Response to Request for Proposals: STATEMENT OF QUALIFICATIONS
Market Feasibility Study - Hotel/Lodging Facility

Addressed To:
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James Wheeler, City Manager
Professional Services – Market Feasibility Study – Hotel/Lodging Facility
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Delivered electronically to plaflamme@berlinnh.gov and jwheeler@berlinnh.gov

October 6, 2020

Submitted By:

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STATEMENT OF QUALIFICATIONS

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Peabody, MA 01960
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A. LETTER OF TRANSMITTAL

October 6, 2020

Pamela Laflamme, Community Development Director
James Wheeler, City Manager
City of Berlin
City Hall
168 Main Street
Berlin, NH 03570

Dear Ms. Laflamme and Mr. Wheeler,

CHM Government Services ("CHMGS") is pleased to respond to the Request for Proposal to conduct a Market/Feasibility Study for Hotel/Lodging Facility for the City of Berlin ("the City" or "Berlin")

CHMGS believes our team of professionals is exceptionally well-qualified to assist the City with this project based on our experience in advising and supporting public entities and private companies on issues related to their hospitality and recreation assets.

We look forward to an opportunity to discuss our proposal further with the City of Berlin. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

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Table of Contents

STATEMENT OF QUALIFICATIONS 1
A. Letter of Transmittal 2
B. Executive Summary 5
C. Organizational Profile 5
i. Firm Background and Experience Summary 5
D. Proposed Operation Plan and Potential Project Schedule 6
i. Discussion of Technical Approach 6
ii. Potential Project Schedule 12
E. Project Management 13
i. Project Organizational Chart 13
ii. Office Location 13
iii. Matrix of Key Personnel Experience 13
F. Identification of Relevant Experience 14
G. Appendices 20
i. Team Resumes 20
ii. Project Matrix 22
ADDENDUM: ADDITIONAL INFORMATION 23
A. Examples of Firm Experience: Successful Projects 24
B. Understanding and Approach to Project 26
C. Proposed Project Budget 27
D. Clients for Similar Projects 27
E. Assumptions and Limiting Conditions 28

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B. EXECUTIVE SUMMARY

CHM Government Services (CHMGS) provides business advisory services to public and quasi-public agencies with hospitality and recreation assets. Our firm's depth of experience supporting municipal, state, and federal public land management agencies with their hospitality and recreation assets is unmatched. Clients regard CHMGS as an innovative partner in creating development strategies on public land. Although we have completed projects across the entire United States, the majority of our firm's diverse, **exclusively public-sector client base** has assets in some of our nation's most beautiful **rural, amenity-rich locations focused on outdoor recreation**. Our depth and breadth of experience is unmatched in the pool of bidders the City of Berlin ("the City" or "Berlin") will likely review for its hotel feasibility opportunity.

Nearly all of CHMGS' projects include market, financial, and investment feasibility. However, because our work is with public agencies rather than private developers, our profile of projects is different than that of our most likely competitors. CHMGS has found that our public-sector clients benefit from more innovation in the process since they typically have greater constraints. One of the requirements of this engagement is to provide the City of Berlin with recommendations for enhancing the City's offerings in the event we find a hotel infeasible. CHMGS designs our "options analysis" processes around the idea that if the initial feasibility does not work, there are other options available that will meet the client's objectives. This allows us to move through the feasibility analysis efficiently and then spend more time analyzing and developing alternatives should initial feasibility not be achievable.

CHMGS wants to emphasize the potential for the COVID-19 pandemic to have significant influence on the ultimate profile of any recommendation Berlin might receive for their proposed hotel property. The pandemic has had an unforeseen, incredible impact on travel and hospitality demand and operations. In addition, the market for available financing for a hospitality development may prove challenging. Because of COVID, our recommendation for any facility may need to be phased, and what may normally be considered "traditional programming" for a property designed for the outdoor recreation market may need to be contemplated differently based on social distancing or hygiene requirements. We look forward to the opportunity to guide the City through the circumstances unique to this challenging time.

C. ORGANIZATIONAL PROFILE

i. FIRM BACKGROUND AND EXPERIENCE SUMMARY

CHMGS is a boutique consulting firm comprised of seasoned professionals dedicated to advising public sector clients on their hospitality and recreation real estate portfolios. Our Mission Statement identifies our advisory objectives.

> ***Mission Statement:*** *To partner with public and quasi-public agencies that are responsible for visitor-based facilities and services to develop and implement sustainable strategies to operate, maintain, and improve these hospitality and recreation assets and programs.*

The following points highlight CHMGS' capabilities and experience specific to our abilities to serve Berlin on this important hotel market study project.

- **CHMGS** has developed time-tested approaches and tools for market, financial, and investment due diligence, deal structuring, request for proposal development, selection and negotiation, and asset management. Due diligence is a key component of all of work and our tools provide

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stakeholders flexibility in decision making. Our professionals leverage local stakeholder knowledge and bring national perspectives to our service provision.

- **CHMGS** is an advisory firm that provides independent advisory services. CHMGS professionals provide objective insight, recommendations, and advice for our clients to evaluate.
- **CHMGS** has decades of experience in providing advisory support for hotel, food and beverage, recreation, conference, retail, and mixed-use development in rural, suburban, and urban environments. Our team possesses extensive experience with, and understanding of, ancillary operations that support and impact hospitality and recreation development success such as food and beverage operations, outdoor recreation opportunities, retail facilities, spas, and other amenities. Our team recognizes how important these recreational components are to the overall market positioning of select types of real estate developments, as well as overall operational and financial success.
- **CHMGS** "knows what we do not know." We have a long history of teaming to assemble a group of professionals that offers the bench strength of a highly-qualified and capable team of industry specialists to best support the breadth of our client's unique objectives and requirements. The availability of these potential team members is representative of our ability to source partners with expertise that strengthens our ability to serve our clients.
- **CHMGS'** bench strength also offers our clients the peace of mind that comes with an advisor that offers the proper capacity to meet every need the client has. CHMGS also has dozens of firms under contract that can offer targeted expertise at a moment's notice in a variety of areas, including architectural design, planning, engineering, specific land uses, and other areas. In addition, our sister firm, CHMWarnick, offers additional expertise in the area of hospitality.
- **CHMGS** nationwide engagements provide insight to hospitality and recreation trends across the country. Additionally, CHMGS' work on all types of public sector agency assets provides insight as to the role of hospitality asset(s) development on meeting visitor and customer needs and supporting our client's business objectives.

D. PROPOSED OPERATION PLAN AND POTENTIAL PROJECT SCHEDULE

i. DISCUSSION OF TECHNICAL APPROACH

CHMGS offers Berlin a highly skilled team steeped in hospitality research, analysis, and stakeholder engagement. The following provides an overview of how CHMGS will approach the tasks include in the City's RFP.

CHMGS approach to a well-supported feasibility study includes the following critical steps. Each phase is dependent upon the others, and often there is a dynamic, iterative relationship between the tasks. CHMGS notes that we have taken the list of services from the Subject RFP's Scope of Work and re-organized the progression of services into the approach CHMGS follows in all its feasibility analysis projects. We propose the following phases of work.

1. Market Demand Analysis
2. Project Feasibility Study: Financial Analysis and Investment Analysis
3. Facility Recommendation
4. Financial Projections

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Each of the four phases of our work is interdependent. The Market Demand Analysis phase will yield information justifying the proposed hotel's market positioning and expected demand for the facilities and services planned. This information informs our initial concepts for the Facility Recommendation, each of which we will then test, and will ultimately inform revenue, expense, and capital cost estimates. These estimates become the basis of the Project Feasibility Study and Financial Projections.

The following paragraphs describe these project steps in more detail.

Task 1. Market Demand Analysis

CHMGS will begin our hotel market study work with the Pre-planning, Site Visit, and Market Demand Analysis. During this phase of work, we will collect performance data on the existing competitive and comparable market; tour the various site options for the proposed hotel; visit and tour Berlin and the surrounding markets (to potentially include cities and towns along the northern Route 16 corridor such as Gorham, Randolph and Lancaster) to understand the proximate and secondary market's impact on the proposed hotel; interview jurisdiction representatives, officials, and other stakeholders; and interview destination partners and other relevant parties, as well as a representative set of meeting planners and event promoters for needs and requirements for any meeting or event space that should be considered for the proposed hotel. Many of these interviews may be conducted via telephone in light of the COVID-19 pandemic. Based on findings of the Market Analysis, CHMGS will develop demand projections and assess preliminary market-based pricing for each prospective revenue stream of the proposed property.

CHMGS has conducted hundreds of market analyses, most of which for **public sector** owners of hospitality and recreation assets, including hotels, restaurants, and conference and meeting facilities. Compared to other likely bidders for the City's hotel market study opportunity, CHMGS provides Berlin with a team that is unmatched in experience and depth working within the public sector.

The following describes in detail the steps of CHMGS' Market Demand Analysis approach.

<u>Pre-Planning and Initial Data Collection</u>
The purposes of the Pre-Planning phase are to:

- complete a comprehensive project plan for the entire feasibility analysis project; and,
- collect and assemble all critical information necessary to understand and evaluate the current supply and market dynamics that might influence demand for the proposed hotel that serves as the subject of this analysis ("the Subject"), and the Subject's surrounding competitive market.

The initial investment in this phase will ensure efficient data collection, enhanced project communication and management, and overall project success.

First, we will confirm the proposed project plan and timing of milestones. Using relevant project management tools and procedures, we will develop internal workplans by task, including detailed timelines that will ensure the project stays on schedule.

Next, we will begin the task of initial data collection. We will use the most current data available to identify the primary market area that the Subject will serve. In addition, we can gather initial operating performance, pricing, and sales information for hotels with and without meeting/event space within the Subject's competitive set, to best prepare us to effectively conduct our site visit and market analysis. CHMGS has access to the most up to date, cutting edge economic data and real estate industry research. Data sources used during initial data collection could include Smith Travel Research for traditional lodging data; AirDNA, for short-term rental data; and other industry published and unpublished data sets. CHMGS also has access to large bodies of data and research on the campground industry, which may become a component of the Market Demand Analysis as we consider all overnight accommodations currently available in the Berlin market.

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The market area will be based on different parameters such as distance (walking or driving) and proximity of competing product. We will review available information about the potential sites for the Subject and their respective surrounding areas. Using data sources such as ESRI and Moody's Economy.com, CHMGS will determine the current and projected economic and demographic indices for the City and key geographic drawing areas, including but not be limited to:

- Population, households, and demographic characteristics;
- Income, affordability, and purchasing power;
- Employment by industry or occupation; and,
- Consumer psychographics.

All of the above steps will help to inform the next step in Project Pre-Planning and Initial Data Collection: development of the Advanced Information Request (AIR). The project team will develop the AIR to facilitate gathering additional types of information needed. Following the issuance of this AIR, the project team would coordinate a kick-off call to review all information requested. Key categories of information included within the AIR are provided below, but not limited to:

Planning Information

1. Any available planning documents germane to the proposed sites and surrounding areas.
2. Any available surveys, studies, or research regarding the subject facility or market conducted by the City or other entities.
3. American Land Title Association ("ALTA") and/or Topographic survey of the proposed sites.

Demand Information

1. Market demand segmentation for the Berlin, Gorham, Randolph, and Lancaster lodging markets for the last three years.
2. Listing of most competitive properties within the immediate, secondary markets, and similar markets across New Hampshire and Vermont, and how those competitive sets may shift based on the sites we will evaluate for the proposed Berlin hotel property.
3. Other local and regional market industry trend and performance data for lodging for the last three years that might provide insight to demand and prospective growth.

Based upon this information, CHMGS will identify a preliminary competitive/comparable set(s) to execute on a supply analysis for use in the development of the site visit plan.

<u>Site Visit</u>

Following the review and analysis of the data collected from the AIR, CHMGS will develop a detailed fieldwork plan that will inform and guide the execution of the fieldwork portion of the engagement. We will develop a detailed fieldwork schedule in advance of the site visit to ensure that all appropriate entities are scheduled in advance for meetings and tours. The COVID-19 pandemic has had a profound impact on the hospitality and travel industries, and CHMGS has had to adapt our approach to conducting field work and a market analysis. We continue to find great value and importance in visiting the market and proposed sites, so we propose a short visit to Berlin. We will offer all interviewees the option of an in-person visit. However, we foresee that we will need to have telephonic interviews with most of the stakeholders, the competitive set, and other market participants.

At a minimum, the following will occur during fieldwork.

Day 1: Site Evaluations

1. Kick-Off Meeting and In-brief: On-site meeting with City staff to discuss current status of the perceived challenges, and opportunities associated with new hotel development.

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2. Tour and evaluation of the various potential Subject sites and any existing facilities and amenities in the areas proximate to the site, gain an understanding of access, egress, comparability with surrounding land uses, available parking, and other relevant amenities to the proposed use, etc.;
3. Evaluate and understand availability of infrastructure to the site (e.g. water, sewer, power, curb cuts, etc.); and,
4. Evaluation and identification of the competitive market, including assessment of proximity and available amenities, synergies of surrounding land uses, and other attributes impactful to the proposed development.

Day 2 and post-site visit: Meetings and/or phone interviews with market representatives and area meeting/event coordinators, tour of competitive/comparable supply of hotels serving the market

The project team shall organize local visits or phone interviews with representatives of demand generators, as well as schedule brief visits to operators in the competitive marketplace (if meetings can be scheduled in light of COVID-19 pandemic). These in-person or telephonic discussions would focus on:

1. Market opportunity for new hotel and meeting space development, including product, clientele, and/or customer profiles.
2. Potential operations and associated financial performance, preliminary discussions of economic impact and opportunity, and required investment.
3. Gathering perspectives from representatives of firms and agencies we understand have the potential to supply demand to a proposed hotel/meeting/event facility, including the Notre Dame Arena, Jericho Mountain State Park, Storyland, and other attractions and potential demand generators.
4. Collecting information from local stakeholders to potentially include: City of Berlin Mayor and staff, the Berlin Industrial Development and Park Authority (BIDPA), Berlin City Council, Coos County officials and staff, the Coos Economic Development Corporation, the Androscoggin Valley Chamber of Commerce, the North Country Chamber of Commerce, and the Littleton Chamber of Commerce, and other identified stakeholders.

At the end of the site visit, the project team shall meet via telephone and web-meeting with City representatives to discuss preliminary findings and observations from the site visit.

<u>Demand Analysis and Projections</u>

The purpose of the demand analysis is to ascertain the potential market position of, and estimate demand for, the subject hotel.

As part of the demand analysis, CHMGS will develop maps displaying relevant economic and demographic data. CHMGS will describe the characteristics of the region and locality and will provide a locational analysis of three most preferable site options identified during the site visit.

Using the map(s) we created of relevant economic and demographic data, the team will identify the Subject's and competitive set's relative positions in the market.

CHMGS will then use the data and information gathered to date to undertake the demand analysis, including projected growth in demand for the Subject's competitive market, and identify unaccommodated demand, induced demand, latent demand, and rate of occupancy of the proposed Subject. We will develop a profile of the users to be served by the Subject.

The demand analysis will provide insight to inform our preliminary hotel size and scope recommendations. This includes space requirements, concept positioning, and required supporting facilities and amenities. CHMGS notes that facility planning will consist of an iterative and dynamic process requiring input from the Market Demand Analysis, Facility Recommendation, and Project Feasibility Study (to include Financial Analysis and Investment Analysis).

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Based on data and information collected during the Market Demand Analysis, we will recommend potential pricing strategies and estimate certain metrics that will later inform the Project Feasibility Study and Financial Projections. Such metrics could include occupancy, ADR, room nights, usage of any meeting space, covers and average check for dining operations, etc. We will project these metrics over a 10-year period, at minimum.

Reporting

The City is commissioning the hotel market study to allow an objective, third party to determine whether a hotel property can be supported by the Berlin market. CHMGS notes that there is potential for our Market Analysis to conclude that the area's current hotel and overnight accommodations supply is adequate to absorb existing demand and potential growth in the near term. If CHMGS concludes that there is not sufficient demand in Berlin for a new hotel property, we will explain our findings and rationale to the City, and suggest options for a course of action the City would need to pursue to modify the initial proposal to better support a hotel facility. Our past experience with similar projects provides CHMGS with several examples of "no-go" project recommendations. If we arrive at a "no-go" conclusion for the Subject hotel, we will offer the City the option of terminating CHMGS' work at the conclusion of the Market Demand Analysis.

Regardless of the outcome of the Market Demand Analysis, our work on this phase will be summarized in a teleconference and webinar with the City. If we move on to the follow-on tasks in the analysis, we will also include a summary of the Market Demand Analysis findings in the report submitted at the end of the financial and investment analysis.

Task 2a. Project Feasibility Study: Financial Analysis

CHMGS professionals have completed numerous financial analyses for a variety of public sector clients throughout the U.S., including for clients located in communities similarly sized to Berlin, as well as for, larger, more urban locations. Our work experience spans financial feasibility of small food and retail operations, to 100-room hotels, to large resorts with more than 1,000 rooms, more than a dozen food and beverage and retail outlets, and multiple recreation opportunities. Through this diverse experience we have refined a methodology to test a project plan's viability and return on investment, create or evaluate financial assumptions and a pro forma, and identify financing options.

Our financial analysis will not occur without sufficient market demand identified from the Market Analysis phase. As previously noted, the hotel feasibility process is an iterative and dynamic process requiring input from the Market Analysis; Facility Cost Estimates; and Investment Analysis phases. Our financial analysis will be grounded with a thorough and detailed understanding of any relevant and applicable operational logistics associated with the proposed hotel space and any food and beverage, meeting, and other amenities incorporated into the recommended property scope.

Financial Assumptions and Project Viability

CHMGS will assess the operating viability and sustainability of the proposed hotel. CHMGS will ensure conformity with the findings of the Market Analysis by using the projected demand and pricing metric outputs from the Market Analysis. We will develop operating expense estimates using industry-average metrics and our in-house repository of operating financial data from similar facilities, reflecting prudent and experienced management. Revenue and expense estimates will follow the *Uniform System of Accounts for the Hospitality Industry, Eleventh Revised Edition*.

The outcome of this Phase is 10-year pro forma inclusive of a 10-year term. The pro forma provides an estimate of the **operating profitability** of the proposed Subject operation. Operating profitability is a direct measure of the short-term and mid-term operating viability of the proposed project within the Subject's submarket. However, it does not indicate full feasibility for the proposed hotel. Investment analysis must be completed to fully test the **investment feasibility** of the proposed project.

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Tasks 2b. Project Feasibility Study: Investment Analysis

Once a project is estimated to be operationally profitable, CHMGS will assess the reasonableness of the costs of developing the hotel. CHMGS notes that operating profitability is not necessarily indicative of full project financial viability, which is only indicated by the **investment viability** of the project.

As part of its initial pro forma development for the proposed hotel, CHMGS will test a wide array of sensitivities that affect value and viability, including pricing, capitalization rates, investor return requirements, construction, and operating costs.

The City of Berlin desires assistance with understanding opportunities for public incentives to improve the viability and investment attractiveness of the proposed hotel to the private sector investment community. These options could include a variety of economic development options, as well as public sector in-kind development support (such as infrastructure, etc.). Almost every CHMGS project involves an analysis of various public-private partnership options, including lease structures, management contracts, concession contracts, and hybrid options. We will evaluate these same options for the proposed Berlin hotel project and help the City weigh the opportunities and challenges associated with each.

CHMGS will provide traditional investor return analysis based on the management structure option recommended. We may consider concession, equity, or debt/equity options. CHMGS recently completed our *Real Estate Investment Survey and Analysis Report*, which looked at trends in the risk-free return rate and investor return rate for a variety of hospitality and recreation industries, including lodging, food and beverage, leisure facilities, and hotel and resort real estate investment trusts (REITs). In addition to commonly-found industry sources for rate of return expectations likely used by our competitors, CHMGS will use our own benchmarking study, tailored for use in analyzing investment opportunities within the hospitality and recreation industry, and on public lands. This study provides the City of Berlin with a value-add in engaging CHMGS for this important hotel market analysis.

Our team will test options for the proposed property using our proprietary, dynamic financial model. This model tests impacts of various financial, facility, investor return, and partnership structure variables on the feasibility of the proposed hotel facility, supporting our recommendation for an option that is best for the City of Berlin.

CHMGS notes it is possible that our analysis will indicate that the proposed Berlin hotel is not viable, no matter how we adjust different variables in the investment analysis. There are many examples in CHMGS experience where we have ultimately determined a proposed project is infeasible. We complete our objective analysis with the intent to provide our clients with peace of mind that public dollars are spent in the most responsible manner.

Task 3. Facility and Site Recommendations

CHMGS will leverage the finding of the market analysis to support our recommendations of optimal site for the hotel, as well as our facility recommendations, including hotel room count, total meeting/event space, and amenities mix.

As noted in the pre-planning and execution of the Site Visit explained earlier in the Market Demand Analysis task, much of the work needed to select the optimal site for the proposed hotel will be done while CHMGS is on site in Berlin. Our site visit and market analysis work will include discussions with local real estate brokers to provide support for property acquisition or leasing costs. A webinar and teleconference held with the City at the end of the Market Demand Analysis phase will include an overview of the most advantageous site options and the key determinants for site selection, as outlined below and in the Subject project scope of work:

- Relationship to downtown area, area amenities, and demand generators
- Access and parking
- Current land uses in the vicinity and ambiance of surrounding area of proposed sites

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- Ability to provide outdoor event space

CHMGS will complete and document an analysis of the advantages and disadvantages of each of the sites proposed, using the list of key determinants above as a guideline.

During this phase of work, CHMGS will also develop facility recommendations based on the findings from the Market Demand Analysis. CHMGS uses these facility recommendations to inform project scoping in support of developing order-of-magnitude construction costs. CHMGS will develop general, order-of-magnitude construction costs by applying unit costs to major areas including: site costs, exterior amenity areas, and building costs including (guestrooms, public spaces, meeting and event spaces, food service, back of house, and special design components). To develop cost estimates, CHMGS will leverage our experience and sources such as R.S. Means, HVS, CBRE development guidelines and other available industry data. CHMGS will take into consideration appropriate levels of service, potential chain-scale, construction types, and design aesthetic. General costs are given in current amounts with inflation factors added to the end of the budget. Finally, general cost estimates also include other project soft costs, such as FF&E, Professional Design Fees, and Potential Permitting Costs.

CHMGS notes that our cost estimates will reflect the quality and positioning of the proposed facility in the marketplace, its support amenities, and facilities and furniture fixtures and equipment requirements. We will not identify the infrastructural requirements and associated costs to support the development, including but not limited to sewer, water, power, parking, curb-cuts, etc. If the City requires more precise site analysis and costing of the proposed hotel, CHMGS partners with a variety of architecture and engineering firms with which we have a history of completing successful projects. CHMGS is happy to discuss options for engaging these firms as an expansion of the existing scope.

Task 4. Financial Projections

Based on the findings of the Project Feasibility Study, as well as the cost estimates developed during the Facility Recommendations task, CHMGS will provide a 10-year proforma for the recommended project. Each of our feasibility projects requires proforma development, for 10 years, 20 years, or longer. The proforma will be representative of the findings of our project feasibility analysis.

ii. POTENTIAL PROJECT SCHEDULE

CHMGS proposes the following project schedule for the Berlin Market Feasibility Study for a Hotel/Lodging Facility.

We can be flexible with the dates and task durations noted.

Potential Project Schedule

	Week of													
	11/2/2020	11/9/2020	11/16/2020	11/23/2020	11/30/2020	12/7/2020	12/14/2020	12/21/2020	12/28/2020	1/4/2021	1/11/2021	1/18/2021	1/25/2021	2/1/2021
Project Award	■													
Kickoff Call	■													
Site Visit		■												
Post-Site Visit Debrief				■										
Draft Market Demand Analysis Report						■								
Final Market Demand Analysis Report								■						
Draft Facility Recommendations and Project Feasibility Report												■		
Final Facility Recommendations and Project Feasibility Report														■
Financial Projections												■		■

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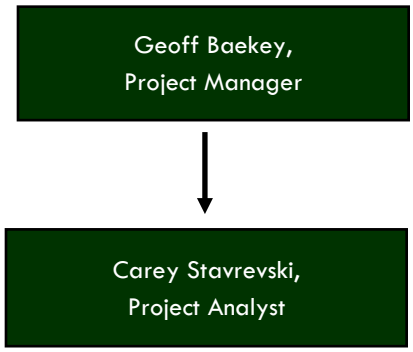
E. PROJECT MANAGEMENT

CHMGS specialists are private sector educated and trained, having worked for some of the largest lodging, food and beverage, and recreational advisory companies in the world. Our business philosophy and model leverage our private sector experience and deliver these best management practices to the public sector. Specifically, Mr. Geoff Baekey and Ms. Carey Stavrevski will comprise the key personnel for this project.

i. PROJECT ORGANIZATIONAL CHART

Project Organizational Chart



ii. OFFICE LOCATION

CHM Government Services offices are located at 8 Essex Center Drive, Peabody, MA 01960.

iii. MATRIX OF KEY PERSONNEL EXPERIENCE

CHMGS offers the City of Berlin a highly experienced team. CHMGS team members have been serving the unique hospitality needs of the public sector for more than 30 years. Our professionals bring a combined 75 years of hospitality experience to the challenges of governmental agencies that own and/or operate hospitality assets and services. Mr. Baekey and Ms. Stavrevski have worked together on all services the City includes in the Scope of Work from the subject RFP. The following matrix demonstrates the key tasks of the project, cross-referenced with Mr. Baekey's and Ms. Stavrevski's experience.

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Key Project Tasks and Team Member Shared Project Experience

Project Key Tasks	Geoff Baekey	Carey Stavrevski
Market Analysis		
Site visit interviewing	x	x
Demand quantification	x	x
Competitive/comparable market definition and interviews	x	x
Economic and demographic analysis	x	x
Pricing analysis	x	x
Project Feasibility Study	x	x
Develop and test operations/financial analysis scenarios	x	x
Identify capital and rate of return requirements	x	x
Develop and test investment analysis scenarios	x	x
Facility Recommendations	x	x
Based on Market Analysis and Project Feasibility Study results, define site and facility recomendations	x	x
Financial Projections	x	x
Develop proformas for project, based on findings of analysis	x	x

F. IDENTIFICATION OF RELEVANT EXPERIENCE

CHMGS has selected several projects that we believe best profile the depth of our skill set and the variety of experiences we bring to the City of Berlin's hotel feasibility project. Our long history supporting the public sector with hospitality and recreation real estate investment and operations strategies provides us with perspectives on the best approach for public sector-led hospitality developments. Not every project we evaluate is feasible, and we have advised clients on proposed projects that we ultimately found to be both feasible and unfeasible. The following descriptions of our experience and qualifications including projects that we determined to be feasible, as well as those that were not or required additional public sector support for feasibility.

RELEVANT EXPERIENCE: PROJECT 1

Tennessee State Parks: Statewide Lodging Portfolio

Tennessee Department of Environment and Conservation (TDEC) is responsible for the management of, and care for a resort portfolio that includes six lodges, nine golf courses, three marinas, and eight restaurants, all of which TDEC self-operates and manages. At the time of CHMGS's initial engagement with TDEC, the agency's resort portfolio generated annual top line revenue of approximately $25 million dollars. CHMGS began working with TDEC as their business advisor to support the state's resort portfolio investment and development strategy. Based upon this analysis, TDEC selected CHMGS as the Hospitality Development Asset Manager for two resort hotel new builds and two hotel redevelopments.

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Market Analysis: CHMGS began with a market analysis, including economic/demographic profiles of each resort's geographic location, a full analysis of historical leisure and meetings/events market demand; interviews with demand generators; and tours of and interviews with management of competitive and comparable supply for lodging and meeting space.

Financial and Investment Analysis: CHMGS evaluated historical financial performance of each location and analyzed the performance of the overall portfolio as a whole. We helped TDEC to understand options for each resort property, including renovation and demolition/new construction. We then completed an analysis of various options for the portfolio, developing and understanding the financial and investment ramifications of a variety of deal structures, including management contracts, concession contracts, and leases. Our investment analysis tool included the ability to turn on or off various scenarios, as well as different contract structuring options.

TDEC also requested CHMGS to provide full asset programming of each resort to be recapitalized, including number of guest rooms and suites; food and beverage facilities; group meeting and conference space; recreational amenities; and back-of-house support facilities for each of the properties. This work involved identifying the market position of each of the proposed hotels within their unique competitive market as well as the market position of the resorts within the state resort park competitive market. This two-level analysis identified that a shift in market position was necessary to optimize occupancy at each project and maximize conference center demand within the four properties.

Although TDEC issued an RFP for private industry investment and management of the resort portfolio, ultimately the state opted to continue with a self-management and investment model. The State of Tennessee invested more than $100 million to fully renovate two hotel properties and demolish and reconstruct the other two hotel properties.

RELEVANT EXPERIENCE: PROJECT 2

Iowa Department of Natural Resources: Honey Creek Resort & Conference Venue

Honey Creek State Resort Lodge is located on Rathbun Lake, a United States Army Corps of Engineers (USACE) lake within the Kansas City District. The resort amenities included: 105 guestrooms and suites; 28 luxury cottages; 180-seat restaurant and bar; indoor and outdoor conference and special event space; an 18-hole Golf Course and Golf Course Pro Shop; a 15,000-square-foot indoor water park and associated snack bar; 42-slip marina/courtesy dock including the rental of motorized and non-motorized craft; 20 RV campsites with full hook-ups, on-site trash collection, and access to resort amenities; large pavilion/outdoor shelter, restrooms, playground, basketball court, and a beach. The Department of Natural Resources (DNR) requested that CHMGS undertake market, financial, and investment feasibility to assess the market position of their existing resort under new management models and to restructure State-provided financing.

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Market Analysis: This work included identifying the local and regional market for resort and conference centers. CHMGS undertook demand segmentation analysis to identify the proper market position both currently and prospectively. The analysis identified the need for additional amenities to augment the resort's existing profile and confirmed whether the current market position was appropriate.

Financial and Economic Analysis: CHMGS developed financial analysis by leveraging the existing historical financials and developing a baseline forecast of future operations. From this, CHMGS developed a variety of scenarios to test to evaluate strategies for improving business operations. One key aspect of the analysis was to understand the resort's ability to cover its debt service obligations. Our underwriting identified that, based on the level of debt service in place, that the resort would not be capable of meeting these obligations. As such, we worked with the Governor's office to defease the bond to ensure long-term financial sustainability. Our analysis also evaluated moving from a management contract to a concession contract to minimize future state obligated funding requirements.

Investment Analysis: CHMGS's investment analysis integrated both personal property inventory valuation and real property deferred maintenance and proposed improvements required for repositioning. CHMGS leveraged our internal database of costs associated with different types of personal and real property improvements. CHMGS's investment analysis tool included the ability to turn on or off various scenarios, as well as click on or off various portfolio configuration models. The analysis identified what term and what concession fee should be charged based upon the selected options.

RFP Development and Review: CHMGS was responsible for developing a comprehensive prospectus to offer the business opportunity to market. We supported the State's issuance of the prospectus through specific channels and also informed our network of qualified operators about the opportunity. We were retained as a non-voting technical panel member to review and evaluate bids related to the requirements of the prospectus. Ultimately an award was successfully made to a well-recognized concession operator.

Operational Asset Management CHMGS was retained by the Iowa Department of Natural Resources to provide comprehensive asset management services for the newly developed Honey Creek Resort. CHMGS focused its efforts on all aspects of operations to identify and drive revenue growth strategies; operating department revenue management; operating expense management and containment; sales and marketing practices; risk management; and brand management. Over a six-year period, CHMGS' Asset Management team worked with Iowa DNR and its hotel management company to transform the operation from a net loss to a positive Net Operating Income growth of over 34 percentage points.

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RELEVANT PROJECT EXPERIENCE: PROJECT 3

Ohio State Parks: New Hotel Development

Ohio State Parks and Watercraft (OSP) has a state park system that includes eight lodges. Hocking Hills State Park has the highest visitation of any park in the OSP system. It contains campgrounds, retail operations, and a new visitor center.

Ohio State Parks and Watercraft (OSP) needed to understand if there was a market opportunity for development of a new hotel and conference center at a signature state park, and to replace an existing restaurant facility at the park. CHMGS was engaged to undertake a two-phase process including a market analysis to initially vet the underlying demand for the project, followed by a more detailed financial, economic, and investment analysis once initial market support was determined.

Market Analysis: CHMGS's market research included working with the local Destination Management Organization (DMO) to understand the current inventory of lodging as well as promotional strategy for the area. CHMGS developed a market drawing area and segmentation analysis by visiting and interviewing management of each of the other eight state park lodges, as well as private sector hotels within the competitive supply. CHMGS's analysis identified that there was a market opportunity for a 100-room lodge with conference and banquet space.

Financial and Economic Analysis: CHMGS was responsible for developing financial analysis to identify the financial feasibility of the proposed lodge. CHMGS leveraged its public and private sector financial benchmark database to develop the financial projections.

Investment Analysis: The proposed lodge was to be developed using a combination of State and private operator funding. As a component part of this analysis, CHMGS developed cost estimates for Working Capital, Operating Supplies and Equipment and all Furniture Fixtures and Equipment. CHMGS also identified for OSP market acceptable maintenance and personal property reserve estimates. CHMGS tested various concession contract fee structures based upon varying investment and reserve levels. OSP is currently commencing with a design/build contract for the development of the proposed $31 million lodge, with an anticipated opening in 2022.

RELEVANT PROJECT EXPERIENCE: PROJECT 4

West Virginia State Parks: New Resort Hotel Development

Beech Fork Lake is a U.S. Army Corps of Engineer lake located in Wayne County, West Virginia. The West Virginia Division of Natural Resources, and West Virginia State Parks, ("WVDNR") desired to understand the development potential for a proposed 75-room lodge and conference center within Beech Fork State Park. This project had been in discussion for over three decades as part of a strategy to support overall tourism and economic development in the region.

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Market Analysis: The location of the property as well as its proposed profile, merited a two-phased market analysis. The competitive supply included both local hotels as well as regional resort properties. This required that CHMGS accurately identify the demand segments that were currently accommodated in each of the markets. Additionally, CHMGs undertook in-depth analysis with local and regional economic development organizations to identify the emerging travel and tourism trends that could impact this future development.

Financial and Economic Analysis: CHMGS began our analysis by evaluating the financial performance characteristics of other West Virginia State Park lodges. This included lodges that were self-managed as well as those under concession and management contracts. The nature of competitive supply management models was a critical aspect of our analysis to determine the optimum model to consider for the proposed lodge and the benefits and determinant of such. CHMGS developed a ten-year financial proforma for the proposed lodge and supporting amenities based upon a demand build up and rate positioning for the lodge.

Investment Analysis: CHMGS's investment analysis involved working with a third-party A/E firm to update the project cost estimates that were initially provided by the state. Additionally, CHMGS estimated market acceptable maintenance and personal property reserves to ensure the long-term sustainability of these assets. CHMGS worked with the state's bond counsel to evaluate the potential for state issued bonding vs. third party funding. The investment analysis identified that the project was infeasible based upon the costs of the development and its impact on capital investment returns to a potential operator.

RELEVANT EXPERIENCE: PROJECT 5

Maricopa County, Arizona, Lake Pleasant
Market, Financial and Investment Feasibility Analysis of Proposed Resort Development

Arizona's Maricopa County Parks and Recreation Department desired to evaluate the potential for a proposed resort development on Lake Pleasant, a United States Bureau of Reclamation lake outside of Phoenix, AZ. Maricopa County engaged CHMGS to undertake market, financial and investment analysis to identify the product scoping, positioning and development feasibility of this proposed resort.

Market Analysis

CHMGS market analysis began with evaluating the resort market in and around Phoenix. This effort included reviewing trends in rate and occupancy by type of resort and evaluating the pipeline of proposed resort products that were being considered in the market. These pre-site visit efforts resulted in a competitive set of resorts. CHMGS conducted in-person interviews with management of this competitive set to identify operational metrics and product offerings.

CHMGS also completed economic and demographic profiling for the local and regional market likely to be attracted to the resort destination. Our market research resulted in an understanding that the product demand and pricing would support a resort with 120 guest rooms and 30 casitas, 4,500 square feet of meeting space, and restaurant, retail and recreational facilities that would cater to a family-friendly, all-inclusive product. CHMGS undertook demand and penetration analyses and estimated occupancy and average daily rate for the proposed property. This market analysis identified positive market support for the proposed product.

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Financial Analysis

Using the results of the market analysis as a foundation, CHMGS continued with the development of a 10-year financial proforma. CHMGS leveraged its financial proforma tools and data base of comparable properties to develop an estimated income statement for a defined term. This included developing financial projections for lodging, food and beverage, meeting space, special events and other recreation activities. CHMGS then developed the direct, indirect, and fixed expenses for the proposed property. The resulting income statement identified positive financial feasibility.

Development Analysis

CHMGS leveraged both in-house data and comparable per room development costs for similarly sized resort properties. CHMGS developed an estimated square footage allocation of spaces within the overall resort, which we then used to develop order of magnitude hotel development costs for the overall project and on a per-room basis. CHMGS was provided with site infrastructure costs, a major component of this development due to the remote location selected. CHMGS used the total of the hotel development and infrastructure costs to complete our investment analysis.

Investment Analysis

The total development costs must be weighed against the rate of return to the developer based upon available cash flows. Real estate development deals are assembled using different amounts of debt and equity, each of which requires a different return profile. The CHMGS team modeled a market-based investment package to ascertain if there were adequate returns associated with the investment requirements. The analysis indicated that, absent a significant subsidy for infrastructure from a public entity, the project did not generate an adequate return to support private sector development investment feasibility. This no-go conclusion assisted the owner in releasing resources for this project to other County projects, demonstrating a measurable outcome to the owner.

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G. APPENDICES

i. TEAM RESUMES

Geoffrey A. Baekey, CRE (2006-2016)
Managing Director, CHM Government Services
Role for City of Berlin Engagement: Project Manager, Site Review, Market Analysis, Deliverable Review, and Quality Control

Geoffrey Baekey brings over 30 years of experience with both private and public-sector hospitality clients with a wide-variety of visitor-based assets, supporting his current role as Managing Director at CHMGS.

Mr. Baekey is responsible for the strategic direction and financial performance of the practice, client management, service delivery, and quality control. Mr. Baekey has spearheaded the redesign of key business processes for several Federal Land Management agencies, State and County park agencies, the U.S. Department of Defense, and several other government and quasi-government agencies.

Mr. Baekey brings a strategic perspective in assisting clients in maximizing hospitality and recreation opportunities through a process of market, financial and investment analyses aimed at structuring successful Public/Private Partnerships. He has accomplished this through strategic management of prospectus and RFP development and award processes for concession agreements, leases, management agreements and others.

Mr. Baekey's private sector clients have included Marriott International, Starwood Hotels and Resorts, Palm Restaurant Corporation, Burger King, and numerous financial institutions relative to their hospitality and real estate holdings. Mr. Baekey also possesses extensive experience in commercial and resort lodging, recreation and food and beverage strategic planning, asset management, business development and operational analyses. Mr. Baekey held the designation of Counselor of Real Estate from 2006 to 2016.

Mr. Baekey currently sits on the board of the Fritz Knoebel School of Hospitality Management, University of Denver, where he is actively engaged in shaping the strategic direction of the college and its curriculum. Mr. Baekey also sits on the board of the Outdoor Recreation Roundtable, providing his perspectives to the group on hospitality real estate, finance, operations, contracting, strategic planning, and asset management.

Professional Experience

- CHM Government Services: Managing Director, Boston, MA
- Capital Hotel Management: Senior Vice President, Boston, MA
- PricewaterhouseCoopers: Director, Boston, MA
- Horwath Landauer: Managing Director, Boston, MA
- Hospitality Consulting Inc.: Principal, Boston, MA
- Laventhal & Horwath: Manager, Boston, MA

Education and Credentials

- Bachelor of Science in Hotel, Restaurant and Tourism Management, Denver University

Areas of Expertise

- Strategic planning
- Successful structuring of Public-Private Partnerships
- Capital planning oversight and execution
- Asset market positioning/repositioning analysis and execution
- Asset Management
- Redevelopment analysis
- IRR/ROI analysis and programming
- Investment/valuation analyses
- Real property maintenance, cyclic and component renewal planning, and execution

Professional Affiliations and Activities

- Former Counselors of Real Estate (CRE)
- Frequent speaker/presenter at National Park Service Concession Advisory Board and National Parks Hospitality Association (NPHA)
- Executive Advisory Board of the Fritz Knoebel School of Hospitality Management, University of Denver
- Board Member, Outdoor Recreation Roundtable

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Carey Stavrevski, Vice President, CHM Government Services
Role for City of Berlin Engagement: Market Analysis, Financial and Investment Analyses, Deliverable Development

Ms. Stavrevski brings 18 years of consulting experience to CHM Government Services and is focused on devising effective business solutions for complex challenges faced by a wide variety of public sector clients that own hospitality and recreation assets. In this capacity, Ms. Stavrevski has served such public sector clients as the National Park Service, the U.S. Forest Service, the Bureau of Land Management, the Department of Defense, and state and local land management agencies. In addition, Ms. Stavrevski has worked with several U.S. and international private sector hotel investors and operators, convention and visitor bureaus and other tourism-related organizations.

Ms. Stavrevski has performed and oversees market, financial and investment analyses for a wide-variety of visitor-based operations. Visitor-based experience includes lodging, food and beverage, marina, retail, equestrian, campgrounds, and day-use activities such as picnic areas, trails, various recreation activities, and visitor centers.

In her capacity as a Vice President, Ms. Stavrevski oversees the development and refinement of CHM Government Services' analytical models, and spearheads strategic planning initiatives focused on serving the business advisory needs of municipal, state, and federal land management agencies. She also assists her clients with best practices related to contract oversight and operating standards. The focus of her efforts is on adapting private sector business best practices for public agencies managing visitor services in natural, cultural, and historical environments.

Prior to joining CHM Government Services, Ms. Stavrevski worked for a major international consulting firm in both private sector hospitality industry advisory, and government/public sector advisory. She was also a Budget Analyst for a large County Budget and Management office, where she was responsible for managing a $45 million budget across several county agencies, including Parks and Recreation.

Professional Experience

- CHM-Government Services: Vice President, Washington, D.C.
- PricewaterhouseCoopers, LLP: Manager, Hospitality & Leisure, Miami, FL
- PricewaterhouseCoopers, LLP: Senior Associate, Public Sector Practice, San Francisco, CA
- Office of Budget Services: Budget Analyst, Broward County, FL

Areas of Expertise

- Financial and investment analysis and modeling
- Market research
- Full spectrum of recreation real estate: marina, campground, lodging, food and beverage, visitor centers, trails (including equestrian, off-highway vehicles, mountain bike), etc.
- Project management
- Operational analysis and market positioning

Education and Credentials

- Master of Public Administration, Maxwell School of Citizenship and Public Affairs, Syracuse University
- Dual B.A., Policy Studies and Advertising, Syracuse University

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ii. PROJECT MATRIX

Matrix of Team Member Project Hours

	Task 1	Task 2	Task 3	Task 4
	Market Demand Analysis	Project Feasibility	Facility and Site Recommendations	Financial Projections
Geoff Baekey, Managing Director	16	3	1	1
Carey Stavrevski, Vice President	22	34	4	3

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ADDENDUM: ADDITIONAL INFORMATION

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A. EXAMPLES OF FIRM EXPERIENCE: SUCCESSFUL PROJECTS

CHMGS notes that the following projects duplicate the projects outlines in the SOQ section of our proposal. In the SOQ section, we outlined project examples that include proposed projects we found to be feasible, as well as those where we advised the client against pursuing development.

As the City is interested in understanding CHMGS's experience with successful feasibility projects, we provided the following examples.

Ohio State Parks: New Hotel Development

Ohio State Parks and Watercraft (OSP) has a state park system that includes eight lodges. Hocking Hills State Park has the highest visitation of any park in the OSP system. It contains campgrounds, retail operations, and construction of a new visitor center was underway.

Ohio State Parks and Watercraft (OSP) needed to understand if there was a market opportunity for development of a new hotel and conference center at a signature state park, and to replace an existing restaurant facility at the park. CHMGS was engaged to undertake a two-phase process including a market analysis to initially vet the underlying demand for the project, and a more detailed financial, economic and investment analysis once initial market support was determined.

Market Analysis: CHMGS's market research included working with the local Destination Management Organization (DMO) to understand the current inventory of lodging as well as promotional strategy for the area. CHMGS developed a market drawing area and segmentation analysis by visiting and interviewing management of each of the other eight state park lodges, as well as private sector hotels within the competitive supply. One of the goals of the engagement was to understand the potential impact of a new lodge on the existing lodge inventory. CHMGS's analysis identified that there was a market opportunity for a 100-room lodge with conference and banquet space.

Financial and Economic Analysis: CHMGS was responsible for developing financial analysis to identify the financial feasibility of the proposed lodge. CHMGS leveraged its public and private sector financial benchmark data base to develop the financial projections.

Investment Analysis: The proposed lodge was to be developed using a combination of State and private operator funding. As a component part of this analysis, CHMGS develop the cost estimates for Working Capital, Operating Supplies and Equipment, and all Furniture Fixtures and Equipment. CHMGS also identified for OSP market acceptable maintenance and personal property reserve estimates. CHMGS tested various concession contract fee structures based upon varying investment and reserve levels. OSP is currently commencing with a design/build contract for the development of the proposed $31 million lodge, with an anticipated opening in 2022.

Tennessee State Parks: Statewide Lodging Portfolio

Tennessee Department of Environment and Conservation (TDEC) is responsible for the management of, and care for, a resort portfolio that includes six lodges, nine golf courses, three marinas, and eight restaurants, all of which TDEC self-operates and manages. At the time of CHMGS's initial engagement with TDEC, the agency's resort portfolio generated annual top line revenue of approximately $25 million dollars. CHMGS began working with TDEC as their business advisor to support the state's resort portfolio investment and development strategy. Based upon this analysis, TDEC selected CHMGS as the Hospitality Development Asset Manager for two resort hotel new builds and two hotel redevelopments.

Market Analysis: CHMGS began with a market analysis, including economic/demographic profiles of each resort's geographic location, a full analysis of historical leisure and meetings/events market demand;

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interviews with demand generators; and tours of and interviews with management of competitive and comparable supply for lodging and meeting space.

Financial and Investment Analysis: CHMGS evaluated historical financial performance of each location and analyzed the performance of the overall portfolio as a whole. We helped TDEC to understand options for each resort property, including renovation and demolition/new construction. We then completed an analysis of various options for the portfolio, developing and understanding the financial and investment ramifications of a variety of deal structures, including management contracts, concession contracts, and leases. Our investment analysis tool included the ability to turn on or off various scenarios, as well as different contract structuring options.

TDEC also requested CHMGS provide full asset programming of each resort to be recapitalized including number of guest rooms and suites; food and beverage facilities; group meeting and conference space, recreational amenities and back-of-house support facilities for each of the properties. This work involved identifying the market position of each of the proposed hotels within their unique competitive market as well as the market position of the resorts within the state resort park competitive market. This two-level analysis identified that a shift in market position was necessary to optimize occupancy at each project and maximize conference center demand within the four properties.

Although TDEC issued an RFP for private industry investment and management of the resort portfolio, ultimately the state opted to continue with a self-management and investment model. The State of Tennessee invested more than $100 million to fully renovate two hotel properties and demolish and reconstruct the other two hotel properties.

Iowa Department of Natural Resources, Honey Creek Resort State Park Resort Repositioning

Honey Creek State Resort Lodge is located on Rathbun Lake, a United States Army Corps of Engineers (USACE) lake within the Kansas City District. The resort amenities included: 105 guestrooms and suites; 28 luxury cottages; 180-seat restaurant and bar; indoor and outdoor conference and special event space; an 18-hole Golf Course and Golf Course Pro Shop; a 15,000-square-foot indoor water park and associated snack bar; 42-slip marina/courtesy dock including the rental of motorized and non-motorized craft; 20 RV campsites with full hook-ups, on-site trash collection, and access to resort amenities; large pavilion/outdoor shelter, restrooms, playground, basketball court, and a beach. The Department of Natural Resources (DNR) requested that CHMGS undertake market, financial, and investment feasibility to assess the market position of their existing resort under new management models and to restructure State provided financing.

Market Analysis: This work included identifying the local and regional market for resort and conference centers. CHMGS undertook demand segmentation analysis to identify the proper market position both currently and prospectively. The analysis identified the need for additional amenities to augment the existing profile and confirmation that the current market position was appropriate.

Financial and Economic Analysis: CHMGS developed financial analysis by leveraging the existing historical financials and developing a baseline forecast of future operations. From this, CHMGS developed a variety of scenarios to test to evaluate strategies for improving business operations. One key aspect of the analysis was to understand the resorts ability to cover its debt service obligations. Our underwriting identified that based on the level of debt service in place, that the resort would not be capable of meeting these obligations. As such, we worked with the Governor's office to defease the bond to ensure long-term financial sustainability. Our analysis also evaluated moving from a management contract to a concession contract to minimize future state obligated funding requirements.

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Investment Analysis: CHMGS's investment analysis integrated both personal property inventory valuation and real property deferred maintenance and proposed improvements required for repositioning. CHMGS leveraged our internal database of costs associated with different types of personal and real property improvements. CHMGS's investment analysis tool included the ability to turn on or off various scenarios, as well as click on or off various portfolio configuration models. The analysis identified what term and what concession fee should be charged based upon the selected options.

RFP Development and Review: CHMGS was responsible for developing a comprehensive prospectus to offer the business opportunity to market. We supported the State's issuance of the prospectus through specific channels and also informed our network of qualified operators about the opportunity. We were retained as a non-voting technical panel member to review and evaluate bids related to the requirements of the prospectus. Ultimately an award was successfully made to a well-recognized concession operator.

Operational Asset Management CHMGS was retained by the Iowa Department of Natural Resources to provide comprehensive asset management services for the newly developed Honey Creek Resort. CHMGS focused its efforts on all aspects of operations to identify and drive revenue growth strategies; operating department revenue management; operating expense management and containment; sales and marketing practices; risk management; and brand management. Over a six-year period, CHMGS' Asset Management team worked with Iowa DNR and its hotel management company to transform the operation from a net loss to a positive Net Operating Income growth of over 34 percentage points.

B. UNDERSTANDING AND APPROACH TO PROJECT

The City of Berlin, with its economic development committee, the Berlin Industrial Development and Park Authority (BIDPA) is seeking professional services to provide feasibility analysis for a proposed hotel/lodging facility to be built within the City.

As noted in the RFP, the City and BIDPA wish to examine the potential for successful development in Berlin to support economic development around outdoor recreation. The City has long relied on manufacturing as its primary economic driver, and now desires to shift its economy to one that is a thriving destination for outdoor recreation. With Jericho Mountain State Park immediately adjacent to the City, and Mt. Cabot and Mt. Washington in the vicinity, and few options for market-relevant and professionally-managed lodging product nearby, Berlin may indeed offer an opportunity for a more standardized lodging experience.

CHMGS has spent at least 20 years supporting public sector agencies with decisions regarding hospitality and recreation assets. We have perfected our approach to stakeholder engagement, scenario analysis, and public-private partnership development. We can demonstrate our understanding of the approach required for the Berlin project with the following steps we plan to take for this analysis.

1. Plan and execute a site visit and follow-on interviews that most efficiently expose our team to the City of Berlin, its surrounding markets, and the key stakeholders for a hotel project: City leadership, local businesses, meeting and event planners, and other identified demand generators.
2. Develop a market analysis that incorporates the findings from the site visit, our economic/demographic analysis, our understanding of the current and competitive market, and current demand levels and pricing profiles.
3. Use the findings of the market analysis to develop a set of scenario options for analysis. The results of this scenario analysis support the project feasibility study, which incorporates revenues derived from the occupancy and rate estimates, meeting space usage, and any food and beverage recommendations. Our scenario analysis results also support direct, indirect, and fixed expense analysis, and, ultimately, a draft proforma to test financial viability.

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4. Based on the outcome of our financial analysis, and assuming financial viability, we will develop cost estimates for the project and test investment feasibility based on expected returns on invested capital.

These steps assume that CHMGS can underwrite a feasible project. If we are not able to initially underwrite a feasible project, CHMGS will recommend some actions that may enhance feasibility of the project, including additional support from the City or other public entity, funding for infrastructure, or alternative contracting structures.

CHMGS has assumed we will be able to complete our analysis before the spring of 2021.

C. PROPOSED PROJECT BUDGET

Proposed Project Budget

	Rate	Market Demand Analysis	Project Feasibility	Facility and Site Recommendations	Financial Projections
Geoff Baekey	$180	16	3	1	1
Carey Stavrevski	$165	22	34	4	3
		$6,510	$6,150	$840	$675
Fees Total					$14,175
Expenses					$490
STR Report					$300
Total Project Cost					**$14,965**

D. CLIENTS FOR SIMILAR PROJECTS

Clients for Similar Projects

Project	Contact
Ohio State Parks, New Hotel Development	Nick Hall 614-265-6545
Tennessee Department of Environment and Conservation, Tennessee State Parks Statewide Portfolio	Mike Robertson 615-532-0434
Iowa Department of Natural Resources, Honey Creek Resort Lodge Repositioning	Todd Coffelt 515.725.8485

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E. ASSUMPTIONS AND LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

1	One CHMGS professional will attend a two-day, one-night site visit to Berlin and the surrounding market. We will order one STR market trends report for properties relevant to the subject market. Most of our interviewing associated with the market analysis will be done telephonically.
2	Our cost estimates will be based on industry average cost estimates published by the R.S. Means and other sources. We will make assumptions on facility infrastructure and utility requirements based on our discussions with City staff. Our team does not include architectural and engineering professionals to provide more detailed estimates tailored specifically for the recommended project. However, we can offer the option of adding a lodging facility designer, food and beverage facility designer, or other A&E firm to assist with costing at an additional fee, should the City of Berlin choose to do so.
3	CHMGS' services do not include the provision of legal advice and CHMGS makes no representations regarding questions of legal interpretation. We accept no responsibility for changes in the law or regulations or their interpretation, which may occur after the effective date of our engagement.
4	The City of Berlin shall provide CHMGS with all information relevant to the Services and any reasonable assistance as may be required to properly perform the Services. The City of Berlin represents and warrants to CHMGS that all such information will be accurate and complete in all material respects.

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