

VILLAGE OF BRADLEY

RESOLUTION NO. R-09-23-04

A RESOLUTION APPROVING A PROPOSAL FOR A MARKET FEASIBILITY AND
FINANCIAL ANALYSIS STUDY
(Proposed Indoor Waterpark)

ADOPTED BY THE
BOARD OF TRUSTEES OF THE
VILLAGE OF BRADLEY

THIS 25th DAY OF September, 2023

Published in pamphlet form by the authority of the Board of Trustees of the Village of Bradley,
Kankakee County, Illinois this 25 day of Sept, 2023

RESOLUTION NO. B-09-2304

**A RESOLUTION APPROVING A PROPOSAL FOR A MARKET FEASIBILITY AND FINANCIAL ANALYSIS STUDY
(Proposed Indoor Waterpark)**

WHEREAS, the Corporate Authorities of the Village of Bradley, Kankakee County, Illinois, have the authority to adopt resolutions and to promulgate rules and regulations that pertain to its government and affairs and protect the public health, safety, and welfare of its citizens; and

WHEREAS, pursuant to Section 2-3-8 of the Illinois Municipal Code (65 ILCS 5/2-3-8), the Corporate Authorities of the Village have the power to authorize the execution of contracts in the name of the Village; and

WHEREAS, Hotel & Leisure Advisors, LLC. (“H&LA”), is an Ohio corporation with a primary business office at 14805 Detroit Avenue Suite 420, Cleveland, Ohio 44107 that provides professional market feasibility and financial analysis regarding potential indoor waterpark facilities; and

WHEREAS, HL&A (collectively the “Consultants”) have provided the Village with a proposal for a feasibility study for an indoor waterpark, a copy of which is attached hereto as Exhibit A and fully incorporated herein (the “Agreement”); and

WHEREAS, the Corporate Authorities of the Village have determined that entering into the Agreement with the Consultants is in the best interests of the Village and its citizens.

NOW THEREFORE, BE IT RESOLVED BY THE CORPORATE AUTHORITIES OF THE VILLAGE OF BRADLEY, KANKAKEE COUNTY, ILLINOIS, PURSUANT TO ITS STATUTORY AUTHORITY, AS FOLLOWS:

SECTION 1. The Corporate Authorities hereby find that all of the recitals contained in the preamble to this Resolution are true, correct, and complete and are hereby incorporated by reference hereto and made a part hereof.

SECTION 2. The Corporate Authorities of the Village hereby declare that the terms and provisions of the Agreement, attached hereto as Exhibit A and fully incorporated herein, are reasonable and acceptable to the Village and that said Agreement is hereby approved in form and substance.

SECTION 3. Michael Watson, Village President of the Village of Bradley, is hereby authorized and directed, in his capacity as such Acting Village President, to execute the Agreement attached hereto as Exhibit A, along with any other documents necessary for the Village to enter into said Agreement with an amount not to forty-four thousand and 00/100 (\$44,000.00) and to further take any other action necessary for the Village to enter into the Agreement.

SECTION 4. In the event that any provision or provisions, portion or portions, or clause or clauses of this Resolution shall be declared to be invalid or unenforceable by a Court of competent

jurisdiction, such adjudication shall in no way affect or impair the validity or enforceability of any of the remaining provisions, portions, or clauses of this Resolution that may be given effect without such invalid or unenforceable provision or provisions, portion or portions, or clause or clauses.

SECTION 5. All ordinances, resolutions, motions, or parts thereof, conflicting with any of the provisions of this Resolution, are hereby repealed to the extent of the conflict.

SECTION 6. The Village Clerk is hereby directed to publish this Resolution in pamphlet form.

SECTION 7. This Resolution shall be in full force and effect from and after its passage, approval, and publication in pamphlet form as provided by law.

PASSED by the Board of Trustees on a roll call vote on the 25 day of Sept, 2023.

TRUSTEES:

RYAN LEBRAN	Aye - <u>X</u>	Nay - <u> </u>	Absent - <u> </u>
BRIAN BILLINGSLEY	Aye - <u>X</u>	Nay - <u> </u>	Absent - <u> </u>
DARREN WESTPHAL	Aye - <u>X</u>	Nay - <u> </u>	Absent - <u> </u>
BRIAN TIERI	Aye - <u>X</u>	Nay - <u> </u>	Absent - <u> </u>
GRANT D. VANDENHOUT	Aye - <u>X</u>	Nay - <u> </u>	Absent - <u> </u>
GENE JORDAN	Aye - <u>X</u>	Nay - <u> </u>	Absent - <u> </u>

VILLAGE PRESIDENT:

MICHAEL WATSON Non-Voting - X

TOTALS: Aye - 6 Nay - 0 Absent - 0

ATTEST:

Julie Tambling
JULIE TAMBLING, VILLAGE CLERK

APPROVED this 25 day of September, 2023.

Michael Watson
MICHAEL WATSON, VILLAGE PRESIDENT

ATTEST:

Julie Tambling
JULIE TAMBLING, VILLAGE CLERK

STATE OF ILLINOIS)
) §§
COUNTY OF KANKAKEE)

I, Julie Tambling, Village Clerk of the Village of Bradley, County of Kankakee and State of Illinois, DO HEREBY CERTIFY that the attached is a true, perfect, and complete copy of Resolution number B-09-23-04 "A RESOLUTION APPROVING A PROPOSAL FOR A MARKET FEASABILITY AND FINANCIAL ANALYSIS STUDY (Proposed Indoor Waterpark)" which was adopted by the Village Corporate Authorities at a meeting held on the 25 day of Sept, 2023.

IN WITNESS WHEREOF, I have hereunto set my hand in the Village of Bradley, County of Kankakee and State of Illinois, on this 25 day of Sept, 2023.

Julie Tambling

JULIE TAMBLING, VILLAGE CLERK



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1914

Handwritten text, possibly a list or notes, starting with "A. B. C. D. E. F. G. H. I. J. K. L. M. N. O. P. Q. R. S. T. U. V. W. X. Y. Z."

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Handwritten signature or name, possibly "John Doe".

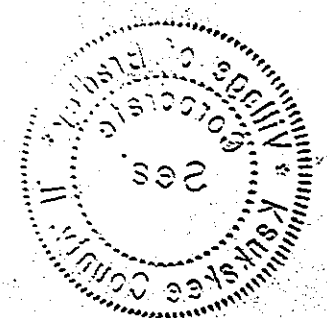


EXHIBIT A



Proposal for a Market Feasibility and Financial Analysis Study

Proposed Indoor Waterpark,
Bradley, Illinois



Our Mission

Empowering hospitality and leisure
industry clients to make sound
decisions with data-driven analysis
and insightful recommendations

H&LA

HOTEL & LEISURE ADVISORS

hladvisors.com



HOTEL & LEISURE ADVISORS

July 19, 2023

Mr. Rob Romo
Finance Director
Village of Bradley
147 S. Michigan
Bradley, IL 60915
Via e-mail: rromo@bradleyil.org

**RE: Market Feasibility and Financial Analysis Study
Proposed Indoor Waterpark, Bradley, Illinois**

Dear Mr. Romo:

Thank you for the opportunity to submit a proposal for the feasibility analysis of the proposed indoor waterpark in Bradley, Illinois. Hotel & Leisure Advisors (H&LA) has completed numerous hotel, conference center, and waterpark studies in Illinois. We would be pleased to prepare a market study and make financial projections for the proposed indoor waterpark as outlined in the attached proposal.

Based on our hospitality experience and our understanding of the proposed facility concepts, I am confident that Hotel & Leisure Advisors is well qualified to respond to your consulting requirements. We have developed sophisticated and innovative research techniques, resulting in thorough analyses that incorporate in-depth local, regional, and state market information. I have attached our company qualifications to this proposal. Over the years, H&LA has served over 850 clients on a wide variety of projects. Upon request, we will provide you with a list of references relevant to your project whom you can contact.

To proceed with our engagement, please sign this proposal and return it to our office with a retainer check. I look forward to working with you on this assignment. If you have any questions or require any additional information, please contact me.

Hotel & Leisure Advisors, LLC

A handwritten signature in black ink that reads 'David J. Sangree'.

David J. Sangree, MAI, ISHC
President



HOTEL & LEISURE ADVISORS

Proposal for Consulting Services Proposed Indoor Waterpark, Bradley, Illinois

I. Market Feasibility and Financial Analysis Study

OBJECTIVE

The objective of this engagement is to estimate the market feasibility of the proposed development of an indoor waterpark in Bradley as part of a tourism development that will include an indoor and outdoor sports complex, hotels, and other components near Interstate 55. It is our understanding that the estimate of feasibility will be used for decision-making purposes in determining whether to develop the waterpark. We will produce a detailed financial analysis for the project and estimate its probable operating performance for an 11-year holding period.

In addition to a full financial analysis, our estimate of market feasibility will include recommendations on the following:

- Sizing of and amenities for the overall property, including waterpark features, potential dry attractions and/or family entertainment center component, food and beverage facilities, picnic areas or birthday party rooms, and any expansion capabilities
- Amenities the property could use to attract additional demand and revenue

SCOPE OF WORK

Before beginning our study, we will confer with you to determine the exact scope of the project and address specific issues or requests you may have. We will identify any confidentiality issues in connection with the project. In preparing the assignment, our scope of work is as follows:

Fieldwork and Data Collection:

- Review overall business objectives for the proposed waterpark development and overall development concepts such as size and level of investment. Defining the proposed scope of the concept will serve as a basis for refining the potential market for the project and provide a framework of assumptions to use in our analysis.
- Review previous market research and information developed for the concept and our previous work and relationships in the submarket
- Review subject data, such as development budget, financial forecast, architectural plans, tax & zoning information, etc.
- Review the CSL study prepared for the village of Bradley concerning the proposed sports complex and other tourism recommendations

- Travel to the subject market for a site visit, neighborhood and market tour, and meetings with the client
- Interview representatives of various waterparks, theme attractions, and family entertainment centers to determine performance and new supply additions
- Visit competitive waterpark properties and meet managers or owners to determine comparable facilities, any planned renovations, attendance figures, and historical performance
- Meet with representatives of and/or research data from the local convention and visitors bureau, chamber of commerce, and assessor's office, as well as city, county, and economic development officials and other knowledgeable parties with information on the site and region
- Review the development's master plan (if applicable and available) and projected development within the neighborhood
- Confer with people on the contact list provided by the client (if applicable)

Analysis:

- Analyze national trends in the waterpark industry
- Review the local and larger region's demographics (population, household growth, employment, income, transportation, etc.) to determine the economic environment in which the subject waterpark will operate and demand sources
- Analyze the proposed project site, including traffic counts, access, visibility, proximity and travel time, nearby visitor attractions, and demand generators relative to competitive properties
- Analyze demographic and economic information within a 10- to 60-minute drive of the subject, including the number of children and families, household income, and other population statistics
- Examine current hotel supply and review any packages that the waterpark could have with the existing and proposed hotels
- Examine current amusement and waterpark real estate, review the impact of any recent amusement facility openings on the existing market, and project potential for future demand
- Determine a competitive set of waterpark properties and compare the facts and performance figures for each property to the subject
- Analyze usage data from Placer (location intelligence and foot traffic data software) concerning the comparable properties in the region
- Analyze the competitive advantages and disadvantages or prepare a SWOT (strengths, weaknesses, opportunities, threats) analysis of the subject site and the proposed subject relative to competitive properties and the overall market

- Compare the performance, features, and amenities of the subject to similar properties in similar markets throughout the region
- Identify new waterparks that are under construction, planned, or proposed in the market
- Evaluate trends in the supply of and demand for waterparks to estimate future revenue potential
- Analyze the historical performance of the market and make projections for the market and the subject property utilizing our detailed waterpark supply and demand model
- Project pricing and usage of the proposed waterpark by local users as well as visitors to the region
- Compare the projected performance of the subject to comparable properties in similar markets throughout the region and to the subject's competitive set of properties
- Project daily and monthly usage performance for the subject for a stabilized year
- Recommend waterpark size and pricing structure based on our analysis of comparable properties
- Project a range of development costs for the proposed project based on the development budgets of comparable projects

Prospective Financial Analysis: Utilizing the results from the market analysis, we will estimate the probable future operating performance of the waterpark for the standard holding period. In preparing the financial analysis, we will draw on various resources including:

- Available operating results of similar properties in the market area for comparison
- Historical operating statements of waterpark resorts
- Our database of actual financial statements of comparable waterparks
- Waterpark-related operating data published by industry associations, including the World Waterpark Association and International Association of Amusement Parks and Attractions
- The experience of our consultants and their daily interaction with industry contacts

This analysis will reflect the effects of estimated future inflation on the revenues and expenses and will arrive at the estimated cash flow from operations. We will estimate usage levels, average ticket prices, and financial projections for an 11-year holding period. The financial analysis report will include detailed comparisons with actual operating statements of similar properties and will provide a line-by-line discussion of each of the major departments of a waterpark. Based on typical discount and capitalization rates, we will project the net

present value. We will compare this to typical construction costs for a development similar to the project.

Narrative Report: We will communicate our findings in a full narrative market study report that will include a detailed analysis of the competitive market and prospective financial performance of the property. We will recommend the aquatic area size, number and type of rides, food and beverage facilities, meeting facilities, waterpark amenities, other facilities, and any expansion potential for the property. We will suggest possible amenities that the property could offer to attract additional demand.

II. Survey Monkey Demand Research

As an addition to the Component I analysis, we are available to incorporate a survey as part of the study. This online survey would ask potential guests of the proposed facilities which facilities they currently use and what type of amenities, size of the waterpark, number of slides, rates, and waterpark season pass rates are necessary for them to consider the subject. The results of this survey would be incorporated into our analysis with a write-up of the findings. The survey would provide additional support in determining demand and rate projections and in making recommendations for the facility based on responses from participants.

We assume the client would provide a list of no fewer than 1,500 email addresses for us to send the proposed survey. Alternatively, the client could put us in contact with a local service that could produce the list of potential respondents, or we can purchase targeted responses from Survey Monkey that will allow us to select respondents from 200+ profiling attributes specific to your project. H&LA will prepare the survey, which would be sent upon review and approval from the client.

III. Economic Impact Study

OBJECTIVE

An economic impact study analyzes the effect that a new development would have on the community. Our study will outline the benefits associated with the development of your project and is a critical component of obtaining positive government and community support. It projects both fiscal impacts (tax revenues that will be generated by the waterpark for the government) and economic impacts (job creation and spending in the community).

We will address economic impact as it relates to all identified areas outlined in this proposal. Economic impact from this type of project will be experienced on a temporary and permanent basis throughout many levels of the economy, both locally and countywide. Temporary impact will include jobs and revenues created from the construction of the facility, as well as related costs. Permanent economic impacts will be generated by permanent jobs created, ongoing revenues realized by service providers, and other sources. The city, county, and state will realize new tax revenues generated from incremental visitor spending, additional employment-related taxes, potentially reduced unemployment costs, and net returns realized through higher utilization of state-operated utilities and/or other public services.

SCOPE OF WORK

In the economic impact study, we will:

- Calculate indirect and direct spending based on accepted economic multipliers utilizing available computer modeling programs
- Identify the significant economic events resulting from the construction and operations of the proposed facility and estimate the resulting gross expenditures for use in gauging total economic impact
- Analyze event patron surveys throughout the nation to estimate spending patterns. This spending includes purchases at restaurants, bars, hotels and places of lodging, and retail establishments, as well as transportation-related purchases. We will utilize information from Destination Marketing Association International, which publishes various spending amounts per delegate.
- Analyze leisure household spending, including recreation spending. We will analyze information from D.K. Shifflet, Longwoods, TIAA, Davidson-Peterson Associates, and other relevant spending surveys.
- Analyze relevant municipal revenues, including retail sales tax, lodging tax, real estate taxes, amusement and admissions tax, state income tax, and city income tax
- Customize a county economic model to develop economic output (direct and indirect spending), employment multipliers for earnings, direct employment (average annual jobs), and tax revenues (municipal)
- Utilize U.S. Department of Commerce generated RIMS II multipliers for output, earnings, and employment by industry aggregation for the county
- Project the impact on the hotel market from the development of the waterpark
- Project the tax impact of the project on the city, county, and state
- Profile municipal incentives the city, county, or state has offered new or expanded developments like the subject. We will profile incentives such as tax abatements, tax incremental financing, room tax rebates, and other incentives that similar new development properties have received in different states to show the potential that exists for the subject project.
- Estimate three types of economic impact from the proposed subject on the city and county. These will include:
 - *Direct-Effect Impact*, which includes the jobs and spending directly created by the construction and operations of the waterpark
 - *Indirect or Induced Impact*, which results from production changes in downstream industries associated with the initial direct spending and employment at the facility. For example, a direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. These restaurant purchases are an example of indirect economic impact.

- *Final Impact*, which represents the overall economic impact of a change in final demand on output, earnings, and employment on a region's economy. The final impact calculations represent the increased output, earnings, and employment that occur in an economy because of spending caused by the proposed waterpark

Narrative Report: We will communicate our findings in a full narrative report that will completely describe all analyses and conclusions. This analysis will be a separate report from the feasibility study but will reference its conclusions.

ADDITIONAL SERVICES

Hotel & Leisure Advisors offers additional consulting services such as our RFP services to help find a qualified management company. Following completion of the study, we are available to provide facility planning services and work with the project engineers and architects to improve the design and planning for the development. We are also available to prepare a full narrative appraisal report that will conform to the Uniform Standards of Professional Appraisal Practice (USPAP) and Office of the Comptroller.

We can assist you in finding a lender, architect, interior designer, and waterpark designer for the project. We are available to either compile a loan package document for the project to send to potential lenders or to contact potential lenders for the project. We also offer expert witness testimony and litigation support in any court hearings related to our analysis. Please feel free to contact us or refer to our website, www.hladvisors.com, for more information about our firm and services.

PROJECT QUALIFICATION & EXPERIENCE

Our consultants are national experts in the analysis of all types of waterpark and resort properties. We have prepared more than 3,000 studies on a wide range of hotels and leisure properties in the United States, Canada, and other countries. We have prepared more than 700 studies on waterpark properties in the United States and internationally. Our expertise is internationally recognized. David Sangree was inducted into the World Waterpark Association's Hall of Fame in 2022 and awarded their Executive Board Award in 2016. He was also recognized by Aquatics International Magazine twice, most recently in their 2019 "Power People" issue, as one of the most influential people in the aquatics industry. With your project in mind, below is a small sampling of projects we have completed over the years that are similar to yours in property type or scope of services. A complete list of all H&LA projects can be found on our [website](#).

Typhoon Texas - Katy, Texas: H&LA completed a feasibility and market analysis study for the proposed Typhoon Texas Waterpark in Katy, approximately 25 miles west of Houston. Our study recommended a wide range of attractions for the project. We also made recommendations on food and beverage outlets, retail kiosks, and cabanas. We projected daily rates and usage levels for local visitors and tourists.





Raging Waves Waterpark – Yorkville, Illinois: H&LA completed an appraisal and market analysis of the 39-acre, Australian-themed subject property. The large outdoor waterpark boasts a wave pool, lazy river, three pipeline tubing rides, a zero-depth children’s activity area improved with a large play structure, a 4-person cloverleaf tornado ride, a multi-person family raft ride, a tubing bowl, three speed slides (two enclosed, one open), and one two-seat enclosed tube ride. The waterpark offers cabanas, several food and beverage outlets, an amphitheater, and a sandy beach.

FrontierTown Waterpark – Berlin, Maryland: H&LA completed a market and financial feasibility study for the expansion of the waterpark that would increase the subject’s overall size and amenities offered. We analyzed comparable outdoor waterparks found in the Maryland, Delaware, Virginia, and Pennsylvania markets. We analyzed the development budget and new development in the area. Our study made recommendations for the property expansion and considered the development costs in our analysis of feasibility.



Cowabunga Bay – Henderson, Nevada: H&LA prepared multiple market studies and valuations for the 22-acre, Hawaiian surfing-themed property. The waterpark consists of a large outdoor waterpark with a wave pool, lazy river, zero-depth children’s activity area improved with a large play structure, four tube slides, two family raft slides, a six-lane mat racer slide, an enclosed speed slide with drop floor, and a private pool for cabana users. The waterpark offers 30 cabanas and 21 sun screens over chaise lounge chairs.

Marriott Orlando World Center Resort – Orlando, Florida: H&LA completed a Market and Financial Feasibility Study for the addition of an outdoor waterpark to the 2,000-room resort. Our study evaluated multiple scenarios, one assuming no waterpark and the other assuming the development of a waterpark. This analysis allowed us to help the client understand the difference in value compared to the development costs to determine the feasibility of the recreational amenity expansion that subsequently opened.



FEES & PAYMENT SCHEDULE

Project Fees	
Component	Fee
I - Market Feasibility and Financial Analysis Study	\$30,000
II - Survey Monkey Demand Survey	\$5,000
III - Economic Impact Study	\$10,000
Travel, subsistence, and out-of-pocket expenses, including STR report and other research data	Not to exceed \$4,000

These fee estimates are subject to revision if the scope of the engagement is altered. In such an event, we will discuss the matter with you so that a mutually acceptable revision can be made. Our price quote for this scope of services is valid for 90 days from the date of this proposal. Projected expenses exclude any applicable state sales taxes. If at any point during the engagement a decision is made to discontinue our services, our professional fees will be based on the time expended through that date.

Payment Schedule

We require a 50% retainer prior to beginning the assignment.

After conclusion of our fieldwork, we will issue an invoice for 25% of the project fee. This payment is due prior to our issuing the draft report.

The final invoice (balance plus expenses) will be sent with the draft copy of the completed report. Payment of this invoice is required prior to our issuance of final reports. Hard copies of the report are available upon request for an additional fee.

Any revisions to the report made within 30 days of issuance of the draft are included in the fee. Any revisions after 30 days will require an additional 10% of the project fee. If we do not receive any revisions within 30 days, we will issue the final report, provided we have received payment of the final invoice.

Any invoice that is 60 days past due is subject to a 1.5% monthly finance charge. Client agrees to pay any fees incurred as a result of collections activity.

We will negotiate fees for any additional services when you request them. Our consulting services are available at a rate of \$150-\$600 per hour, depending on the staff person involved, or we will issue a specific fee quote once the scope of additional services is determined.

TIMING

We can begin work immediately and will provide you with the report documenting our conclusions within 60 to 70 days of receiving the retainer payment and the signed engagement letter. We will work with your appointed representative to ensure the required data is made available. *The delivery date of the draft and final reports is contingent upon receiving the data requested for the property on a timely basis.*

We will communicate with you on a regular basis throughout the project and update you as needed on our progress. Chronologically, we will:

- Issue a data request list indicating items needed to review as part of our analysis.
- Schedule appointments to meet with you and tour the subject site and local/regional market. Our fieldwork will include visits to a range of comparable facilities.
- After conclusion of fieldwork, we will conduct additional research and interviews and analyze additional data to prepare the report. It typically takes a few weeks to analyze the data and an additional few weeks to write the report.
- Execute internal review of the report for quality control purposes.
- Issue the report in draft format within the timeframe specified in the proposal. After you review the draft, we will issue the final version of the report, including addenda items.

CONDITIONS

The report will be prepared in accordance with our Standard Conditions, which are attached. To indicate your acceptance of this proposal, please sign and return it to us with a retainer of 50% as authorization for us to proceed with the engagement.

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

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

Thank you for this opportunity to be of service. We look forward to working with you on this assignment.

Sincerely,

Hotel & Leisure Advisors, LLC

A handwritten signature in black ink that reads 'David J. Sangree'.

David J. Sangree, MAI, ISHC
President



By signing below, I agree to the fees and terms associated with components(s) _____ as described in the attached proposal. I agree to pay fees for the report in the amount of _____ plus expenses no greater than _____. I have read and understood the proposal and the attached standard conditions, and I agree to the terms and conditions therein.

Signature

Name (print)

Title

Company

Email

Phone Number

Date



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

1. The report is to be used in whole and not in part. The report, engagement letter and these standard conditions constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or current agreements or understandings between the parties, whether in writing or orally. The report and engagement letter may not be amended except in writing signed by the parties hereto. These standard conditions shall survive the completion of the assignment.
2. Publication of the report or engagement letter without the prior written consent of H&LA is prohibited unless otherwise stated in the letter of engagement. Neither the report nor engagement letter may be used by any person other than the party to whom they are addressed nor may they be used for purposes other than that for which they were prepared. Neither the engagement letter, nor the report, nor their contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants, or the American Institute of Architects, (or the MAI, ISHC, CPA or AIA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission, in its sole discretion. Moreover, "H&LA" is a registered trademark of Hotel & Leisure Advisors, LLC. The client agrees that in event of a breach of this Section 2, in addition to any other rights and remedies of H&LA, and hereby consents to injunctive relief.
3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.
4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.
5. The report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.
6. H&LA has not considered the presence of potentially hazardous materials and contaminants such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect or report on hazardous material contamination and H&LA urges the client to retain an expert in this field if desired.
7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not be operated in violation of any applicable government regulations, zoning, codes, ordinances, or statutes. No responsibility is assumed for architectural design and building codes. The analysis and concept drawings included in the report are not intended for technical purposes.
8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and the client will be obligated to pay in advance for the standard per diem fees and travel costs.
10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the



consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.

11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over the expected period of ownership. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultants' best estimates of current market thinking on future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.
13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the subject property prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. No other code, ordinance, rule or

regulation of any kind or nature whatsoever shall apply.

16. It is agreed that the maximum damages recoverable from H&LA or its affiliates or their respective employees relative to this engagement shall be the amount of the money actually collected by H&LA or its affiliates for work performed pursuant to the engagement letter. The client acknowledges that H&LA cannot and does not guarantee and makes no representations as to the success of the project. H&LA shall not be liable for any incidental, breach of warranty, consequential or punitive damages, expenses, costs or losses whatsoever directly or indirectly arising out of the services performed hereunder (including negligence and/or gross negligence). In addition, there is no accountability or liability to any third party.
17. The client hereby releases and discharges H&LA, its directors, officers, and employees, from and against any and all claims and demands of any nature or kind whatsoever arising as a result of the design, development, operations, and performance of the proposed or existing project. The client furthermore agrees to indemnify, defend and hold harmless H&LA and its directors, officers and employees, from any and all claims of any nature whatsoever, including attorney fees, expenses and costs.
18. The report does not address the project's compliance with the federal statute commonly known as the Americans with Disabilities Act as well as regulations and accessibility guidelines promulgated thereunder.
19. The provisions of the report, the engagement letter and these standard conditions shall be severable, and if a court of competent jurisdiction holds any provisions of the report, engagement letter and these standard conditions invalid, illegal or unenforceable, the remaining provisions shall nevertheless remain in full force and effect as written.