



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

DNR212172

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF:

FRANK WHITTAKER
304-558-2316

RFQ COPY

TYPE NAME/ADDRESS HERE

David Nissenson, Managing Principal
Mareth Advisors, LLC
142 N Abingdon Street
Arlington, VA 22203

DIVISION OF NATURAL RESOURCES
PARKS & RECREATION SECTION
324 4TH AVENUE
SOUTH CHARLESTON, WV
25303-1228 304-558-3397

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
04/30/2012				

BID OPENING DATE: 05/29/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20		
CONSULTING						
THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA DIVISION OF NATURAL RESOURCES, IS SOLICITING BIDS FOR A MARKET AND FINANCIAL PERFORMANCE STUDY FOR LODGE DEVELOPMENT AT BEECH FORK STATE PARK PER THE ATTACHED SPECIFICATIONS.						
ALL TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO FRANK WHITTAKER IN THE WV PURCHASING DIVISION VIA EMAIL AT FRANK.M.WHITTAKER@WV.GOV OR VIA FAX AT 304-558-4115. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 05/09/2012 AT 4:00 PM. ALL TECHNICAL QUESTIONS WILL BE ADDRESSED ADDENDUM AFTER THE DEADLINE.						
EXHIBIT 5						
NOTICE TO PROCEED: THIS CONTRACT IS TO BE PERFORMED WITHIN 120 CALENDAR DAYS AFTER THE NOTICE TO PROCEED IS RECEIVED. THE AGENCY WILL ISSUE THE NOTICE TO PROCEED IN WRITING.						
CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE MATERIALS OR WORKMANSHIP SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM WITH THE SPECIFICATIONS OF THE THE BID AND CONTRACT HEREIN.						

RECEIVED

2012 MAY 24 PM 3:47

WV PURCHASING
DIVISION

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
Managing Principal	571-214-9326	May 23, 2012
FAX	ADDRESS CHANGES TO BE NOTED ABOVE	
26-4660932		

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

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **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. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **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, and the West Virginia Insurance Commission. 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.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



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

Request for Quotation

RFO NUMBER

DNR212172

PAGE

2

ADDRESS CORRESPONDENCE TO ATTENTION OF:

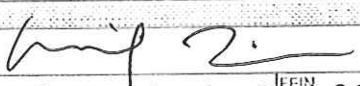
FRANK WHITTAKER
304-558-2316

RFO COPY

TYPE NAME/ADDRESS HERE

David Nissenson, Managing Principal
Mareth Advisors, LLC
142 N Abingdon Street
Arlington, VA 22203

DIVISION OF NATURAL RESOURCES
PARKS & RECREATION SECTION
324 4TH AVENUE
SOUTH CHARLESTON, WV
25303-1228 304-558-3397

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
04/30/2012						
BID OPENING DATE: 05/29/2012		BID OPENING TIME: 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>REV. 05/2009</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: 44</p> <p>RFO. NO.: DNR212172</p> <p>BID OPENING DATE: 05/29/2012</p> <p>BID OPENING TIME: 1:30 PM</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE 				TELEPHONE 571-214-9326		DATE May 23, 2012
TITLE Managing Principal FEIN 26-4660932				ADDRESS CHANGES TO BE NOTED ABOVE		

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



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
DNR212172

PAGE
3

ADDRESS CORRESPONDENCE TO ATTENTION OF
FRANK WHITTAKER 304-558-2316

RFQ COPY

TYPE NAME/ADDRESS HERE

VENDOR
David Nissenson, Managing Principal
Mareth Advisors, LLC
142 N Abingdon Street
Arlington, VA 22203

SHIP TO

DIVISION OF NATURAL RESOURCES
PARKS & RECREATION SECTION
324 4TH AVENUE
SOUTH CHARLESTON, WV
25303-1228 304-558-3397

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
04/30/2012				

BID OPENING DATE:

05/29/2012

BID OPENING TIME

01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: david.nissenson@marethadvisors.com						
CONTACT PERSON (PLEASE PRINT CLEARLY): David Nissenson, Managing Principal						
***** THIS IS THE END OF RFQ DNR212172 ***** TOTAL:						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
	571-214-9326	May 23, 2012
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE
Managing Principal	26-4660932	

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

Project: Beech Fork Lodge Construction

General Terms and Conditions

- Provide professional services pursuant to gaining necessary US Army Corps approval to construct a 75-room lodge on proposed site near Beech Fork State Park.
- Vendor must have a minimum of five years experience providing such studies. Vendor should provide references or documentation to verify required experience. Experience with state park lodge development or like facility preferred.
- The State is exempt from Federal and State taxes and will not pay for or reimburse such taxes.
- Payment may only be made after the delivery of all goods or services.

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 Kenneth Caplinger, Chief of WV State Parks, by mail to WVDNR, 324 4th Avenue, South Charleston, WV 25303.
- Furnish one (1) intermediate set of documents and compact disc for 50% review, one (1) intermediate set and compact disc for 90% review, and five (5) final sets of documents and compact discs.
- Document to be prepared using Microsoft Word.
- In person presentation of all analysis with ample opportunity for clarifications of information prior to final acceptance of report. (Final report to reflect clarifications as required).

Completion Date

- Final report to be delivered by 120 calendar days after date of notice to proceed.

Scope of Work Required

Objective

1. Provide a document to be used to assess the marketability of proposed lodge and to forecast financial performance.
2. Provide a document to be used in Army Corps review of project for potential approval.

General

1. Market and feasibility studies to be neutral and objective.
2. Sources and assumptions to be documented.
3. Limitations to be noted and explained.

Local Area and Regional Analysis – Compile data to analyze the economic climate in the local area and draw conclusions regarding the ability of the local area and region to support a regional park lodge facility.

1. Analyze local/regional area growth trends in population, demographics, employment, income, residential and commercial construction, highway construction.
2. Analyze local/regional area growth trends in new business development.
3. Analyze local/regional municipal and county government revenue generated from business and occupation tax.
4. Analyze local/regional area major public and private facilities including schools, hospitals, manufacturing, transportation, government.
5. Analyze local/regional area travel and visitor traffic.

Project: Beech Fork Lodge Construction

6. Analyze local/regional area points of natural and historic interest.
7. Assess 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, 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 (i.e. business convention and seminar, other groups, travelers, vacation and tourist, 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. Predict the ratio of each market segment as a portion of the total occupancy.
8. Estimate total demand for lodging in local area and estimate the proportion of total for each market segment.
9. Estimate the fair market share for the proposed resort lodging facility.
10. Analyze the effect on fair market share for each market segment regarding sensitivity due to pricing, weekends vs. weekday, seasonality, growth rates, market penetration, and 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, other).
2. Estimate maintenance and operation expenses (i.e. labor and supplies for management, administration, housekeeping, security, maintenance, operation, food and beverage, custodial, pool building and grounds, advertising, other).
3. Prepare forecast of annual net operating income over stipulated time period and compare to expenses.

Information to be Furnished by Owner

1. Historical data of guestroom sales at other WV State Parks.
2. Historical data describing demographics and home residence of guests for past five years from Beech Fork and other parks.
3. Historical group sales of guestrooms and conference room space for past five years from other parks as requested by consultant.

Information to be Furnished by Owner

1. Number and mix of guest rooms proposed.
2. Size of kitchen and dining room proposed.
3. Size of indoor swimming pool and fitness center proposed.
4. Meeting space and other revenue producing facilities.
5. General program of spaces for each in sufficient detail commensurate with conceptual plan.
6. Conceptual plan of each component.

Project: Beech Fork Lodge Construction

Other Owner Furnished Information – For the purpose of assisting potential bidders understand the scope of this proposed project, a copy of the full conceptual plan and cost estimates are attached to this request for bid.

Lump Sum Bid:

\$ 24,000

(PVA)

(twenty four thousand dollars)



May 23, 2012

Mr. Frank Whittaker
Department of Administration
Purchasing Division
Building 15
2019 Washington Street, East
Charleston, WV 25305-1030

RE: RFQ#: DNR212172 Beech Fork State Park Lodge Feasibility Study

Dear Mr. Whittaker:

On behalf of Mareth Advisors I am pleased to submit this proposal to provide an objective assessment of the feasibility for a new 75-room lodge at Beech Fork State Park. I have reviewed the request and its requirements believe that my firm possesses the unique qualifications, expertise, and understanding of the West Virginia resort lodging industry to provide the objective and considered assessment that is desired.

This expertise was gained through over 20 years of consulting experience focused on resorts, lodging, and the factors that underpin the success of these types of developments. Relevant projects that I led while a partner at Economics Research Associates included several studies conducted on behalf of Wilson Lodge/Oglebay Resort that led to their successful application for funds under the West Virginia's Tourism Development Act and the successful expansion that resulted. This series of studies included, at one point, review and evaluation of nearly every competitive resort property within the state of West Virginia and nearby locations in Ohio and Pennsylvania. Other studies included the independent review on behalf of West Virginia for Volcano Island, a planned water park resort in Fairmont, and studies on behalf of Pardee Resources Company on their developments and vast holdings throughout the state.

Thank you for the opportunity to present this proposal. I look forward to your response and the opportunity to work with you on this assignment.

Sincerely,

A handwritten signature in black ink, appearing to read "David Nissenson", with a stylized flourish at the end.

David Nissenson
Managing Partner

Enc.: Standard Proposal Addendum
 Resume
 References
 Relevant Experience

Profile of Mareth Advisors, LLC

Mareth Advisors, LLC was formed in 2009 by David Nissenson, its Managing Principal. The firm's expertise is based on over 20 years of experience consulting to developers, owners, managers and investors of what we refer to as "recreation" or "leisure" real estate. We maintain a keen focus on our strengths evaluating resorts, golf developments, hotels, second home, and parks and recreation projects.

Our mission is to provide our clients with the most objective, thorough, and data-driven analyses that support well-considered and comprehensive recommendations that ultimately help our clients make informed business decisions.

Our efforts typically involve market and financial feasibility studies, acquisition and investment due diligence, master planning, program optimization, business plan development, fiscal and economic impact studies, site evaluation and assessment, and financial testing.

We team with land planners, engineers, architects and other professional disciplines to provide our clients with a multi-faceted understanding of the issues and opportunities associated with their real estate ventures.

Our clients include individual investors and large investment firms, corporations, local, state and federal governments, private developers and lenders.

We approach all our projects with the same guiding principles – integrity, intellectual curiosity and a commitment to superior client service.

Understanding of the Situation

The development of a resort lodge at Beech Fork State Park has long been a desire of local leaders. The project has been in discussion since the early 1980s as a tourism development initiative for Wayne County. These discussions led to several studies over the past 30 years that supported a small lodge configuration with supporting meeting convention/space. Funding, however, lacked political momentum until just recently when Governor Tomblin signed Bill 362 authorizing \$28.5 million to develop a 75-room full-service lodge and supporting meeting space.

In February 2012, DNR retained the firms E.L. Robinson Engineers and ZMM Architects to prepare a conceptual plan and cost estimates to meet Army Corps of Engineers development guidelines. Total costs were estimated at \$28.49 million. The report did not cite any issues that would cause the site to be unsuitable for development.

While the report framed site issues and challenges, it did little to illuminate current competitive market conditions and the project's financial feasibility. That is the subject addressed by this proposal.

Scope of Work

Task 1. Advance Information Request

Upon selection, Mareth Advisors will submit an information request for available relevant studies, maps, operating data for other Resort Park Lodges, key project contacts, etc.

Task 2. Project Initiation

Project Initiation Meeting—Mareth Advisors will meet with your team and other stakeholders to review the scope of work and schedule, establish lines of communications, identify key contacts, address questions regarding deliverables, review key development or political issues, and review protocols for the field research phase.

Review Existing Documents—Mareth Advisors will review any relevant prior studies for the site or area, current development plans, architectural renderings, and related documents collected and provided by the Department of Natural Resources (DNR).

Participate in Site & Area Tour—Mareth Advisors will tour the site and the surrounding area to understand the site's context within the market, adjacent land uses, accessibility, and other aspects of the site from a marketability perspective.

Task 3. Evaluation of Site Accessibility and other Transportation Factors

Mareth Advisors will evaluate local access to the site to better understand its ability to compete effectively for convenience-oriented local demand or passers-by. Destination travelers will be less impacted by local access issues. Nonetheless, improvement within the regional road networks can open new markets through shortened trip times. To fully understand these potential impacts, Mareth Advisors will research any planned transportation improvements to provide more insightful estimates of demand potentials.

Task 4. Review Relevant Demographic and Economic Indicators

Mareth Advisors will review relevant economic and demographic indicators as they relate to the sustainability of the resort lodge at Beech Fort State Park. Mareth Advisors will evaluate and report on current trends in the labor force, unemployment, income levels, population changes, and other factors that provide insight into overall market conditions. Mareth Advisors will discuss diversification of the overall economy and how those changes could impact overnight demand in the local market. Minimum areas of research will include:

- Population and population trends
- Age and income trends
- Labor force, employment and unemployment trends
- Housing permit trends
- Business formation trends
- Current economic development activity and future initiatives

- Hotel occupancy tax trends
- Roadway traffic count
- Other items, as identified

Mareth Advisors expects to expand this list following our conversations with operators outlined in Task 6 and their identification of their key market indicators.

Task 5. Review of Key Visitor and Tourism Indicators

Mareth Advisors will review major visitor and tourism indicators, as available, to understand the types and sources of visitors currently visiting the region. The types of information Mareth Advisors will seek to document and understand will include:

- Historical visitation trends and totals
- Source market identification and trends
- Proximity to the subject site
- Visitor characteristics
- Types of visitor (overnight vs. daytrip)
- Spending patterns
- Average party sizes

Task 6. Local Hotel Market Overview

It is reasonable to assume that the resort lodge will compete in varying degrees throughout the year with properties within the regional Huntingdon area. Mareth Advisors will review this market to better understand how it performs, key demand drivers, and other factors that determine the success of hotels within the market. We will then utilize that understanding to evaluate and estimate the subject property's ability to compete within the local market. This will include conducting segment penetration analyses and other tools to estimate room night demand. Mareth Advisors will document:

- Hotel rooms by type, location
- Planned or other new supply
- Pricing trends
- Average daily rate (ADR)
- Occupancy rates (OCC)
- Length of stay (LOS)
- Demand segmentation (types of visitors)
- Seasonality patterns
- Periodicity (weekday vs. weekend) patterns
- Identification of likely competitors

While we will seek to build local market performance indicators on a property-by-property basis, we will also purchase data from Smith Travel Research (STR) to provide the additional granularity that enhances our understanding of the local hotel economy.

Task 7. Competitive/Comparable Supply Review

In addition to the market conditions and hotel performance within the local area, the subject resort will likely compete on a regional basis with other existing resorts and resort park lodges. These could include other lodges within West Virginia or the nearby Greenbo Lake State Resort Park in Kentucky, for example.

Mareth Advisors will research, identify, and profile up to five properties to provide an understanding of their history, physical offering, market position, performance levels, setting, key amenities, local attractions, factors for success (or lack of), key lessons learned, and other factors that will provide insight into the subject's potential.

The properties will be identified through discussions with operators, travel arrangers, and other knowledgeable sources. Prior to finalizing the list of comparables, Mareth Advisors will confer with the Client to ensure that the selected comparables accurately reflect the correct mix of aspirational qualities and comparability to the subject concept. Specific data to be collected through discussions/phone interviews with management will include:

- Name
- Owner
- Operator
- Location
- Property description and history of development
- Key amenity features on site, off site, or negotiated use
- Key feeder/source markets with comparisons made with the subject for important economic and demographic features
- Published pricing and average daily rate (if provided)
- Demand segmentation (leisure, corporate, government, tour and travel) trends
- Individual vs. group patterns
- Occupancy rates and occupancy patterns
- Key factors for success and/or lack of desired success
- Identify any new or changes/improvements to the regional supply of similar type lodge accommodations

While we will seek to build regional/comparable market performance indicators on a property-by-property basis, we will seek to purchase data from Smith Travel Research (STR) to provide the additional granularity that enhances our understanding of the regional lodge economy. The availability of that information from STR will be subject to their rules regarding custom competitive set reports.

Using this understanding of the regional market's demand composition, Mareth Advisors can then provide estimates of market penetration that will help build the case for rate and occupancy assumptions.

Task 8. Demand Interviews

Based on discussions with local market operators and the regional competitors/comparables, Mareth Advisors will conduct interviews with representatives of key companies, travel organizers, associations, and other demand sources to evaluate the factors in making their choices for overnight lodging purchases. Areas of inquiry will include

- Pricing
- Location
- Minimum property size (room block requirements)
- Amenities
- Accessibility requirements
- Other factors, as identified

Task 9. Estimate of Financial Performance and Pro Forma Operating Statement

Mareth Advisors will provide a 10-year statement of operations that will include estimates for all major categories of hotel revenue, expense and net income. Average daily rate, occupancy, departmental revenues (rooms, F&B, and other operated departments) will be individually delineated along with their corresponding expenses. Rentals and other income will be estimated based on the mix of group business and market pricing.

Mareth Advisors will detail estimates of undistributed expense categories including marketing, administrative and general, franchise fees, maintenance, and utility expenses. Fixed costs associated with insurance, applicable property taxes, and management fee assumptions will also be detailed. The resulting statement will estimate cash flow that will then be used to test investment or other project approval requirements as they relate to the current capital cost estimates.

Task 10. Report Preparation/Deliverables

Mareth Advisors will prepare a fully-documented narrative report (90% completion document) that will present the results of the aforementioned tasks in a clear manner with all sources of information cited. A draft report will be submitted to DNR for comment and review in an electronic (PDF) format for easy dissemination and markup.

Regarding the RFQ request for 50% review documents, given that data collection and analysis for these types of assignments is non-linear in nature, we would be pleased to provide comprehensive verbal updates of project status and findings at an appropriate mid-point, or work with DNR to identify the key issues that DNR is seeking to understand so that we can provide the desired feedback.

Following the draft report presentation meeting and depending upon the complexity of the questions and comments, Mareth Advisors will issue a final draft. This update will incorporate salient comments and necessary clarifications raised both in writing and during the draft presentation meeting discussed within *Timing, Meetings and Fees*. Turnaround time is typically less than 10 business days. Upon notification that the changes are accepted, Mareth Advisors will issue the five bound final reports and

deliver them with one electronic (PDF) copy. Additional bound copies may be requested for a small fee to recover actual reproduction and distribution costs.

Timing, Meetings and Fees

Mareth Advisors estimates no difficulty in completing the scope of work and issuing the draft of report within the 120-day timeframe stipulated in the RFQ. Based upon our previous, similar work efforts, we anticipate completion of this effort well in-advance of the 120-day timeframe.

Lump sum fees are estimated at \$24,000 (twenty four thousand dollars). These professional fees are inclusive of our estimated costs for out-of-pocket expenses related to travel, lodging, and meals associated with the project fieldwork and client-meeting aspects of the engagement.

Two, one-day meetings are priced within the lump sum fee. They include a project kick-off meeting as detailed in Task 2 and one additional meeting to present and discuss draft report findings. Any additional meetings, extensions of the anticipated meeting schedule, or requests to prepare additional meeting presentations, will be accommodated on a time-and-expense basis at Mareth Advisors' current hourly billing rate is \$175 per hour. Any additional out-of-town meetings will be billed at a minimum one-day (eight hour) increment, inclusive of travel time, plus all additional travel-related expenses.

For a project of this nature, Mareth Advisors typically requests an initial deposit of 20 percent or \$4,800 to off-set up front project costs and initiate project research. This deposit is applied to the final invoice. Should your procurement policies dictate otherwise, we are flexible regarding this retainer request. Mareth Advisors submits monthly invoices based on the estimated percentage of work completed.

The attached Standard Proposal Addendum is an integral part of this proposal and is hereby incorporated by reference.

Staffing

Mr. David Nissenson, Managing Principal, will conduct all aspects of this assignment. Mr. Nissenson has over 20 years of experience consulting to the resort and hotel industries. His resume, references, and relevant project experience are attached.



Acceptance

If this proposal is acceptable, you may execute the agreement by signing in the appropriate signature block below. Alternatively, we can provide an electronic copy for insertion into your standard contracting document.

Should you choose to execute this contract, please return one original copy with the requested retainer to the address provided below. If you require any modifications to this proposal, please let me know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David M. Nissenson".

David M. Nissenson
Managing Principal

Authorized for West Virginia Department of Natural Resources:

Printed Name: _____ Title: _____

Signature: _____ Date: _____

Contact Information:

Mareth Advisors
142 N Abingdon Street
Arlington, VA 22203
571-214-9326

David Nissenson, Managing Principal
david.nissenson@marethadvisors.com
www.marethadvisors.com

Standard Proposal Addendum

It is understood by the client that Mareth Advisors, LLC (Mareth Advisors) can make no guarantees concerning the recommendations which will result from the proposed assignment, since these recommendations must be based upon facts discovered by Mareth Advisors during the course of the study and those conditions existing as of the date of the report. To protect you and other clients, and to assure that the research results of Mareth Advisors' work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to you.

It is agreed by the client that the report is not to be used in conjunction with any public or private offering of debt or equity securities without our prior written consent.

It is further agreed that the client will indemnify Mareth Advisors against any losses, claims, damages and liabilities under federal or state security laws which may arise as a result of statements or omissions in public or private offerings of securities.

It is agreed by the client that payment for the services of Mareth Advisors is due upon receipt of the invoice; that full payment is due upon receipt of the completed report; and that Mareth Advisors has the right to withhold delivery of the final report pending receipt of any overdue payments.

In the event any invoice is not paid within thirty (30) days after rendering of the invoice it shall commence bearing interest on the date the invoice was rendered at the rate of 20 percent per annum (or such lesser rate as may be the maximum interest permissible under applicable law), and the client agrees to pay all accrued interest, together with the charges for services rendered as provided for in this agreement. In addition, should an unpaid invoice be referred to our attorneys for collection, the client agrees to pay their reasonable fee for such work, as well as any costs of suit that may be incurred.

It is further agreed by the client that the report will be presented to third parties in its entirety and that no abstracting of the report will be made without first obtaining the permission of Mareth Advisors.

It is understood by Mareth Advisors that the findings of this report are the proprietary property of the client and they will not be made available to any other organization or individual without the consent of the client. This proposal will remain in force for a period of forty-five (45) days from the date shown herein.

David M. Nissenson, Managing Principal

Mr. Nissenson is a seasoned real estate consultant with over 20 years of experience. Following his 12-year tenure as a Principal with Economics Research Associates, head of ERA's Resort Practice Group, and member of the company's Executive Committee, Mr. Nissenson formed Mareth Advisors, LLC.

The fundamental mission of Mareth Advisors is simple and reflective of the values that guided the nearly 200 assignments completed by Mr. Nissenson – intellectual curiosity, thorough and objective-focused research, and superior client service. Mr. Nissenson's expertise is sought out by a wide range of clients, from individual investors to large investment firms, governments and lending organizations.

Mr. Nissenson's expertise is primarily focused on leisure-oriented real estate that includes resort developments, hotels, golf and country clubs, second home developments, and the array of amenities that complement these assets. He has substantial experience in the areas of recreation and residential master planning, economic and fiscal impact, and mixed-use economic planning that complement his previous hospitality experience with PKF Consulting. His clients include a variety of both public and private sector organizations and individuals.

Mr. Nissenson's experience in the transient lodging industry covers a variety of assignments including new project feasibility, expansion feasibility, operational analysis, competitive market analysis, impact studies, appraisal review, and financial analysis. Mr. Nissenson has assisted clients in their evaluation of products on the resort lodging spectrum including traditional hotel developments, fractional products, time-share offerings, vacation clubs, condominium hotels, and other emerging, mixed-product concepts.

His diverse hotel experience includes projects in nearly every setting and every hotel type, rural to urban, resort to business class, and limited service to five star Mobil/AAA-rated. His West Virginia lodging experience includes several assignments completed for Wilson Lodge in Wheeling that included review and evaluation of nearly every major resort hotel/lodge within the state and nearby locations in Pennsylvania and Ohio.

Mr. Nissenson's parks and recreation-related experience includes evaluation of the market and financial feasibility of a new Tennessee State Park, market and economic master plan expertise for Allegheny County (PA) Park System, Robert Moses State Park (NY), City Park of New Orleans, and Oak Mountain State Park (TN). These assignments included in-depth evaluation of all revenue producing assets, including overnight lodging facilities. Feasibility assignments on Army Corps of Engineer Lakes include projects on Smith Mountain Lake (VA), Fontana Dam (NC), Tellico Lake (TN), and Lake Lanier (GA).

Prior to his consulting career, Mr. Nissenson gained operational experience at the Hay-Adams Hotel in Washington, DC, and several restaurant operations.

Mr. Nissenson graduated with a Bachelor of Science degree from the Cornell University School of Hotel Administration. Mr. Nissenson has guest lectured on golf and hotel market analysis at Johns Hopkins University (Washington, DC) in the graduate Real Estate program.

References

Mr. Doug Dalby (client)

President/CEO

Oglebay

465 Lodge Dr.

Wheeling, WV 26003

ddalby@oglebay-resort.com

voice: (304) 243-4000

Assignment(s): Several projects related to Wilson Lodge expansion

Darrell Cuthbertson (client)

Forester

Tennessee Valley Authority

260 Interchange Park Drive

Lenoir City, TN 37772

dacuthbertson@tva.gov

Voice: (865) 632-1315

Assignment(s): Fontana Dam Village Market Analysis

Mr. Wade Blackmon (client)

Counsel

Kilpatrick Townsend & Stockton LLP

1114 Avenue of the Americas

New York, NY 10036-7703

WBlackmon@kilpatricktownsend.com

Voice: (212) 775-8775

Assignment(s): Several assignments for Amalgo Bay Resort Master Plan and other projects for Mashantucket Pequot Tribal Nation in Connecticut

Mr. Jim Sipes (professional)

Principal

Sand County Studios

1272 West Spring Street

Smyrna, GA 30080

jamessipes@hotmail.com

Voice: (206) 755-6074

Assignment(s): Fontana Village Resort, Choctaw County Mississippi Lake Master Plan (new lake)

Mr. William Owens (professional)

Principal

Owens Economics'

12315 Valley High Road

Herndon, Virginia 20170

bill.owens@owenseconomics.com

Voice: (571) 481-7122

Assignment(s): Former partner at Economics Research Associates

Relevant Project Experience

Feasibility of Resort Lodge Reconfiguration

Client: Oglebay Resort, Wheeling WV
Location: Wheeling, WV
Country: United States

Management at Oglebay Park commissioned this engagement to examine the marginal economic returns associated with the refurbishment/reconfiguration and 54-room net addition to Wilson Lodge. The project examined the property's position within the regional conference center market and the provided estimates for rate, occupancy, property segmentation and marginal income attributable to proposed improvements. Pro forma operating projections were then compared to third-party capital cost estimates to determine if minimum investment requirements would be met.

Fontana Village Market Analysis

Client: TVA
Location: Fontana Dam, NC
Country: United States

Commissioned by the Tennessee Valley Authority, the study evaluated the market potential for Fontana Village Resort located adjacent to Fontana Dam in western North Carolina. This leasehold project's genesis arose following several years of under investment by the previous tenant and demands by the State of North Carolina that property water and electricity infrastructure be substantially improved. While the current tenant had made substantial improvements, they claimed that the project would not support the necessary investment without their ability to develop residential real estate, a form of development that was inconsistent with TVA requirements. Thus, TVA's key question was whether the resort property was effectively positioned within the market place and whether the market would support any changes in rates and occupancy that in turn could support the infrastructure investment. And if not, what were the physical and operational changes would be necessary to effectively position the project.

Skytop Resort Conference Center Feasibility

Client: Skytop Lodge
Location: Skytop, PA
Country: United States

Skytop Lodge, a converted private hunting club established in the early 1900s, sought an independent evaluation of the market and feasibility potential of an expansion that was to include a conference center, room expansion and spa element. These additions were intended to position the property to attract group, association, and meeting business that was not a significant component of demand.

Alabama Master Planned Resort Community

Client: Alfa Insurance
Location: Tallahassee, AL
Country: United States

Alfa Insurance sought to understand market opportunities to develop a 3,500 acre site on Yates Lake north of Tallahassee, Alabama into a master planned residential community. The first phase of the engagement evaluated only a 500 acre parcel. The report included the area's market demographic and economic characteristics, delineation of the likely target markets, market sizes and characteristics, analysis of Lake Martin and other regional competitive lake developments, key program options and amenity elements that will enable the project to successfully penetrate those markets, and the project's gross revenue potential for the development options presented.

Kennedy Space Center Hotel Study

Client: Delaware North Companies
Location: Kennedy Space Center, FL
Country: United States

Delaware North Companies, the current concessionaire at Kennedy Space Center (KSC), commissioned this study to evaluate hotel market potential adjacent to the Visitor Center as a portion of their broader evaluation of whether to seek renewal of their operating agreement. The project evaluated the market's natural concentration of hotel inventory on three nodes, two aligned with major interstates and the third along the beach front communities. Key tasks provided a broad understanding of the market's demand and the natural bifurcation between leisure/beach visitors and those associated with activities at KSC.

Other key tasks included evaluation of the impact of launch activities and the phasing out of the space shuttle program, assessment of general tourism trends to the Space Coast and Orlando areas, interviews with key competitors at various positions within the market, discussions with leaders of the hotel association and other business representatives, and a strong and consistent interaction with the client group.

Port Canaveral Hotel Market Study

Client: Port Authority
City: Port Canaveral, FL
Country: United States

Mareth Advisors, as a subcontractor to AECOM, evaluated market conditions and potential support for a hotel concept under evaluation by the Port Authority of Port Canaveral, Florida. The assignment provided a thorough evaluation of market conditions and key competitor supply in light of the anticipated draw down of manned space missions at Kennedy Space Center and other key demand generators.

The Mount Washington Hotel & Resort

Client: BW Land Holdings, LLC
Location: Bretton Woods, NH
Country: United States

This assignment assisted an investment and development partnership to assess the market for leisure-oriented real estate in New England in anticipation of their acquisition opportunity. The work was completed as part of a proposed acquisition of Bretton Woods, a historic hotel property with substantial latent development potential. As part of the assignment, the analysis closely examined the recent performance of New England resorts, with particular attention to product trends, feeder market conditions, likely demand, and pricing trends. As of early 2009 the project was exceeding internal performance projections that were largely based on the assignment.

St. Croix Resort Master Plan

Client: William & Punch, LLC
Location: Fredericksted, St. Croix
Country: USVI

William & Punch LLC, a joint-venture between the Mashantucket Pequot Tribal Nation and local land holders, commissioned this engagement to assess the market and financial feasibility of an integrated mixed-use resort community on the western end of St. Croix. The project included a 356-room resort hotel and casino, a 56-slip marina, a Rees Jones-designed golf course, retail space, and for sale real estate that included waterfront condominiums, upland single family lots, and fractional ownership units.

Quechee Hotel and Golf Feasibility

Client: Quechee Lakes Development Co
Location: Quechee, VT
Country: United States

Approaching the final phase of development, Quechee Lakes Development was uncertain on how to develop its final land bay. The key question was whether to extract the 650-acre parcel adjacent to the existing seasonal, second-home lifestyle community into a new, higher positioned private golf club community or to create an expansion of the existing community and club. The work effort analyzed market support for additional residential units and an upscale boutique hotel/transient lodging facility including an analysis on fractional and timeshare product. The assignment also included an analysis of market support and development options for an additional golf course to serve the new lodging and residential development.