar to the sales approach described above. Next, one would compare the budgeted development costs with costs from an estimating service to determine if they are reasonable. Finally, the appraiser would project a value for the subject property by adjusting the development costs for depreciation and combining the result with the land value.

Applicability to Appraisal Assignment:

The Income Capitalization Approach is the most appropriate method for estimating the market value of an indoor waterpark resort or other hospitality property because this approach relies upon data from the market analysis for determining an estimate of value. The Sales Comparison Approach and the Cost Approach should be utilized to provide additional points of reference with the knowledge that there are limits to their relevance for indoor waterpark resorts.

Conclusion:

The appraisal of an indoor waterpark resort requires analysis and expertise beyond what is required for the appraisal of a typical hotel or other commercial real estate property. Unlike other types of appraisals, a waterpark resort appraisal requires a thorough market analysis involving a study of the economic and demographic factors as well as a review of the hotel and indoor waterpark resort markets. It also requires a complete financial analysis which looks at various revenue categories. When appraising an indoor waterpark the appraiser must have a full understanding of waterpark usage issues and a firm grasp on the trends in the indoor waterpark market. **WWA**

David J. Sangree, MAI, CPA, ISHC is President of Hotel & Leisure Advisors, a national hospitality consulting firm specializing in appraisals, feasibility studies, impact studies, and other consulting reports for hotels, resorts, waterparks, golf courses, amusement parks, conference centers, and other leisure properties. He has performed more than 1,000 hotel studies and more than 100 indoor waterpark resort market feasibility and/or appraisal studies across the United States and Canada.

FINANCING YOUR INDOOR WATERPARK RESORT

By David J. Sangree, MAI, CPA, ISHC

SECTION X

You have your plans and reports in hand and are ready to start your indoor waterpark resort. Where does the money come from?

Many indoor waterpark resorts are doing far better than hotels without indoor waterparks in equivalent markets in terms of occupancy levels and average daily rates. Despite this competitive advantage, financing your new indoor waterpark resort will be more difficult than financing a typical hotel or commercial building. Indoor waterpark resort projects are usually larger in scale and require larger development loans. Additionally, the risks involved in starting and operating an amusement-oriented resort property are higher than those involved in starting and running other types of properties. Also, if you are planning to start an independent property rather than a franchised property, you will have the additional challenge of overcoming the typical lender's view that independent properties are less economically stable than franchised properties.

This article characterizes indoor waterpark resorts and types of financing that are generally available. A discussion of the challenges to obtaining financing is followed by suggestions to overcome those obstacles.

Characteristics of Indoor Waterpark Resorts

SIZE AND FEATURES

Hotel & Leisure Advisors (H&LA) defines an indoor waterpark resort as a hotel facility connected to an indoor waterpark with a minimum of 10,000 square feet of indoor waterpark space with amenities such as slides, tubes, and play structures. Many hotels with large swimming pools claim to have an indoor waterpark; however, these do not fit our definition of an indoor waterpark resort and should technically be referred to as hotels with water features.

BRANDING

Many of the early indoor waterpark resorts were independent properties. In recent years, franchised waterparks have become more common, but independent properties still dominate the market. Franchised properties typically are smaller hotels which also target corporate demand while independent properties tend to be larger facilities which are focused on leisure demand.

Supply of Indoor Waterpark Resorts

The following table summarizes the current supply of

Indoor Waterpark Resort Supply Analysis						
State	Number of Resorts	Average Room Count	Indoor Waterpark Size (SF)			Percent Franchised
			Average	High	Low	
Idaho	1	98	25,000	25,000	25,000	100%
Indiana	1	344	30,000	30,000	30,000	100%
Iowa	3	164	18,667	25,000	11,000	67%
Illinois	2	169	24,500	25,000	24,000	50%
Kansas	2	250	33,000	33,000	28,000	0%
Kentucky	1	81	10,000	10,000	10,000	100%
Massachusetts	1	260	10,000	10,000	10,000	0%
Michigan	7	198	29,714	58,000	10,000	43%
Minnesota	12	186	28,083	68,000	11,000	58%
Missouri	2	617	20,000	20,000	20,000	0%
New York	1	200	38,500	38,500	38,500	0%
North Dakota	4	186	13,250	21,000	10,000	100%
Ohio	4	361	47,250	80,000	33,000	25%
Pennsylvania	2	385	67,500	78,000	57,000	50%
South Dakota	1	150	30,000	30,000	30,000	100%
Texas	1	428	70,000	70,000	70,000	0%
Virginia	2	951	48,500	55,000	42,000	0%
Washington	2	111	10,000	10,000	10,000	100%
Wisconsin	31	222	35,552	225,000	10,000	19%
Total USA/Average	80	282	31,027			39%
Alberta	3	260	80,600	217,800	12,000	67%
Manitoba	2	148	10,000	10,000	10,000	100%
Ontario	6	375	41,667	90,000	15,000	50%
Quebec	1	222	10,000	10,000	10,000	100%
Saskatchewan	1	157	10,000	10,000	10,000	100%
Total Canada/Average	13	232	30,453			69%

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space
Source: Hotel & Leisure Advisors, August 2006

indoor waterpark resorts in North America. The chart also indicates average room counts, waterpark size and the percentage of properties which are franchised.

The growth of indoor waterpark resorts has been strong in recent years with 24 projects projected to open by year-end 2006. Many new indoor waterpark projects have been proposed at new resorts and existing hotels throughout the northern United States and Canada. As of August 2006, we are tracking 197 proposed indoor waterpark resort projects which include additions to existing hotels as well as new construction resorts. If all of these projects were built, they would total 41,510 new guestrooms with 8,242,240 square feet of waterpark space. However, most of the proposed projects are still trying to obtain financing.

Financing Indoor Waterpark Resorts

Indoor waterpark resorts have been financed through a variety of methods including:

- Traditional banks
- Investment bankers specializing in the hospitality industry
- Wealthy individuals
- Self-financed through cash flow of other properties
- Government backed loans and grants

To obtain financing for an indoor waterpark resort, developers need to have strong management expertise and character to demonstrate to the lender that they have the necessary experience for developing and operating the property. The developer needs to have sufficient collateral and capital so the lender can feel that the loan will be paid off. Most importantly, the property must have sufficient projected cash flow to easily cover the projected debt payments with clearly defined and reasonable bases for these projections. Lenders will scrutinize financial projections provided by a developer to determine their reasonableness and the resort's potential for success. The lender will utilize the appraisal as well as an analysis of construction costs in determining the prospective loan for the project.

David J. Sangree, MAI, CPA, ISHC interviewed various lenders and investors concerning the financing of indoor waterpark resorts in August 2006. The following chart summarizes the rates and types of financing commonly used with indoor waterpark resorts.

	Construction Financing	Permanent Financing
Interest Rate (%)	8% to 10.25% Approximately 125 to 200 basis points over the prime rate	6% to 8%
Terms of Loan (Years)	2 to 3 years	5 to 20 years
Years Amortize	Interest only	20 to 30 years
Debt Coverage Ratio	1.2 to 1.5	1.2 to 1.5
Loan to Value (%)	50% to 80%	60% to 80%

Challenges in Financing an Indoor Waterpark Resort

Indoor waterpark resorts have proven to be more difficult to finance than typical hotel properties or other commercial properties. The difficulty in financing an indoor waterpark resort comes, in part, from the fact that it is both a hotel and an amusement attraction. Below are characteristics of these unique properties which makes financing them difficult.

SCALE

- They are bigger: Indoor waterpark resort projects are generally larger in scale and require larger development loans.

- They cost more to build: The development costs for an indoor waterpark resort are typically much higher than for many hotel properties. Some properties can cost between \$150,000 and \$300,000 per available room when indoor waterpark costs are included. The indoor waterpark itself may cost from \$200 to \$500 per square foot of net indoor waterpark space.

RISK

- They are hotels: Hotel income, which relies on daily variations in occupancy, is less stable and predictable than income for properties secured by long-term leases; therefore, they may be viewed by lenders as a high-risk situation.

- They are amusement facilities: The addition of an indoor waterpark to a hotel creates more of an entertainment destination, and, in spite of the success of many existing indoor waterpark resorts, some bankers perceive amusement facilities to be more risky than other types of commercial property.

- There are not many of them: The number of indoor waterpark resorts which exist in the United States is quite small - less than 100 with indoor waterparks over 10,000 square feet. Therefore, lenders are generally unfamiliar with the dynamics of these properties. A developer may need to spend extra time educating a lender when trying to acquire a loan.

BRANDING

- Developers find it easier to obtain financing for franchise properties than for independent properties because lenders tend to view franchised properties as more economically stable.

Overcoming the Challenges

A developer may counter these difficulties in obtaining financing by preparing a comprehensive package


of documentation for a lender. A thorough feasibility study will provide projections of revenues and expenses by outlining industry trends and successes. The study also educates lenders about this relatively new area of real estate development. A strong business plan illustrates the developer's expertise and commitment to success. A well-documented appraisal will analyze construction costs and the market feasibility of the resort in determining the market value. Together these documents provide the lender with solid information on which to base prudent financing decisions.

Typically, lenders require a higher equity contribution for an indoor waterpark resort loan than for a more traditional hotel loan. Our interviews with hotel lenders indicated that the climate is changing; lenders are beginning to look at indoor waterpark properties with more interest than they had in previous years. In spite of this growing interest, there still are relatively few lending institutions actively soliciting these types of projects. However, as more properties are developed and begin to show strong performance, we anticipate that financing will become somewhat easier. A case in point is the Great Wolf Resorts. Their performance has increased Wall Street's knowledge of this specialized area of the hospitality industry.

Conclusion

The financing environment for indoor waterpark resorts is currently difficult due to lack of lender interest, and larger equity contribution requirements. These difficulties can be overcome, however, with a well-documented market feasibility study and an appraisal report, which fully explain the market dynamics and income potential for the resort project. **WVA**

David J. Sangree, MAI, CPA, ISHC is President of Hotel & Leisure Advisors, a national hospitality consulting firm specializing in appraisals, feasibility studies, impact studies, and other consulting reports for hotels, resorts, waterparks, golf courses, amusement parks, conference centers, and other leisure properties. He has performed more than 1,000 hotel studies and more than 100 indoor waterpark resort market feasibility and/or appraisal studies across the United States and Canada.




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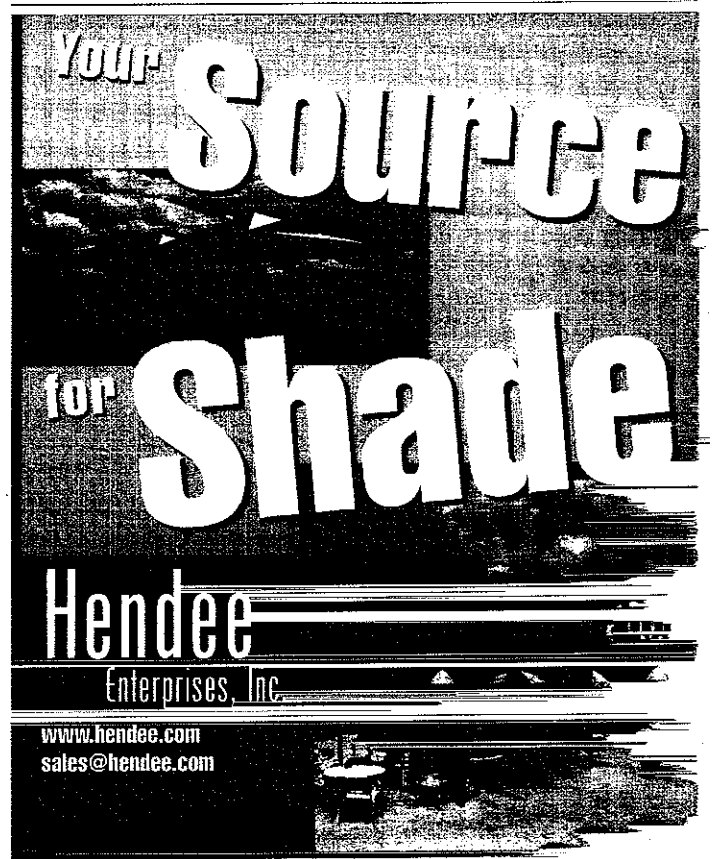


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Case Study

Indoor Waterparks and Hotels

By David L Sangree, ISHC



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ous articles for, and is frequently quoted in, magazines and newspapers covering the hospitality field.

THE INDOOR WATERPARK RESORT and the addition of indoor waterparks to existing hotels have become more widespread phenomena in the hotel industry in the United States and Canada since 2000. The growth of indoor waterparks is due to their popularity with children and to their parents' and grandparents' interest in selecting lodging locations that will be fun for children. In addition, indoor waterpark resort properties are increasingly popular for short weekends and two- or three-day getaways for families that may not have time for longer vacations. The indoor waterpark resort has established itself as a viable segment of the hotel industry and expanded well beyond its original Wisconsin base. Across the United States and Canada, new indoor waterparks are being added to existing hotels and new indoor waterpark destination resorts are being constructed. The primary growth of indoor waterparks is in what were historically summer resort locations, although they also are increasingly being developed in suburban and urban locations.

I define an indoor waterpark resort as a lodging establishment containing an aquatic facility with a minimum of 10,000 square feet of indoor waterpark space and inclusive of such amenities as slides, tubes, and a variety of indoor water-play features. Although many hotels bill their indoor pools as waterparks, those with less than 10,000 square feet should be categorized as properties with water features rather than as waterparks. I further divide indoor waterpark resorts into two categories. A hotel with an indoor waterpark has an attached waterpark with between 10,000 and 30,000 square feet of indoor waterpark space where the waterpark serves as a hotel amenity rather than a destination itself. An indoor waterpark destination resort is a resort with a minimum of 30,000 square feet of indoor waterpark

Exhibit 1 Types of Indoor Waterparks in Lodging Establishments

	Hotel with Water Features	Hotel with Indoor Waterpark	Indoor Waterpark Destination Resort
Size of aquatic area	1,000 to less than 10,000 square feet	10,000 to less than 30,000 square feet	30,000+ square feet
Possible amenities	Swimming pool, slide, toddler area with mushroom, spray gun	Multiple slides, tree house with slides, spray guns, tipping buckets, Jacuzzi, various pools, lazy river	Multiple slides, tree house with slides, spray guns, tipping buckets, Jacuzzi, various pools, lazy river, wave pool, water coaster, surfing, outdoor waterpark features
Capacity	up to 250 people	250 to 750 people	750 to 5,000 people
Minimum number of lifeguards	1	3	10
Arcade size	0 to 1,000 square feet	1,000 to 3,000 square feet	3,000 to 10,000 square feet

Source: Hotel & Leisure Advisors.

space that is considered a true destination resort that families visit year-round, primarily to visit the waterpark and secondarily to visit other attractions or events in the area. Using these definitions, Exhibit 1 describes the three types of indoor waterparks that currently exist and are being developed in the United States and Canada.

This case study discusses the following aspects of indoor waterparks:

- Indoor waterpark history
- Current market for indoor waterparks
- Reasons for indoor waterpark success
- Financial impact of indoor waterparks
- Indoor waterpark design and costs
- The future

Indoor Waterpark History

The first large indoor waterpark in North America was the World Waterpark inside Alberta, Canada's West Edmonton Mall. This indoor waterpark, which opened in 1985 and contains over 200,000 square feet of waterpark space, was an immediate hit and helped the West Edmonton Mall to become an international retail and entertainment destination. The Fantasyland Hotel, which has achieved some of the highest occupancy levels in Alberta, is attached to the mall and offers packages with the waterpark.

The first indoor waterparks in the United States were developed in Wisconsin Dells, Wisconsin. For generations, Wisconsin Dells has been a popular summer tourist destination, providing vacationers with a wide variety of family-oriented outdoor activities such as shopping, dining, scenic boat tours, amusement parks, miniature golf, outdoor waterparks, and similar attractions. Traditionally, "the Dells" ran at very high capacity between Memorial Day and Labor Day, but many of the attractions and hotels closed down for most of the rest of the year. Beginning in 1994 and especially in the late 1990s, the resort city became nationally known for its new indoor waterparks and activities.

The Polynesian Resort was the first large hotel in the Dells to add an indoor waterpark to its existing structure in 1994. The Polynesian differentiated itself from other hotels with its large indoor pool, modest water slides, and other attractions. The project was an instant success, achieving well-above-market room rates and occupancy. The project also did strong business during the off season when many other area hotels were closed. Families that had long come to the Dells during the summer started to return to enjoy the indoor waterpark and a brief getaway any time of year.

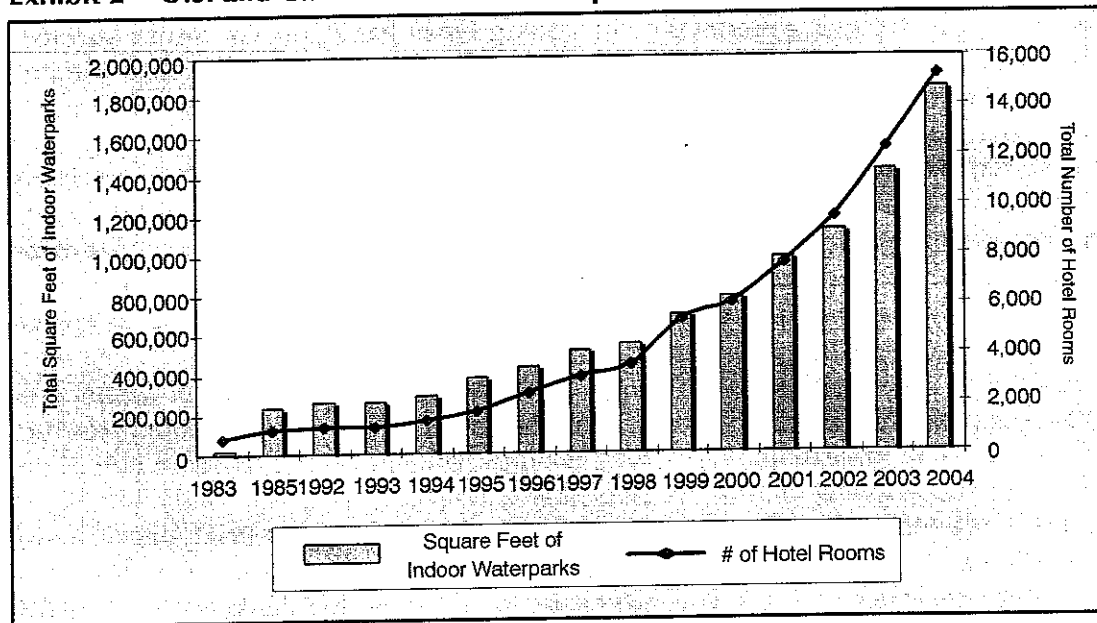
Over the ensuing years, The Polynesian, which now has 232 rooms and 38,000 square feet of indoor waterpark space, added amenities and more guestrooms and continued to perform well. Because of this, several more waterpark destination resorts were developed. These include Wilderness Hotel & Golf Resort, Treasure Island Water & Theme Park Resort, Great Wolf Lodge (formerly Black Wolf Lodge), Chula Vista Resort, and, most recently, Kalahari Resort. Each of these properties features an adventure theme and extensive indoor waterpark activities. Each has been very successful as demand has outgrown the size of the projects. All six of these pioneering water activity resorts have added guestrooms to meet their high demand. In addition, there are ten other hotels in the Dells with smaller indoor waterparks that have achieved lesser degrees of success because they have been overshadowed by the six larger destination properties.

Hotels with indoor waterparks and indoor waterpark destination resorts can justify substantially higher room rates than hotels without indoor waterparks during the off season, since the rate includes admission to the indoor waterpark (a \$15-\$40 value per person per day).

The resort hotels of Wisconsin Dells have created a year-round family resort community, which is generating strong room rates and higher year-round occupancy in what had once been a strictly seasonal market. Particularly on weekends, in the winter, and during school vacations, resorts in the Dells attract strong family demand.

Between 1983 and 2004, 63 indoor waterpark resorts opened or expanded their properties in the United States and Canada, totaling approximately 1,840,400 square feet and offering over 15,000 hotel rooms (see Exhibit 2). The size of indoor waterparks has grown significantly since their inception in the mid-1980s, and the average number of hotel rooms attached to these waterparks has also increased substantially over the years.

For example, in 1994, there were five indoor waterpark resorts operating in the United States and Canada with a total of 1,159 guestrooms and 297,800 square

Exhibit 2 U.S. and Canadian Indoor Waterpark Growth, 1983–2004

feet of indoor waterpark space. This equaled approximately one guestroom per 257 square feet of indoor waterpark space offered. By the end of 2004, 63 indoor waterpark resorts were operating with a total of 15,095 guestrooms and 1,840,400 square feet of indoor waterpark space. This represented approximately one guestroom per 122 square feet of indoor waterpark space. The increase in the number of guestrooms constructed has kept pace with increases in demand for indoor waterparks, which has also grown steadily.

Current Market for Indoor Waterparks

The number of indoor waterparks within resorts and connected to hotels continues to grow. The Midwest has attracted the most attention for indoor waterparks, followed by the Northeast. Exhibit 3 indicates that there were 52 indoor waterparks in hotels and resorts located in the United States with 42 percent located in Wisconsin. In addition, there were 11 indoor waterpark resorts operating in Canada, although there are many other hotels in Canada offering smaller indoor water features with less than 10,000 square feet.

Exhibit 4 indicates indoor waterparks that opened and hotels that added indoor waterparks in 2004 in the United States and Canada. Fourteen waterparks opened in new resorts or as expansions of existing hotels and resorts in 2004. Approximately half of the properties that opened in 2004 added or expanded waterpark facilities in existing hotels. Castaway Bay operated as a Radisson hotel until November 2004, when ownership added a 38,000-square-foot indoor waterpark, renovated the property, and dropped the franchise. In the case of the Kalahari, the developers added 360 condominium sleeping units to the 378-room, 125,000-square-foot indoor waterpark resort, bringing the total number of available guestrooms to 738.

Exhibit 3 Indoor Waterpark Resort Supply Analysis as of Year-End 2005

State or Province	Number of Resorts	Average Room Count	Indoor Waterpark Size In Square Feet			Percent Franchised
			Average	High	Low	
Idaho	1	98	25,000	25,000	25,000	100%
Illinois	1	100	24,000	24,000	24,000	0%
Indiana	1	344	30,000	30,000	30,000	100%
Iowa	2	174	18,000	25,000	11,000	50%
Kansas	2	250	33,000	38,000	28,000	0%
Kentucky	1	80	10,000	10,000	10,000	100%
Massachusetts	1	260	10,000	10,000	10,000	0%
Michigan	7	198	29,714	58,000	10,000	43%
Minnesota	9	162	26,444	40,000	13,000	56%
Missouri	2	617	20,000	20,000	20,000	0%
North Dakota	4	186	13,250	21,000	10,000	100%
Ohio	3	368	50,333	80,000	33,000	0%
Pennsylvania	2	385	64,750	78,000	51,500	50%
South Dakota	1	150	30,000	30,000	30,000	100%
Virginia	2	301	48,500	55,000	42,000	0%
Washington	2	111	10,000	10,000	10,000	100%
Wisconsin	30	216	30,303	160,000	10,000	20%
United States	71	223	29,248			36%
Alberta	3	260	80,600	217,800	12,000	67%
Manitoba	2	148	10,000	10,000	10,000	100%
Ontario	4	303	18,750	25,000	15,000	75%
Quebec	1	222	10,000	10,000	10,000	100%
Saskatchewan	1	157	10,000	10,000	10,000	100%
Canada	11	242	32,436			82%

Note: Properties have a minimum of 10,000 square feet of indoor waterpark space.

Source: Hotel & Leisure Advisors, December 2005.

Indoor waterparks at hotels and resorts range in size from 10,000 square feet at numerous smaller properties to 160,000 square feet at Wilderness (which was developed over a number of years). Properties in Wisconsin Dells have been expanding the sizes of their waterparks in the past three years, with three of the properties adding substantial new indoor waterparks. Kalahari opened a \$12 million, 58,000-square-foot addition to its waterpark in December 2002. The Wilderness Resort constructed a 70,000-square-foot indoor waterpark called the Wild West Waterpark, which opened in late February 2003 within the resort. In addition, in 2003 it opened a 15,000-square-foot indoor waterpark on Lake Delton connected to its 108-unit condominium development.

My research shows that, during 2005, 23 indoor waterpark resorts opened or expanded their properties in the United States and Canada, totaling 644,000 square feet of additional waterpark space and 2,908 additional rooms. Approximately 23 new indoor waterpark resorts or indoor waterpark additions to existing properties will open in 2006, offering a total of 3,041 guestrooms and 978,000 square feet of

Exhibit 4 Indoor Waterparks Opened in Hotels and Resorts in 2004

Property	Location	New Rooms	Sq. Ft. of Waterpark
Holiday Inn Amana Colonies	Amana Colonies, IA	0	11,000
Holiday Inn Select Indianapolis North	Indianapolis, IN	0	30,000
Grand Prairie Hotel & Convention Center	Hutchinson, KS	218	28,000
Holiday Inn Express Hotel & Suites	Grand Rapids, MI	79	10,000
Grand Rios Resort	Brooklyn Park, MN	0	35,000
Courtyard/Residence Inn Downtown	Minneapolis, MN	357	15,000
Sleep Inn & Suites	Minot, ND	126	21,000
Castaway Bay at Cedar Point	Sandusky, OH	0	38,000
Ramada Inn & Suites Airport	Sioux Falls, SD	150	30,000
Blue Harbor Resort	Sheboygan, WI	247	40,000
Lodge at Cedar Creek	Wausau, WI	140	50,000
Kalahari Resort Condominium Expansion	Wisconsin Dells, WI	360	10,000
Copa Cabana Resort Hotel & Suites	Wisconsin Dells, WI	0	10,000
Americana Conference Resort and Spa	Niagara Falls, ON	0	25,000
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space.			

Source: Hotel & Leisure Advisors.

indoor waterpark space. In addition, a number of indoor waterpark resorts are in the planning or development stages in a variety of locations throughout the United States and Canada. Exhibit 5 presents information about the 157 projects I was tracking as of December 2005. These projects have an average of 47,355 square feet of indoor waterpark space and include expansions of existing hotels and development of new resorts. If all of these facilities were constructed, this would result in approximately 6,784,740 square feet of new indoor waterpark space. The largest developer of new projects is Great Wolf Resorts, Inc., out of Madison, Wisconsin, with its branded Great Wolf Lodge resorts. The majority of the planned indoor waterpark resorts are located in northern states. In such southern states as Florida, hotels are beginning to add outdoor waterpark areas. For example, Holiday Inn's Nickelodeon Family Suites opened a large outdoor waterpark area in 2005.

Hotel companies, investors, and developers in the United States are only beginning to explore the potential benefits of affiliating indoor waterpark resorts with a national hotel franchise; franchised indoor waterpark resorts are more common in Canada. Exhibit 3 shows that only 36 percent of U.S. indoor waterpark

Exhibit 5 Indoor Waterparks Proposed or in Progress as of December 2005: United States and Canada

Region	Number of Properties	Number of Rooms	Average Room Count	Waterpark Area	
				Total (Sq. ft.)	Average Sq. Ft.
Northeastern United States	35	6,998	219	1,518,500	46,015
Midwestern United States	79	14,379	192	3,298,240	42,285
Southern United States	12	2,392	299	553,000	50,273
Western United States	26	5,657	236	1,155,000	46,200
United States	152	29,426	236	6,524,740	46,193
Canada	5	910	182	260,000	52,000
Total	157	30,336		6,784,740	
Average			225		47,355

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space. Updated May 2005.

Source: Hotel & Leisure Advisors, December 2005.

resort rooms are affiliated with a national hotel chain, while 82 percent of indoor waterpark resort rooms in Canada are franchised. Even though the nonfranchised resorts can benefit from offering a wider variety of indoor waterpark amenities, they lack the benefits of a central reservation system and franchise recognition. Holiday Inn is the only national hotel chain currently considering adding an indoor waterpark resort prototype to its offering of hotel types. As of December 2005, there were 11 Holiday Inn properties in operation that are attached to indoor waterparks, as the chain has been very open to the idea of allowing franchisees to add indoor waterparks to their existing properties. Also as of December 2005, there were 19 additional Holiday Inn indoor waterpark resorts or additions to existing Holiday Inn properties planned for development in the United States.

Reasons for Indoor Waterpark Success

The reason for the strong growth in indoor waterparks is the customer's willingness to pay higher room rates for the waterpark amenity. In addition, the indoor waterpark substantially increases demand during weekends and school vacations. By increasing the number of potential days on which a hotel can achieve higher occupancy levels, the hotel's overall occupancy will increase. Indoor waterpark resorts are outperforming non-waterpark hotels in all markets in terms of their occupancy and average daily rate. Typically, the average daily rate includes use of the indoor waterpark. There appear to be several reasons for this premium performance, including:

- Seasonal resorts gain year-round appeal
- Elimination of weather-related vacation risks
- Wide appeal of water-based recreation

- Increasing demand for short drive-to getaway vacations
- Themes with varying levels of appeal
- Location proximate to customer base and within established family vacation market

The popularity of indoor waterparks is due to the increase in water recreation. Waterpark attendance was between 72 and 73 million people in 2003, according to the World Waterpark Association, which is an increase from the attendance of 42 million people in 1991. The waterpark segment of the amusement industry is growing at a faster rate in both new facilities and attendance than any other segment, including amusement parks and family entertainment centers.

Twenty-four percent of trips (134.9 million) in the United States included children under the age of 18, according to the Travel Industry Association of America's (TIA) *Domestic Travel Market Report, 2003 Edition*. Eighty-seven percent of trips with children are for leisure reasons, with nearly half taken to visit friends or relatives. The strong travel levels recorded by the families with children is generating interest in indoor waterpark resorts as they are very popular with children. These activity resorts provide fun activities for children and their parents. Indoor waterpark resorts also appeal to the increasing numbers of families taking weekend trips for various leisure- and sports-related events.

TIA reports that people are taking more trips, with the number of person-trips increasing from 941 million in 1994 to 1.114 billion in 2003. Travel volume is forecasted to reach 1,230,000,000 person-trips in 2006. The average trip duration has dropped from 7.1 nights in 1977 to 4.1 nights in 2001. Between 1994 and 2003, leisure person-trips have increased more than 16 percent, while business/convention travel volume fell by more than 15 percent. Of the 1.114 billion domestic U.S. trips in 2003, 82 percent were leisure trips.

These trends are positive for indoor waterpark resorts as they indicate that people are visiting for shorter durations and looking for activities that children will enjoy. The indoor waterpark resort is very popular for two- to three-night stays and most children enjoy the indoor waterpark area extensively. The typical family will spend three to five hours a day at the indoor waterpark and utilize the remaining time for such activities as shopping, amusement parks, miniature golf, or other attractions, either within the resort or in the surrounding area.

Financial Impact of Indoor Waterparks

The financial impact of an indoor waterpark on a hotel property generally is that the property should achieve a higher occupancy and average daily rate level while also recording higher expenses. My experience reveals levels of performance between five and 30 occupancy points above hotels without indoor waterparks within the same market. Additionally, hotels with indoor waterparks can achieve an average daily rate from \$20 to \$150 per room higher than a hotel in the same market without an indoor waterpark.

The six largest indoor waterpark resorts located in Wisconsin Dells outperformed the chain-affiliated, non-resort hotels in overall average occupancy by 15

Exhibit 6 Great Wolf Lodge Performance Statistics

Great Wolf Lodge Indoor Waterpark Resorts Statistical Data for 12 Months Ending December 31, 2004								
Location	Month Opened	Rooms	Indoor Entertainment Area ¹ (approx. sq. ft.)	Occu- pancy (%)	Average Daily Rate (\$)	RevPAR (\$)	Total Revenue per Occupied Room (\$)	Total Revenue per Available Room (\$)
Wisconsin Dells, WI	May 1997	309	65,000	62.2	188.76	117.47	267.20	166.29
Sandusky, OH ²	March 2001	271	42,000	68.0	231.45	157.50	325.78	221.68
Traverse City, MI	March 2003	281	53,000	69.4	223.43	155.04	320.68	222.52
Kansas City, KS ³	May 2003	281	50,000	64.4	196.18	126.31	285.85	184.05
Sheboygan, WI ⁴	July 2004	183	50,000	58.3	190.35	110.93	351.61	204.91
Average		265	52,000	64.5	206.03	132.81	310.22	199.89

Notes:

1. The indoor entertainment areas generally include the indoor waterpark, game arcade, children's activity room, fitness room, Aveda concept spa, 3-D virtual reality theater, Wiley's Woods, and party room in resorts that have such amenities.
2. Prior to May 2004, this resort was operated as Great Bear Lodge.
3. The company currently leases the property on which the Kansas City Resort is located pursuant to a ten-year ground lease with a local governmental authority. It intends to convert this leasehold interest into a fee simple interest.
4. The Sheboygan resort is known as the Blue Harbor Resort.

Source: Great Wolf Resorts SEC Filing, February 2005.

occupancy points and in average daily rate by \$112 in 2003. According to their recent Securities and Exchange Commission (SEC) filings, the five Great Wolf Lodge properties open in 2004 averaged an occupancy level of 65 percent with an average daily rate of \$206. Exhibit 6 presents 2004 year-end performance figures for five Great Wolf Resorts indoor waterpark destination resorts. The figures shown for Sheboygan represent seven months of performance, while the other properties include figures for 12 months of performance. The strong performance of these and other large indoor waterpark destination resorts is due primarily to the stronger off-season demand and a much higher quality level of property. The addition of an indoor waterpark extends the season and length of stay for a resort hotel.

Operating statistics indicate that indoor waterpark resorts located close to higher population densities in traditional summer vacation destinations are achieving higher levels of performance than those properties located in areas with lower population density or without such traditional summer vacation destination attractions as amusement parks, beaches, or other family-friendly destination activities.

The addition of an indoor waterpark dramatically increases various expense ratios, especially in the area of salaries for lifeguards and waterpark staff, utility costs, and repairs and maintenance. Indoor waterparks require multiple lifeguards on duty at all times when the park is open. The typical indoor waterpark is open from 9:00 A.M. until 10:00 P.M. and will require a minimum of between two and 15 lifeguards. These are fixed costs for these properties. On busy Saturdays, when

Exhibit 7 Financial Data for Resorts With and Without Indoor Waterparks

Comparison of Indoor Waterpark Destination Resort's Financial Performance with Host Operating Statistics						
	Indoor Waterpark Destination Resorts			Host Study--Resorts		
Year of Data	2004			2003		
Occupancy %	65.4%			64.8%		
ADR	\$191.88			\$165.80		
Average Room Count	305			394		
	Ratio to Sales	Per Available Room	Per Occupied Room Night	Ratio to Sales	Per Available Room	Per Occupied Room Night
Total Revenue	100%	\$69,043	\$288.43	100%	\$74,699	\$315.92
Total Expenses	67.2%	\$46,256	\$193.63	76.6%	\$57,175	\$241.83
Income before Reserve for Replacement	32.8%	\$22,787	\$94.80	23.4%	\$17,524	\$74.09

Source: Hotel & Leisure Advisors and Smith Travel Research.

most indoor waterparks achieve their highest usage level, the staffing may be two to four times that of a slow period. Utility costs also increase, due to the fact that the indoor waterpark is kept at 85 degrees Fahrenheit on a year-round basis. Our review of a variety of indoor waterparks indicates that overall utility costs for an indoor waterpark resort are similar to a typical full-service hotel, running between 4 and 6 percent of revenue. The dollar amount, however, increases because of the addition of the indoor waterpark.

Exhibit 7 compares the average performance of six indoor waterpark destination resorts located throughout the United States with the performance of the Resort Hotel category from Smith Travel Research's 2004 *HOST Study*, which is a compilation of resort hotel financial statements from across the United States. The statistics indicate that the indoor waterpark destination resorts included in our analysis achieved a similar level of occupancy but a substantially higher average daily rate as compared to the general resort category, primarily because admission to the indoor waterpark is included in the average daily rate. In many resort hotels, there are additional fees for performing different activities.

The analysis indicates that the total revenue per occupied room night is lower in the indoor waterpark destination resorts than the general resort category, due to the fact that most resorts have more revenue producing activities (including golf, larger spas, higher-priced restaurants and lounges, and larger retail outlets) than the indoor waterpark destination resorts. Total expenses were lower in the indoor waterpark destination resort and the net income before reserve for replacement was higher, primarily due to the focus on the indoor waterpark while many other resort hotels have a wider range of amenities with their related expenses.

Indoor Waterpark Design and Costs

Indoor waterpark design has improved in recent years as increasing numbers of architects and designers have entered the field and resorts achieve more user-friendly waterpark features. There has been an increase in the entertainment value of the indoor waterparks when one looks at an older facility versus a newer facility. There is increased use of high-speed water slides, wave pools, and indoor water coasters to enhance the entertainment value of the indoor waterpark for older children and adults. The typical smaller slides, tree houses, and spray guns have always been popular with younger children. Particularly in larger indoor waterparks, designers increasingly are trying to include features that will be popular for a variety of ages. Most indoor waterparks will have a separate toddler area, a section appealing to elementary school children, and higher-speed rides or activities for middle school and high school children. An indoor waterpark has definite capacity issues due to its size and its relationship with the hotel's size.

A typical indoor waterpark resort property has an average of 125 square feet of net indoor waterpark space (including waterpark area play areas, but excluding arcades, gift shops, mechanical rooms, and offices) per guestroom. This correlates with research that indicates an indoor waterpark should have approximately 35 to 40 square feet of space per person. As a typical hotel room will house between three and four people, this implies between 105 and 160 square feet of indoor waterpark space per guestroom. For example, a 200-room resort should have between 21,000 and 32,000 square feet of indoor waterpark space to accommodate guests.

Indoor waterpark resorts have grown in size as well as popularity since their inception in the 1980s. The average size of the indoor waterpark component has swelled to accommodate more amenities such as wave pools, additional activity pools, "toddler-friendly" play areas, dry activity components, and more intricate tubes and slides. For example, Great Wolf Resorts, Inc. has increased the size of its indoor waterparks as demand for more intricate water-play features has increased. The company's Great Wolf Lodge property in Sandusky, Ohio (which opened in 2001), was constructed with a 33,000 square foot indoor waterpark area. Great Wolf Lodges in Kansas City, Kansas, and Traverse City, Michigan, both opened in 2003 with 38,000 square foot indoor waterpark areas. In 2005, the Great Wolf Resorts will open three new resorts in the Pocono Mountains, Pennsylvania; Williamsburg, Virginia; and Niagara Falls, Ontario. The indoor waterpark components at these three resorts will average 57,000 square feet.

Many indoor waterpark destination resort properties also have some kind of outdoor waterpark. Currently, the destination resort properties in Wisconsin Dells have the most elaborate outdoor waterparks. Resort properties' outdoor waterpark components may range from an outdoor pool with slides to a large 35-acre outdoor waterpark like the one at Treasure Island in Wisconsin Dells.

Other components of an indoor waterpark destination resort include meeting space, birthday party rooms, food and beverage facilities, attractive lobbies, fitness centers, business centers, gift shops, arcades, children's activity centers, and other resort- and hotel-style amenities. The difference between an indoor waterpark

resort and a typical resort is that the amenities should be more focused upon children and families instead of strictly adults. Some indoor waterparks have conference centers attached, while many do not. Conference guests may not use the indoor waterpark, but will still appreciate an upscale conference facility that offers the indoor waterpark for any conference guests bringing their families.

The Future

The future for the indoor waterpark appears very bright, as families and children will continue to enjoy water activities in these facilities. An indoor waterpark offers an entertainment venue for overnight guests that a typical hotel does not have. There currently are many markets that do not have indoor waterpark facilities for families to use when traveling. The concern for the future is the potential for oversupply of indoor waterparks in certain markets as they may become as common as the *Holidome* became 20 years ago. At the time this case study was written, only Wisconsin was facing this issue. In Wisconsin, hotels with smaller indoor waterparks receive more limited benefits from the waterpark due to extreme competition from the larger resort facilities. The indoor waterpark will become a necessary amenity for hotels wanting to attract leisure demand and/or establish themselves as a resort destination. Indoor waterparks will become a necessary amenity, particularly in seasonal resort communities, for properties wanting to attract year-round demand. In the author's opinion, families will choose to stay at hotels with indoor waterpark components when they are traveling with children. However, when people are traveling alone for business, the waterpark will be an unnecessary amenity.

A number of indoor waterpark resorts in the Midwestern states have used the sale of condominium hotel units in raising funds to construct indoor waterpark additions. Prices for condominium units, which are then rented out by the management company, range from \$200,000 to \$500,000 for a two- to three-bedroom unit. Condominium buyers typically use the unit only one to two weeks per year. They hire the hotel management company to rent the unit out on a nightly basis and the management company receives between 40 and 50 percent of the room revenue.

As with the amusement park industry, owners and operators of indoor waterpark resorts have discovered that in order to attract new families to their facilities and keep their repeat guests coming back for more, they need to continually add new components and keep the concept fresh. I predict that the average size of indoor waterparks constructed will continue to increase as resorts add attractions that are larger in scope, including wave pools, areas specially designed for younger resort guests, and faster, taller, steeper, and more intricate waterslides and tubes. As more and more indoor waterpark resorts are constructed throughout the United States and Canada, developers will need to focus on individualizing the offerings of their resorts, maintaining customer service levels as attendance increases, and adding new components whenever possible.