



HOTEL & LEISURE ADVISORS

**ECONOMIC IMPACT STUDY REPORT
FOR THE
PROPOSED INDOOR WATERPARK RESORT-COOPERSTOWN
4850 STATE HIGHWAY 28
HARTWICK, OTSEGO COUNTY, NEW YORK**

Date of Report:

December 14, 2015

FOR

Mr. Jeff Hyman and Mr. Sandy Mathes
Hyman Hemispheric, LLC
and
Mr. Sandy Mathes
Otsego County IDA



HOTEL & LEISURE ADVISORS

December 14, 2015

Mr. Jeff Hyman and Mr. Sandy Mathes
President
Hyman Hemispheric, LLC
37 Forest Drive
Voorheesville, NY 12186

and

Mr. Sandy Mathes
CEO
Otsego County IDA
189 Main Street, 5th Floor
Oneonta, NY 13820

**RE: Proposed Indoor Waterpark Resort-Cooperstown
Hartwick, Otsego County, New York**

Dear Mr. Hyman and Mr. Sandy Mathes:

In fulfillment of our engagement letter, we have completed our study of the economic impact of developing an indoor waterpark resort in Hartwick, Otsego County, New York. We have considered two potential sites for the project. The preferred 144-acre site is at 4850 State Highway 28 adjacent to the Cooperstown Dreams Park, approximately 12 miles from Interstate 88.

We prepared a market feasibility study concerning the proposed resort, which is dated December 14, 2015. This study utilizes the financial projections contained in the market feasibility study as well as additional information collected for the purpose of the economic impact analysis.

Assumptions

The conclusions contained in this report are based upon a review of information provided by the proposed resort developers and on-site field work in the market area, which is described in the market feasibility study. As in all studies of this type, the conclusions reached do not take into account, or make provisions for, the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The estimated results are based on competent and efficient management of the proposed indoor waterpark resort, as well as an aggressive marketing program prior to and after its opening. We assume the proposed development will open on January 1, 2018. Details concerning the project have not been finalized and our projections are subject to change as additional information concerning the development is determined. We do not warrant that the estimates will be attained, but they have been conscientiously prepared on the basis of information obtained and on our experience in the hospitality industry.

Mr. Jeff Hyman and Mr. Sandy Mathes
September 14, 2015
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This report and its contents are intended solely for the information of our client for internal use relative to determining the feasibility and economic impact of the project. The report should not be relied upon for any other purpose. Otherwise, neither our report nor any of its contents nor any reference to Hotel & Leisure Advisors (H&LA) may be included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, other appraisal, or other agreement without our prior written approval. Such permission will not be unreasonably withheld.

We are available to prepare additional consulting services on this proposed property as the scope of the development is finalized. We appreciate the opportunity to be of service to your organization and look forward to working with you again.

Respectfully submitted,

Hotel & Leisure Advisors, LLC



David J. Sangree, MAI, ISHC
President



Eric B. Hansen, AIA, ISHC
Director of Development Services

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SCOPE OF THE ASSIGNMENT

Hyman Hemispheric, LLC and the Otsego IDA have retained Hotel & Leisure Advisors, LLC to estimate the economic impact of the development of an indoor waterpark resort near Cooperstown in Hartwick, New York.

We made a number of independent investigations and analyses in preparing this study. We estimated the economic impacts that may be generated by the construction and operation of the indoor waterpark resort. We utilized the Regional Input-Output Modeling System II (RIMS II) – generated by the U.S. Department of Commerce’s Bureau of Economic Analysis – which provides multipliers for output, earnings, and employment by industry aggregation for Otsego County, New York. We analyzed visitor spending statistics, including the Tourism Economics report titled *2014 The Economic Impact of Tourism in New York* with regional detail on the central New York counties. We reviewed similar studies for tourist destinations with indoor waterpark resorts.

We utilized data and financial projections from H&LA’s market feasibility study dated December 14, 2015.

EXECUTIVE SUMMARY

Economic Impact Conclusions

Economic impacts of projects such as a resort proposed by the developer will be experienced on a temporary and permanent basis throughout many levels of the economy. Temporary impacts will include jobs and revenues created from the construction of the facility as well as related costs of construction. Permanent economic impacts will be generated by permanent jobs created, ongoing revenues realized by service providers, and other sources. The county, city, 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 public services.

Our feasibility study recommended that the proposed subject development in Cooperstown include 400 guest rooms with approximately 80,000 square feet of indoor waterpark area, outdoor waterpark, restaurants, 20,000 square foot conference center, FEC, retail shops, outdoor adventure center, and other amenities.

H&LA estimated three types of economic impacts of the proposed subject in the town of Hartwick, Otsego County, New York.

- *Direct-Effect Impact* includes the jobs and spending directly created by the construction and operations of the resort and conference center.
- *Indirect or Induced Impacts* result 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* 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, which occur in an economy because of spending caused by the proposed resort.

The following formula shows the derivation of the final impact conclusion.

$$\text{Final Impact} = \text{Direct-Effect Impact} + \text{Indirect or Induced Impacts}$$

Construction Conclusion: The following table indicates our estimates of the direct impact associated with the construction and development costs of the subject indoor waterpark resort.

Estimated Preliminary Construction and Development Costs Proposed Indoor Waterpark Resort-Cooperstown	
Development budget per room	\$400,000
Projected number of rooms	400
Total development budget	\$160,000,000
% for construction	70%
Construction budget	\$112,000,000
% of construction budget for payroll	40%
Direct payroll budget	\$44,800,000
Source: Hotel & Leisure Advisors	

The construction of the indoor waterpark resort will result in the following direct and indirect economic impacts in Otsego County, New York.

Proposed Indoor Waterpark Resort-Cooperstown	
Construction	
Earnings	\$56,500,000
Jobs	1,201
Total Output	\$150,200,000
Source: Hotel & Leisure Advisors	

Operations Impact – First-Year Conclusion: The operation of the subject indoor waterpark resort will result in the following direct and indirect economic impacts in the first year of the projection in Otsego County, New York.

Proposed Indoor Waterpark Resort- Cooperstown	
Operations Impact	
Earnings	\$17,444,000
Jobs	575
Total Output	\$70,537,000
Source: Hotel & Leisure Advisors	

Visitor Spending Outside of Resort First-Year Conclusion: The operation of the subject indoor waterpark resort will result in the following direct and indirect economic impacts from visitor spending outside of the resort in the first year of the projection in Otsego County, New York.

Proposed Indoor Waterpark Resort- Cooperstown	
Visitor Spending Outside of Resort	
Earnings	\$4,532,750
Jobs	163
Total Output	\$17,744,000
Source: Hotel & Leisure Advisors	

Ten-Year Combined Operation and Visitor Spending Conclusion: The development of the subject indoor waterpark resort will result in the following combined operation and visitor spending economic impacts over a 10-year period.

10-Year Combined Resort and Visitor Spending Impact	
Direct Impact	
Output (annual business created)	\$687,301,000
Earnings	\$167,493,000
Employment per year	497
Indirect Impact	
Output (annual business created)	\$384,154,000
Earnings	\$99,182,000
Employment per year	327
Final Demand Impacts	
Output (annual business created)	\$1,071,455,000
Earnings	\$266,675,000
Employment per year	824
Source: Hotel & Leisure Advisors	

Tax Impact Conclusion: The development of the subject indoor waterpark resort will result in the following additional taxes for the town, county and state over a 10-year period.

Projected 10-Year Taxation Impact		
Proposed Indoor Waterpark Resort-Cooperstown		
<u>Taxing Authority</u>	<u>Projected Taxes</u>	<u>Ratio</u>
State of New York	\$82,372,000	50.7%
Otsego County	\$60,548,000	37.3%
Hartwick	<u>\$19,615,000</u>	12.1%
Total for 10 years (rounded)	\$162,535,000	
Total annually (divided by 10)	\$16,253,500	
Source: Hotel & Leisure Advisors		

The details of the tax estimates are presented in the next section.

DEFINITIONS

RIMS II provides users with five types of multipliers: final-demand multipliers for output, earnings, and employment, and direct-effect multipliers for earnings and employment. These multipliers measure the economic impact of a change in final demand, earnings, or employment on a region's economy. We have presented the following definitions from the RIMS II handbook.

Final-demand output multipliers: The final-demand multipliers for output are the basic multipliers from which all the other RIMS II multipliers are derived. They are presented in the final-demand output multiplier table. In this table, each column entry indicates the change in output in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final-demand change in the column industry by the multiplier for each row. The total impact on regional output is calculated by multiplying the final-demand change in the column industry by the sum of all the multipliers for each row except the household row.

Final-demand and direct-effect earnings multipliers: These multipliers are derived from the table of final-demand output multipliers. The final-demand multipliers for earnings can be used if data on final-demand changes are available. In the final-demand earnings multiplier table, each column entry indicates the change in earnings in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final-demand change in the column industry by the multiplier for each row. The total impact on regional earnings is calculated by multiplying the final-demand change in the column industry by the sum of the multipliers for each row.

The direct-effect multipliers for earnings can be used if data on the initial changes in earnings by industry are available. In the direct-effect earnings multiplier table, each entry indicates the total change in earnings in the region that results from a \$1 change in earnings in the row industry. The total impact on regional earnings is calculated by multiplying the initial change in earnings in the row industry by the multiplier for the row.

RIMS II employment multipliers estimate impacts in terms of total jobs (part-time and full-time). The source data used to create the multipliers provides employment information in terms of total jobs, not full-time equivalence.

It is important to note that economic multipliers produce estimates, not exact calculations. The numbers presented in this report are meant to convey the scale of impact rather than the exact amount of money spent.

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 hotel prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. 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.

COMPETENCY OF THE CONSULTANTS

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, and impact analyses for hotels, outdoor and indoor waterparks, resorts, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants of the firm have performed over 2,000 hotel studies since 1987 at various firms. Mr. David J. Sangree, MAI, CPA, ISHC has written articles concerning hotels, resorts, and waterparks for *Hotel Management*, *Lodging Hospitality*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, *Hotel Online*, and *Cornell Hotel and Restaurant Administration Quarterly* and is a national expert on these types of properties. He has appeared on Good Morning America and CNBC concerning shows on resorts and waterparks. He has inspected most of the open indoor waterpark resorts in the United States and Canada. We maintain databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.

INTRODUCTION

We estimated the economic impacts that may be generated by the proposed resort. The “multiplier effect,” or the effect that a proposed project has on an area, means that a project creates even more income and consumption in the area than what is initially spent on the project. The economic impacts of this project and its multiplier effect will be experienced on a temporary and permanent basis throughout many levels of the economy. We considered the economic impact of this project in three parts:

1. The impact generated by the facility’s construction
 - Temporary impacts on increased jobs and related tax revenues for construction and support services
 - One-time economic impacts as goods and services are purchased during the construction period
2. The impact that occurs as a result of the facility’s operation
 - Permanent impacts of newly created jobs and related tax revenues
 - Ongoing revenues realized by service providers
 - Annual recurring economic impacts as expenditures of resort guests generate new demand for goods and services
3. The impact that occurs from the consequent increase in visitors to the subject area
 - Additional spending by subject guests and visitors within the greater community
 - Permanent impacts of newly created jobs and related tax revenues at other establishments

This analysis quantifies the economic impacts in terms of economic output (spending), earnings, direct employment (jobs) and tax revenues. The county, town, 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 public services.

Methodology for Estimation of Economic Impacts

The study relies on conclusions from the financial projections shown in the market feasibility study prepared by our firm. We utilized employment and wage data and economic multipliers supplied by the U.S. Department of Commerce. We utilized the Regional Input-Output Modeling System II (RIMS II) – generated by the U.S. Department of Commerce’s Bureau of Economic Analysis – which provides multipliers for output, earnings, and employment by industry aggregation for Otsego County, New York. We analyzed visitor spending statistics, including the Tourism Economics report titled *2014 The Economic Impact of Tourism in New York* with regional detail on the central New York counties. We reviewed similar studies for tourist destinations with indoor waterpark resorts.

Utilizing this information, H&LA estimated three types of new economic impacts of the proposed subject on Otsego County.

- *Direct-Effect Impact* includes the jobs and spending directly created by the construction and operations of the indoor waterpark resort.
- *Indirect or Induced Impacts* result 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* 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, which occur in an economy because of spending caused by the proposed resort. The following formula shows the derivation of the final impact conclusion.

$$\textit{Final Impact} = \textit{Direct-Effect Impact} + \textit{Indirect or Induced Impacts}$$

The multiplier concept recognizes that income is spent in successive rounds within the community and that these chain reactions create an economic impact in excess of the original expenditure and employment levels. For example, each dollar collected by the proposed resort will eventually recycle or multiply itself, creating many levels of economic activity in an area. As a prospective employer, a resort pays wages and these wage earners in turn make purchases from local businesses. As taxpayers, all businesses and individuals benefiting from or adding incremental revenue to the economy also confer revenue to the community in terms of taxes. As a consumer, the proposed resort would buy goods and services from area businesses. Hence, the multiplier concept represents multilevel economic activity.

The multiplier effect is directly related to a region's geographic size, population, and the diversity of its industrial and commercial base. Densely populated areas are generally able to support a more diverse economic base, and more products are likely to be manufactured and purchased locally rather than imported. Therefore, money injected into the economy is more often spent locally, causing greater changes in local business volume. In the case of the subject area, Otsego County, the multiplier effects may be somewhat limited in that a portion of the impact might be felt by areas outside the county. For example, it is likely that the furniture, fixtures, and equipment for the hotel and waterpark will be manufactured and shipped from areas outside of Otsego County.

Otsego County Multipliers

The subject site lies in Hartwick in Otsego County. The following table shows Otsego County's RIMS II multipliers for the industry aggregations most closely related to the proposed development: Construction; Accommodation; Amusements, Gambling and Recreation; Retail Trade; Food Services and Drinking Places; and Transit and Ground Passenger Transportation.

Otsego County, New York Multipliers					
	Direct Effect Multiplier		Final Demand Multiplier		
	Earnings (\$)¹	Employment (jobs)²	Output (\$)³	Earnings (\$)⁴	Employment (jobs)⁵
Construction	1.2671	1.3788	1.3658	0.4185	8.7679
Accommodation	1.4007	1.3353	1.3850	0.3424	9.7789
Amusements, Gambling, and Recreation	1.2494	1.1230	1.3587	0.4297	20.4476
Retail Trade	1.2660	1.1930	1.3033	0.3503	11.7880
Food Services and Drinking Places	1.2984	1.1523	1.3349	0.3476	15.5323
Transit and Ground Passenger Transportation	1.1882	1.1308	1.2792	0.4310	16.1969

Source: RIMS II Multipliers 2010 (United States Department of Commerce)

¹ Represents the total dollar change in earnings of HHLDS employed by all industries for each additional \$1 of earnings paid directly to HHLDS employed by the industry corresponding to the entry.

² Represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

³ Represents the total dollar change in output that occurs in all industries for each additional \$1 of output delivered to final demand by the industry corresponding to the entry.

⁴ Represents the total dollar change in earnings of HHLDS employed by all industries for each additional \$1 of output delivered to final demand by the industry corresponding to the entry.

⁵ Represents the total dollar change in number of jobs that occurs in all industries for each additional \$1,000,000 of output.

The table summarizes the direct effect and final demand multipliers used in the study. Each multiplier represents the estimated impact generated in one year. The final demand multipliers for output are the basic multipliers from which all other RIMS II multipliers are derived. The multipliers presented above reflect a number of assumptions, including the spending patterns for construction, hotel accommodations, amusements, retail trade, and transportation. We applied the most recent multipliers available from the Bureau of Economic Analysis, and they are based on the 2010 Annual Input-Output Table for the nation and 2010 regional accounts data.

It is important to note that economic multipliers produce estimates, not exact calculations. The numbers presented in this report are meant to convey the scale of impact rather than the exact amount of money spent.

A limitation of utilizing the multipliers is that it is generally assumed that no substitution across the expenditure category occurs, when in fact substitution does occur. If visitors would otherwise have spent dollars at other hotels or amusement facilities within the region in absence of the proposed indoor waterpark resort, it could be argued that the proposed facility would not be responsible for any increase in regional spending. Conversely, if leisure dollars spent by local residents would otherwise have been used for activities in the regional area, then these dollars do not represent an increase in spending but merely displaced spending. However, without the proposed facility, the area would lose funds to other areas,

which are developing similar resorts. In other words, it is assumed that none of the spending amounts used as imports for the models represent displaced spending or that without the proposed development, incremental business activity generated by the resort would take place outside of the region.

In addition, it is assumed that excess capacity in business employment does not exist. If area enterprises employ sufficient staff to accommodate a larger volume of sales, it is unlikely that a higher level of sales will cause additional employment. The model used to compute multipliers assumes all sales volume requires additional employment.

This report does not examine the cost of increased public services that Hartwick will require. A cursory review suggests that additional costs to local governments will be low due to the established adjacent Cooperstown Dreams Park. The proposed indoor waterpark resort will not require any new roads to be built or expanded to accommodate the additional traffic to the area since sufficient highway infrastructure is already in place.

CONSTRUCTION IMPACTS

For this report, we project that the subject development will include 400 guestrooms with approximately 80,000 square feet of waterpark area, restaurants, 20,000 square feet of meeting space, FEC, gift shop and other amenities. We project a construction cost of \$400,000 per room or \$160,000,000 based on our analysis and our database of resort construction costs. The development budget is very preliminary and numerous details about the project have not yet been determined.

H&LA estimated the economic impact of constructing the subject. This construction represents a one-time activity, expected to occur over approximately a two-year period. We estimated the preliminary construction and development costs, which are shown in the following table.

Estimated Preliminary Construction and Development Costs	
Proposed Indoor Waterpark Resort-Cooperstown	
Development budget per room	\$400,000
Projected number of rooms	400
Total development budget	\$160,000,000
% for construction	70%
Construction budget	\$112,000,000
% of construction budget for payroll	40%
Direct payroll budget	\$44,800,000
Source: Hotel & Leisure Advisors	

We estimate the preliminary construction and development budget to equal \$160,000,000. We then estimated 70% of the budget for construction costs versus land value; and soft costs such as financing, fees, and contingency. We estimate that \$44,800,000 or 40% of the construction budget would be payroll-related.

The construction costs were analyzed based upon the final demand multiplier and the resulting indirect multiplier. The following table indicates the direct construction impacts from the development of the subject.

Direct Construction Impacts	
Proposed Indoor Waterpark Resort-Cooperstown	
Construction payroll	\$ 44,800,000
Average construction wage in Central NY Non-Metro Area	\$46,934
Direct jobs created (annual)	955
Source: Hotel & Leisure Advisors	

The average construction wage presented above represents the inflated estimate available from the U.S. Department of Labor's Bureau of Labor Statistics and was taken from the May 2014 U.S. Department of Labor Occupational Employment Statistics for the Central new York Non-Metro Area. Utilizing the average annual construction wage estimate of \$46,934 for the area, we estimate that approximately 955 annual full-time equivalent direct jobs will be created.

Allocation of Construction Budget: In County vs. Out of County

For the purposes of our report, we utilized the construction budget rather than the total development budget for estimating the economic impact since the purchases of soft costs represent expenditures that are unlikely to occur in the county. Typically, construction materials such as steel, wood, concrete, etc., are not produced in the place where they are utilized and have to be imported. The following table highlights our allocation of the in-county vs. out-of-county construction budget.

Proposed Indoor Waterpark Resort-Cooperstown	
Allocation of Construction Budget: In County vs. Out of County	
Construction Budget	\$112,000,000
% In County	25%
In County	\$28,000,000
% Out of County	75%
Out of County	\$84,000,000
Source: Hotel & Leisure Advisors	

We estimate that 25% of the goods and services utilized in the construction would be local in nature and will be produced or purchased in Otsego County. We project that the majority of this in-county expenditure will be payroll-related.

Final Demand Impact

The following table represents our analysis of the economic impact of construction enterprises on other industries within Otsego County. The change in final demand – i.e. the total amount invested in the construction project – is multiplied by the respective final demand multipliers for output, earnings, and employment to yield the anticipated economic impact. The Output Multiplier (Row 2) represents the total dollar change in output that occurs in each industry for every additional dollar of final demand by construction. The Earnings Multiplier (Row 3) represents the total dollar change in earnings of households employed by each industry for every additional dollar of final demand by construction. The Employment Multiplier (Row 4) represents the total change in the number of jobs that occurs in each industry aggregation for every \$1 million of output delivered to final demand by Construction enterprises in the county.

H&LA utilized the RIMS II multipliers to project the impacts of the proposed indoor waterpark resort construction. The following table displays the final demand impacts of the proposed construction.

Final Impact - Construction Proposed Indoor Waterpark Resort-Cooperstown		
Row	<i>Impact Based on Data on the Change in Final Demand:</i>	
1	Construction Budget Local (change in final demand)	\$28,000,000
	Multipliers:	
2	Output (dollars)	1.3658
3	Earnings (dollars)	0.4185
4	Employment (jobs)	8.7679
	Direct Impact	
5	Output (dollars)	\$112,000,000
6	Earnings (dollars)	\$44,800,000
7	Employment (jobs)	955
	Indirect or Induced Impact	
8	Output (row 1 times row 2, rounded)	\$38,200,000
9	Earnings (row 1 times row 3, rounded)	\$11,700,000
10	Employment (row 1 times row 4/1,000,000)	246
	Final Impact (Direct + Indirect or Induced)	
11	Output (row 5 + row 8)	\$150,200,000
12	Earnings (row 6 + row 9)	\$56,500,000
13	Employment (row 7 + row 10)	1,201
Source: Hotel & Leisure Advisors		

The construction budget of \$112,000,000 would result in a total impact of \$150,200,000 being generated in the local economy. These jobs and revenues will be created from the development and construction of the proposed resort and from companies providing services to the developers. Jobs and revenues will be created by companies throughout the county

that benefit from secondary spending of money that starts because of the construction of the proposed resort.

The following table indicates which sectors of the local economy benefit from the local construction budget's indirect or induced impact.

Indirect or Induced Impact Local Economic Activity Generated by the Resort Construction		
	Multipliers	Amount
Agriculture, forestry, fishing, and hunting	0.003	\$84,000
Mining	0.0033	\$92,000
Utilities	0.01	\$280,000
Construction	1.0021	\$28,059,000
Manufacturing	0.0474	\$1,327,000
Wholesale trade	0.0091	\$255,000
Retail trade	0.0785	\$2,198,000
Transportation and warehousing	0.0078	\$218,000
Information	0.0109	\$305,000
Finance and insurance	0.0237	\$664,000
Real estate and rental and leasing	0.0489	\$1,369,000
Professional, scientific, and technical services	0.013	\$364,000
Management of companies and enterprises	0.0027	\$76,000
Administrative and waste management services	0.0071	\$199,000
Educational services	0.0079	\$221,000
Health care and social assistance	0.0498	\$1,394,000
Arts, entertainment, and recreation	0.0032	\$90,000
Accommodation	0.0068	\$190,000
Food services and drinking places	0.0175	\$490,000
Other services	0.0132	\$370,000
Total Indirect or Induced Impact - Output (rounded)		\$38,200,000
Source: Hotel & Leisure Advisors		

The \$28,000,000 in local construction budget would result in a total of \$38,200,000 in indirect or induced impact being created in the local area. This includes all types of additional spending, as money paid to construction workers and material suppliers is re-circulated within the community on spending such as construction suppliers, real estate services, retail, food service, health care, etc.

Construction Conclusion: Our analysis indicates that the construction of the subject indoor waterpark resort will result in the following economic impacts in Otsego County, New York.

Proposed Indoor Waterpark Resort-Cooperstown	
Construction	
Earnings	\$56,500,000
Jobs	1,201
Total Output	\$150,200,000
Source: Hotel & Leisure Advisors	

OPERATION AND VISITOR IMPACTS

The tables on the following pages indicate the economic impact of revenues generated within sectors related to the proposed resort on other industries within Otsego County. The operational impact table below shows the one-year impact in the first year from the development of the resort, as well as a 10-year operation impact.

Operation Impacts

First Year of Operation: In the following table, we presented revenue and expense figures from our firm's market feasibility study for the proposed resort, dated December 14, 2015. We categorized the expenses in four categories: Lodging, Food and Beverage, Retail, and Amusement and Recreation, based on the type of RIMS II multipliers.

First Year Financial Projections Proposed Indoor Waterpark Resort-Cooperstown	
First Year Total Revenues	\$44,262,000
Expenses Breakdown	
Lodging	\$19,143,000
Food & Beverage	\$6,238,000
Retail	\$1,408,000
Amusement & Recreation	\$3,963,000
Total First Year Expenses	\$30,752,000
Source: Market Feasibility Study prepared by Hotel & Leisure Advisors	

The expenses shown in the table above include goods and services produced both locally and imported from other regions outside of Otsego County. The following table highlights our payroll related expenses.

First Year Financial Projections Proposed Indoor Waterpark Resort-Cooperstown	
First year total revenue	\$44,262,000
First year expenses	\$30,752,000
% of total revenues for payroll	24.2%
Payroll budget (rounded)	\$10,711,000
Average hourly wage	\$14.64
Source: Hotel & Leisure Advisors	

The average hourly wage of \$14.64 was taken from the Occupational Employment Survey for the Central New York Non-Metro Areas conducted by the Bureau of Labor Statistics and is an inflated average considering wages for general manager, sales manager, hotel clerks, food service workers, cleaners, lifeguards, office workers, maintenance workers, and other management personnel. According to *PKF Trends in the Hotel Industry USA Edition 2015*,

resorts have total payroll costs (excluding payroll taxes, employee benefits, and employee meals) of 24.2% of total revenues. The first-year revenues and expenses were analyzed to determine the direct impacts and the final impacts. The following table indicates the direct impacts from the operation of the subject in its first year in 2018 dollars.

Direct Impacts - First Year Operations Proposed Indoor Waterpark Resort-Cooperstown	
Payroll/household earning	\$10,711,000
Average hotel wage in County	\$30,451
Direct jobs created	352
Source: Hotel & Leisure Advisors	

We estimate that the development of the subject would result in approximately \$10,711,000 in payroll/household earnings. Utilizing the average annual accommodation/service industry wage estimate of \$30,451 for the area, we estimate that approximately 352 annual full-time equivalent direct jobs will be created in the county. The actual number of jobs will be higher as many hotel, waterpark, and service industry workers are part-time. Specifically, we estimate that the actual number of jobs (including part-time and full-time employment) will be approximately two times the number of full-time equivalent jobs or 703 full- and part-time positions. The following table highlights the breakdown of hotel employees by position.

Employment by Occupation in Hotels	
	Percent
Housekeeping and landscaping occupations	29.2%
Food preparation and serving related occupations	24.6%
Hotel desk clerks	12.3%
Other service occupations	9.7%
Office and administrative support occupations	6.9%
Management, business and financial occupations	5.4%
Maintenance and repair occupations	4.9%
Sales and related occupations	2.8%
Laundry and production occupations	2.0%
Transportation and material moving occupations	1.3%
Other occupations	0.9%
Total	100.0%
Source: 2010 <i>Career Guide to Industries - Hotel and Other Accommodations</i> by Bureau Of Labor Statistics	

Allocation of Expenses for Indirect or Induced Impact

The total expenses by the hotel will include goods and services that will be produced both locally and imported from out of county areas. For example, most of the retail shop items such as clothing, gifts, toys and novelties will be imported. This creates a leakage and part of the retail spending does not stay in the local area. Hence, we estimated what percentages of these expenditures are projected to be local in nature versus what will be imported from outside of Otsego County.

Proposed Indoor Waterpark Resort-Cooperstown Analysis of Expense Derivations: Local vs. Out of County					
	Expenses	Local Production	Local Expenses	Out of County	Out of County Expenses
Lodging	\$19,143,000	75%	\$14,357,250	25%	\$4,785,750
Food & Beverage	\$6,238,000	40%	\$2,495,200	60%	\$3,742,800
Retail	\$1,408,000	20%	\$281,600	80%	\$1,126,400
Amusement & Recreation	\$3,963,000	50%	\$1,981,500	50%	\$1,981,500
Total (rounded)	\$30,752,000	62%	\$19,116,000	38%	\$11,636,000
Source: Hotel & Leisure Advisors					

Approximately \$19,116,000 or 62% of resort expenses are projected to stay in the local area for the purposes of calculating the indirect or induced impact.

Final Impacts

H&LA applied the RIMS II multipliers to project the impact of the proposed hotel with indoor waterpark on output, earnings, and employment. The Output Multiplier (Row 2) represents the total dollar change in output that occurs in each industry for every additional dollar of output delivered to final demand by the different sectors we profiled. The Earnings Multiplier (Row 3) represents the total dollar change in earnings of households employed by each industry for every dollar of output from this sector. The Employment Multiplier (Row 4) represents the total changes in the number of jobs that occur in each of the industry aggregations for every \$1 million of output delivered to final demand within Otsego County. The following table displays the final demand impacts of the proposed development in the first year.

**Proposed Indoor Waterpark Resort – Cooperstown, NY
Economic Impact Analysis**

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Final Impact - First Year of Operations						
Proposed Indoor Waterpark Resort-Cooperstown						
Row	Impact Based on Data on the Change in Final Demand:	Lodging	Food	Retail	Amusement & Recreation	Total
	Projected first year Expenses	\$19,143,000	\$6,238,000	\$1,408,000	\$3,963,000	\$30,752,000
	% Local	75%	40%	20%	50%	
1	Projected first year expenses (Local)	\$14,357,250	\$2,495,200	\$281,600	\$1,981,500	\$19,116,000
2	Output multiplier (dollars)	1.3850	1.3349	1.3033	1.3587	1.3745
3	Earnings multiplier (dollars)	0.3424	0.3476	0.3503	0.4297	0.3522
4	Employment multiplier (jobs)	9.7789	15.5323	11.7880	20.4476	11.6651
	Direct Impact					
5	Output					\$44,262,000
6	Earnings					\$10,711,000
7	Employment					352
	Indirect and Induced Impact					
8	Output (row 1 times row 2)	\$19,885,000	\$3,331,000	\$367,000	\$2,692,000	\$26,275,000
9	Earnings (row 1 times row 3)	\$4,916,000	\$867,000	\$99,000	\$851,000	\$6,733,000
10	Employment (row 1 times row 4/1,000,000)	140	39	3	41	223
	Final Impact (Direct + Indirect or Induced) In County					
11	Output (row 5 + row 8)					\$70,537,000
12	Earnings (row 6 + row 9)					\$17,444,000
13	Employment (row 7 + row 10)					575
Source: Hotel & Leisure Advisors						

Source: Hotel & Leisure Advisors

We applied the RIMS II multipliers to the four categories as described above. We project approximately \$19,116,000 of resort expenses to remain in the local area, which would result in a total of approximately \$26,275,000 in indirect or induced impact in the county and region. We added this to the \$44,262,000 direct impact by the resort. This results in a final impact of \$70,537,000 to the county.

Operations Impact – First-Year Conclusion: Our analysis indicates that the development of the subject indoor waterpark resort will result in the following economic impacts in the first year of the projection in Otsego County, New York.

Proposed Indoor Waterpark Resort- Cooperstown	
Operations Impact	
Earnings	\$17,444,000
Jobs	575
Total Output	\$70,537,000
Source: Hotel & Leisure Advisors	

Ten-Year Operation Impact

We estimated and projected the 10-year operation impact from the development of the subject resort. The stabilized figures shown are inflated each year by an inflation rate of 2.5%. The following table indicates the annual and combined 10-year impact from the subject's development.

Proposed Indoor Waterpark Resort – Cooperstown, NY Economic Impact Analysis

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10-Year Operation Impacts											
Proposed Indoor Waterpark Resort-Cooperstown											
Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Total Resort Revenues	\$44,262,000	\$48,053,000	\$51,394,000	\$52,678,000	\$53,994,000	\$55,345,000	\$56,729,000	\$58,146,000	\$59,601,000	\$61,091,000	\$541,293,000
Total Resort Expenses	\$30,752,000	\$32,876,000	\$34,944,000	\$35,819,000	\$36,715,000	\$37,632,000	\$38,572,000	\$39,536,000	\$40,525,000	\$41,540,000	\$368,911,000
Total WP Resort Expenses (Local)	\$19,116,000	\$20,442,000	\$21,731,000	\$22,276,000	\$22,833,000	\$23,403,000	\$23,988,000	\$24,587,000	\$25,202,000	\$25,834,000	\$229,412,000
% of Revenue for payroll	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	
Payroll budget	\$10,711,000	\$11,629,000	\$12,437,000	\$12,748,000	\$13,067,000	\$13,393,000	\$13,728,000	\$14,071,000	\$14,423,000	\$14,784,000	\$130,991,000
Average hourly wage	\$14.64	\$15.01	\$15.38	\$15.77	\$16.16	\$16.56	\$16.98	\$17.40	\$17.84	\$18.28	
Direct Impact											
Output	\$44,262,000	\$48,053,000	\$51,394,000	\$52,678,000	\$53,994,000	\$55,345,000	\$56,729,000	\$58,146,000	\$59,601,000	\$61,091,000	\$541,293,000
Operations Payroll	\$10,711,000	\$11,629,000	\$12,437,000	\$12,748,000	\$13,067,000	\$13,393,000	\$13,728,000	\$14,071,000	\$14,423,000	\$14,784,000	\$130,991,000
Average hotel wage in County	\$30,451	31,212	31,993	32,793	33,612	34,453	35,314	36,197	37,102	38,029	
Direct FTE jobs created	352	373	389	389	389	389	389	389	389	389	
Indirect or Induced Impact											
Output	\$26,275,000	\$28,098,000	\$29,869,000	\$30,618,000	\$31,384,000	\$32,167,000	\$32,972,000	\$33,795,000	\$34,640,000	\$35,509,000	\$315,327,000
Earnings	\$6,733,000	\$7,200,000	\$7,654,000	\$7,846,000	\$8,042,000	\$8,243,000	\$8,449,000	\$8,660,000	\$8,877,000	\$9,099,000	\$80,803,000
Employment	223	238	253	253	253	253	253	253	253	253	
Final Impact (Direct + Indirect or Induced Impact)											
Output (annual business created)	\$70,537,000	\$76,151,000	\$81,263,000	\$83,296,000	\$85,378,000	\$87,512,000	\$89,701,000	\$91,941,000	\$94,241,000	\$96,600,000	\$856,620,000
Earnings	\$17,444,000	\$18,829,000	\$20,091,000	\$20,594,000	\$21,109,000	\$21,636,000	\$22,177,000	\$22,731,000	\$23,300,000	\$23,883,000	\$211,794,000
Source: Hotel & Leisure Advisors											

Operations Impact – 10-Year Operation Conclusion: Our analysis indicates that the development of the subject indoor waterpark resort will result in the following economic impacts over a 10-year period in Otsego County, New York.

Proposed Indoor Waterpark Resort- Cooperstown	
10-Year Operations Impact	
Earnings	\$211,794,000
Jobs	642
Total Output	\$856,620,000
Source: Hotel & Leisure Advisors	

Impact of Increased Visitor Spending

The proposed resort will also have an impact on the economy of the surrounding area as a result of the increase in visitors and visitor spending. The proposed indoor waterpark resort is projected to draw new visitors to Otsego County. Our calculations of economic impact in this area are tied directly to the number of projected visitors, which were estimated in our market feasibility study. Economic impact results from the import of new dollars from spending primarily by nonresidents into the local economy. The extent to which visitor dollars are retained locally depends on the types of establishments which visitors utilize.

The following are a few highlights taken from the Tourism Economics report titled *2014 The Economic Impact of Tourism in New York* with regional detail on the central New York counties.

- Traveler spending in the Central New York Region increased 4.7% from 2013 to 2014
- Specifically, Otsego County traveler spending increased at 4.8% from 2013 to 2014
- Total Traveler spending in the Central New York Region was \$2.015 billion in 2014
- Total Traveler spending in Otsego County was \$175.5 million in 2014
- Otsego County travelers spent \$50.6 million on overnight accommodations in 2014
- 6.9% of all labor income in the Central New York Region is generated by tourism
- 9.1% of all labor income in Otsego County is generated by tourism

Based on our review of this study and similar studies for other tourist destinations including the Wisconsin Dells, Wisconsin. We project an average spending per occupied room night (per household) of \$575.00 per room per day.

Initial Adjustments: This per-household expenditure breaks down into five major tourism spending categories: Accommodation, Transportation, Food and Beverage, Retail, and Recreation. Guests to the proposed resort will spend all of their Lodging dollars, the majority of their Food/Beverage dollars, and a percentage of the Recreation dollars at the subject, and these expenditures have been accounted for in the preceding section. For this reason, we removed 100% of the Lodging, 50% of the Retail, 80% of the Recreation (which includes the waterpark portion of the room rate), and 50% of the Food/Beverage categories from this portion of the analysis. We also removed 70% of the Transportation figure to account for transportation spending related to airlines or cars driven outside of the county, which would not affect the subject county. The retail category constitutes the highest remaining amounts.

***Proposed Indoor Waterpark Resort – Cooperstown, NY
Economic Impact Analysis***

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This results in an average daily expenditure of \$137.12 per household. The following table highlights visitor spending by categories and our initial adjustments.

Visitor Spending by Category Otsego County New York				
Average Expenditure per Household per Day				
Category	Before Adjustment		After Initial Adjustments	
	Amount	% of Total	Amount	% of Total
Transportation	\$11.72	2.0%	\$3.52	2.6%
Food/Beverage	\$146.50	25.5%	\$73.25	53.4%
Retail	\$111.34	19.4%	\$55.67	40.6%
Recreation	\$23.44	4.1%	\$4.69	3.4%
Lodging	<u>\$282.00</u>	<u>49.0%</u>	<u>\$0.00</u>	<u>0.0%</u>
Average Daily Expenditure	\$575.00	100.0%	\$137.12	100.0%
Source: Hotel & Leisure Advisors				

Because of the proposed resort's meeting center component, a portion of the total visitor expenditures will come from business travelers and conference delegates. Hotel guests of this type tend to have different spending habits from those of leisure travelers. In order to estimate the average daily expenditures of attendees to large-scale organized events, we considered figures from *2015 Corporate Travel Index* by Business Travel News. The figures in the following table present average spending by attendees to a wide range of international, national, and regional events nationwide.

Average Daily Spending per Group Occupied Room Otsego County New York				
	Before Adjustment		After Initial Adjustments	
	Amount	% of Total	Amount	% of Total
Transportation	\$30.93	10.0%	\$9.28	13.6%
Food & Beverage	\$77.32	25.0%	\$38.66	56.8%
Retail	\$27.84	9.0%	\$13.92	20.5%
Entertainment/Recreation	\$12.37	4.0%	\$6.19	9.1%
Lodging	\$160.83	52.0%	\$0.00	0.0%
Average Daily Expenditure	\$309.28	100%	\$68.04	100.0%
Source: Hotel & Leisure Advisors				

Convention delegates tend to spend less per day than family vacation travelers since they are typically one person traveling versus a family unit. For this analysis, we removed 100% of the Lodging, 50% of Entertainment/Recreation, 50% of the Food/Beverage, 50% of Retail and 70% of Transportation categories from this portion of the analysis.

Our market feasibility study projected approximately 83% of hotel guests will be leisure-oriented households, while 17% will be conferences attendees, resulting in a projected average daily expenditure of \$125.13 per occupied room as shown in the following table.

Projected Average Spending per Room per Day Proposed Indoor Waterpark Resort-Cooperstown	
	<u>Amount</u>
Leisure Households (4 guests/room)	\$137
<i>Est. % of total occupied rooms - Leisure</i>	<i>83%</i>
Event & Corporate Delegates (1 guest/room)	\$68
<i>Est. % of total occ. rooms - Group & Commercial</i>	<i>17%</i>
Overall average daily spending/room (rounded)	\$125.13
Source: Hotel & Leisure Advisors	

In its first year of operation, the proposed indoor waterpark resort is projected to attract 91,821 occupied rooms. We attributed each occupied room as a household. We added to this figure the number of projected households visiting the waterpark on a day pass. We divided the day pass attendees by three to represent the number of visitor households. Adding these two figures together equals 96,374 visitor households. In the following table, we presented the projected expenses related to the visitor expenditures and our estimate of payroll expenditures.

First Year Financial Projections Visitor Spending Outside of Resort	
Total Visitor Household Days	96,374
Spending per day	\$125.13
Non-Resort Spending (rounded)	\$12,059,000
% of total revenue for payroll	25.0%
Payroll budget	\$3,014,750
Average hourly wage	\$14.64
Source: Hotel & Leisure Advisors	

The first-year revenues and expenses were analyzed based upon the direct-effect multiplier, final demand multiplier and the resulting indirect multiplier. The following table indicates the direct impacts from the operation of the subject in its first year in 2018 dollars.

Direct Impacts - First Year Operations	
Visitor Spending Outside of Resort	
Payroll/household earning	\$3,014,750
Average service wage in county	\$30,451
Direct jobs created	99
Source: Hotel & Leisure Advisors	

We estimate that the development of the subject would result in a total increase of \$3,014,750 in household earnings to establishments outside of the resort. Utilizing an average annual wage estimate of \$30,451 for the Otsego County employees in the range of occupations under study, we estimate that approximately 99 annual full-time equivalent direct jobs will be created. The actual number of jobs will be higher since many service industry workers are part-time.

Local Adjustments: The \$125.13 per household expenditure is a weighted average of the average visitor spending and average convention delegate spending. The per-household figure includes goods and services that are produced both locally and imported from outside of Otsego County. We estimated that 75.0% of these visitors' spending will be expenses for local businesses. We further estimated what percentage of these expenditures would be locally produced. For example, we estimated 20.0% of the Transportation expenditures are local in nature since a majority of this expenditure is related to gasoline, which is not locally produced. For this reason, we estimate that 60.0% of Food/Beverage, 30.0% of Retail and 70.0% of Recreation expenditures are locally produced. This results in an average expense of \$44.43 per household that is estimated to remain in the local area and is subject to the multiplier effect. The following table presents a breakdown of how these dollars are spent by the typical visitor household to Otsego County and our adjustments.

Visitor Spending and Expenses by Category							
Otsego County New York							
<i>Average Expenditure per Household per Day</i>							
Category	<i>After Initial Adjustments</i>		<i>Expenses</i>		<i>% Local</i>	<i>After Local Adjustments</i>	
	<i>Amount</i>	<i>% of Total</i>	<i>%</i>	<i>Amount</i>	<i>% of Total</i>	<i>Amount</i>	<i>% of Total</i>
Transportation	\$4.52	3.6%	75.0%	\$3.39	20.0%	\$0.68	1.5%
Food/Beverage	\$67.24	53.7%	75.0%	\$50.43	60.0%	\$30.26	68.1%
Retail	\$48.42	38.7%	75.0%	\$36.32	30.0%	\$10.89	24.5%
Recreation	\$4.95	4.0%	75.0%	\$3.71	70.0%	\$2.60	5.8%
Lodging	\$0.00	0.0%	0.0%	\$0.00	0.0%	\$0.00	0.0%
Average Daily Expenditure	\$125.13	100%	75.0%	\$93.85	35.5%	\$44.43	100.0%
Source: Hotel & Leisure Advisors							

As shown in the following table, the total estimated spending in the first year of the projection due to the proposed resort in 2018 would be \$4,282,000.

Total Estimated Economic Impact of Visitors to Subject in First Year of Operation	
Total Overnight Occupied Rooms in First Year	91,821
Additional Households visiting Waterpark for Day	4,553
Total Visitor Household Days	96,374
Average Daily Expenditure	\$44.43
Total Annual Visitor Expenditures/Non-Resort Spending (rounded)	\$4,282,000
Source: Hotel & Leisure Advisors	

H&LA utilized the RIMS II multipliers to project the resulting indirect/induced impacts of the non-resort visitor spending from the indoor waterpark resort. The figures in Output Multiplier (Row 2) represent the total dollar change in output that occurs in each industry for every additional dollar of output delivered to final demand by the different sectors we profiled. Figures in the Earnings Multiplier (Row 3) represent the total dollar change in earnings of households employed by each industry for every dollar of output from this sector. The Employment Multiplier (Row 4) represents the total changes in the number of jobs that occur in each of the industry aggregations for every \$1 million of output delivered to final demand within Otsego County. The following table displays the final demand impacts of the visitors spending in the first year.

Final Impact - Visitor Spending Outside of the Resort Proposed Indoor Waterpark Resort-Cooperstown						
Row	Impact Based on Data on the Change in Final Demand:	Transportation	Food	Retail	Recreation	Total
1	Projected first year non-resort spending in County	\$65,291	\$2,916,355	\$1,049,998	\$250,356	\$4,282,000
2	<i>Final Demand Multiplier</i> Output multiplier (dollars)	1.2792	1.3349	1.3033	1.3587	1.3277
3	Earnings multiplier (dollars)	0.4310	0.3476	0.3503	0.4297	0.3545
4	Employment multiplier (jobs)	16.1969	15.5323	11.7880	20.4476	14.9117
Direct Impact						
5	Output (dollars)					\$12,059,000
6	Earnings (dollars)					\$3,014,750
7	Employment (jobs)					99
Indirect or Induced Impact						
8	Output (row 1 times row 2)	\$84,000	\$3,893,000	\$1,368,000	\$340,000	\$5,685,000
9	Earnings (row 1 times row 3)	\$28,000	\$1,014,000	\$368,000	\$108,000	\$1,518,000
10	Employment (row 1 times row 4/1,000,000)	1	45	12	5	64
Final Impact (Direct + Indirect or Induced) In County						
11	Output (row 5 + row 8)					\$17,744,000
12	Earnings (row 6 + row 9)					\$4,532,750
13	Employment (row 7 + row 10)					163

Source: Hotel & Leisure Advisors

We calculated the output, earnings, and employment by category from the estimates for the average expenditure per household per day. We multiplied each expenditure by the respective multiplier from the RIMS II calculations. The \$4,282,000 in first-year non-resort local expenditures would result in a total of \$5,685,000 in indirect or induced business output

in the county. We added this to the direct impact of visitors spending of \$12,059,000. This results in a final impact of \$17,744,000 to the county.

Visitor Spending Outside of the Resort First-Year Conclusion: Our analysis indicates that the development of the subject resort will result in the following economic impacts from non-resort visitor spending in Otsego County, New York, in the first year of the projection.

Proposed Indoor Waterpark Resort- Cooperstown	
Visitor Spending Outside of Resort	
Earnings	\$4,532,750
Jobs	163
Total Output	\$17,744,000
Source: Hotel & Leisure Advisors	

Ten-Year Impact of Visitor Spending and Combined 10-Year Impact of Operation and Visitor Spending

We estimated and projected the 10-year operation impact from the development of the subject resort on non-resort visitors spending. The following table indicates the annual and combined 10-year impact from the subject's development. The stabilized figures are inflated utilizing a 2.5% inflation rate. The table also shows the combined operation and non-resort 10-year spending.

Proposed Indoor Waterpark Resort - Cooperstown, NY
Economic Impact Analysis

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10-Year Operation Impacts											
Visitor Spending Outside of Resort											
Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Direct Impact											
Total visitor household days	96,374	101,253	105,322	105,322	105,322	105,322	105,322	105,322	105,322	105,322	1,040,203
Non-Resort Spending (Output)	\$12,059,000	\$12,987,000	\$13,846,000	\$14,192,000	\$14,547,000	\$14,911,000	\$15,284,000	\$15,666,000	\$16,057,000	\$16,459,000	\$146,008,000
Total expenses	\$9,044,000	\$9,740,000	\$10,385,000	\$10,644,000	\$10,910,000	\$11,183,000	\$11,463,000	\$11,750,000	\$12,043,000	\$12,344,000	\$109,506,000
% of total output for payroll	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Payroll budget (Earnings)	\$3,014,750	\$3,246,750	\$3,461,500	\$3,548,000	\$3,636,750	\$3,727,750	\$3,821,000	\$3,916,500	\$4,014,250	\$4,114,750	\$36,502,000
Average hourly wage	\$14.64	\$15.01	\$15.38	\$15.77	\$16.16	\$16.56	\$16.98	\$17.40	\$17.84	\$18.28	
Employment	99	104	108	108	108	108	108	108	108	108	
Local Expenses	\$4,282,000	\$4,611,000	\$4,916,000	\$5,039,000	\$5,165,000	\$5,294,000	\$5,427,000	\$5,562,000	\$5,701,000	\$5,844,000	51,841,000
Indirect or Induced Impacts											
Output (annual business created)	\$5,685,000	\$6,122,000	\$6,527,000	\$6,690,000	\$6,857,000	\$7,029,000	\$7,205,000	\$7,384,000	\$7,569,000	\$7,759,000	\$68,827,000
Earnings	\$1,518,000	\$1,635,000	\$1,743,000	\$1,786,000	\$1,831,000	\$1,877,000	\$1,924,000	\$1,972,000	\$2,021,000	\$2,072,000	\$18,379,000
Employment	64	69	73	73	73	73	73	73	73	73	
Final Impact											
Output	\$17,744,000	\$19,109,000	\$20,373,000	\$20,882,000	\$21,404,000	\$21,940,000	\$22,489,000	\$23,050,000	\$23,626,000	\$24,218,000	214,835,000
Earnings	\$4,532,750	\$4,881,750	\$5,204,500	\$5,334,000	\$5,467,750	\$5,604,750	\$5,745,000	\$5,888,500	\$6,035,250	\$6,186,750	54,881,000
Employment	163	173	182	182	182	182	182	182	182	182	
Combined Resort and Visitor Spending											
Final Demand Impacts											
Output (annual business created)	\$88,281,000	\$95,260,000	\$101,636,000	\$104,178,000	\$106,782,000	\$109,452,000	\$112,190,000	\$114,991,000	\$117,867,000	\$120,818,000	\$1,071,455,000
Earnings	\$21,976,750	\$23,710,750	\$25,295,500	\$25,928,000	\$26,576,750	\$27,240,750	\$27,922,000	\$28,619,500	\$29,335,250	\$30,069,750	\$266,675,000
Employment	738	784	824	824	824	824	824	824	824	824	
Source: Hotel & Leisure Advisors											

Ten-Year Combined Operation and Visitor Spending Conclusion: Our analysis indicates that the development of the subject indoor waterpark resort will result in the following combined operation and visitor spending economic impact in Otsego County, New York, over a 10-year period.

10-Year Combined Resort and Visitor Spending Impact	
Direct Impact	
Output (annual business created)	\$687,301,000
Earnings	\$167,493,000
Employment per year	497
Indirect Impact	
Output (annual business created)	\$384,154,000
Earnings	\$99,182,000
Employment per year	327
Final Demand Impacts	
Output (annual business created)	\$1,071,455,000
Earnings	\$266,675,000
Employment per year	824
Source: Hotel & Leisure Advisors	

TAX REVENUE IMPACT METHODOLOGY

Tax revenue impacts consist of state, county, and town tax revenues that result from the net new spending and income related to the activities at the subject resort. In this analysis, fiscal impacts are shown for the governmental unit that levies the tax. Subsequent redistributions of tax revenue, such as state income or sales tax distributions to local government units, were not estimated.

For each tax, H&LA estimated the appropriate tax base and multiplied it by the corresponding effective tax rate. The effective tax rate is the rate calculated after adjustments, exemptions, deductions, credits, and other tax provisions are taken into account. Estimates of taxable amounts of spending and income were based on the direct, indirect, and final estimates presented herein. Literally dozens of taxes, fees, and other government revenue source will be influenced by the subject's operations. Five of the major categories of tax revenues were considered in this analysis.

Sales Taxes – In New York, sales taxes are levied on the sales and rental of tangible property and selected services. Certain items are exempted, but it is generally a broad-based sales and use tax. The total amount of sales tax paid in the subject area equals 4.00% for the state of New York with an additional 4.00% for Otsego County. Only the taxable portions of direct and indirect spending were considered part of the tax base.

Income Taxes – The state of New York collects individual income taxes utilizing a progressive, eight-bracket system. The lowest bracket consists of paying 4% on the first \$8,300 of taxable income and it increases to 8.82% on taxable income more than \$1,046,350. We estimated an effective tax rate of 4.80% utilizing the average annual salary for operations workers.

Corporate income taxes in the state of New York are currently 7.1% of entire net income; however, recent tax reform in the state will reduce the tax rate to 6.5% in 2016 and beyond. Therefore, we utilized the new rate of 6.5% in our study.

Occupancy/Bed Tax – There is a hotel occupancy tax collected in Otsego County of 4.00% of rooms revenue. We multiplied the projected rooms revenue times the occupancy tax rate to estimate occupancy taxes. The county keeps 76% of the revenue raised and distributes 24% to the local municipalities within the county.

Property Taxes – The subject is expected to pay real estate taxes, which will be received by the town of Hartwick and Otsego County. We included the real estate tax distribution received by the schools as part of the town receipts. The breakdown of current property tax rates is shown in the following table.

Breakdown of Property Taxes	
Description	% of Revenue
Hartwick (including Cooperstown schools)	80.8%
Otsego County	19.2%
State of New York	0.0%
Total	100.0%
Source: Hotel & Leisure Advisors	

Real estate taxes were estimated in the market feasibility study. In our opinion, the subject development should apply for some sort of abatement due to the risk involved in a tourism project similar to the subject. We profiled municipal incentives received by select indoor waterpark project around the country later in this section. For the purposes of this report, we used the estimates of real estate taxes contained in the market feasibility study. These numbers will change as the project scope becomes known and the assessor can apply a valuation to the project. In the first year of our analysis, we project real estate taxes of \$2,167,000, since we have assumed no real estate tax abatement.

Other Taxes – The state, city and county generate revenue from a set of excise and other taxes on cigarettes, fuel, alcohol, realty transfer and other items. The available data does not allow for specific estimation of each tax. In order to capture the fiscal impact of these various taxes, it was assumed that they generate 15% of the revenue generated by the other taxes shown in this analysis.

A summary of relevant taxes and tax rates is shown in the following table.

Tax Rate Assumptions			
Proposed Indoor Waterpark Resort-Cooperstown			
	Hartwick	Otsego County	New York
Sales tax	0.00%	4.00%	4.00%
Income tax - individual	0.00%	0.00%	4.80%
Income tax - corporate	0.00%	0.00%	6.50%
Hotel bed tax	0.00%	4.00%	0.00%
Real property tax	80.79%	19.21%	0.00%
Source: Hotel & Leisure Advisors			

Summary of Tax Impact Estimates

The projected tax revenue impacts for the town, state and county are shown in the following table for a 10-year analysis.

Proposed Indoor Waterpark Resort - Cooperstown, NY
Economic Impact Analysis

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10-Year Tax Impacts												
Proposed Indoor Waterpark Resort-Cooperstown												
Year	Rate	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Construction Earnings (2016 & 2017)		\$56,500,000										\$56,500,000
Individual income tax - State	4.80%	\$2,712,000										\$2,712,000
Total resort output		\$70,537,000	\$76,151,000	\$81,263,000	\$83,296,000	\$85,378,000	\$87,512,000	\$89,701,000	\$91,941,000	\$94,241,000	\$96,600,000	\$856,620,000
Non-resort output		\$17,744,000	\$19,109,000	\$20,373,000	\$20,882,000	\$21,404,000	\$21,940,000	\$22,489,000	\$23,050,000	\$23,626,000	\$24,218,000	\$214,835,000
Total output		\$88,281,000	\$95,260,000	\$101,636,000	\$104,178,000	\$106,782,000	\$109,452,000	\$112,190,000	\$114,991,000	\$117,867,000	\$120,818,000	\$1,071,455,000
Sales tax - State	4.00%	\$3,531,000	\$3,810,000	\$4,065,000	\$4,167,000	\$4,271,000	\$4,378,000	\$4,488,000	\$4,600,000	\$4,715,000	\$4,833,000	\$42,858,000
Sales tax - County	4.00%	\$3,531,000	\$3,810,000	\$4,065,000	\$4,167,000	\$4,271,000	\$4,378,000	\$4,488,000	\$4,600,000	\$4,715,000	\$4,833,000	\$42,858,000
Total Sales Tax	8.00%	\$7,062,000	\$7,620,000	\$8,130,000	\$8,334,000	\$8,542,000	\$8,756,000	\$8,976,000	\$9,200,000	\$9,430,000	\$9,666,000	\$85,716,000
Resort payroll earnings		\$17,444,000	\$18,829,000	\$20,091,000	\$20,594,000	\$21,109,000	\$21,636,000	\$22,177,000	\$22,731,000	\$23,300,000	\$23,883,000	\$211,794,000
Non-resort earnings		\$4,532,750	\$4,881,750	\$5,204,500	\$5,334,000	\$5,467,750	\$5,604,750	\$5,745,000	\$5,888,500	\$6,035,250	\$6,186,750	\$54,881,000
Combined payroll budget		\$21,976,750	\$23,710,750	\$25,295,500	\$25,928,000	\$26,576,750	\$27,240,750	\$27,922,000	\$28,619,500	\$29,335,250	\$30,069,750	\$266,675,000
Individual income tax-State	4.80%	\$1,055,000	\$1,138,000	\$1,214,000	\$1,245,000	\$1,276,000	\$1,308,000	\$1,340,000	\$1,374,000	\$1,408,000	\$1,443,000	\$12,801,000
Hotel net income		\$13,510,000	\$15,177,000	\$16,450,000	\$16,859,000	\$17,279,000	\$17,713,000	\$18,157,000	\$18,611,000	\$19,076,000	\$19,551,000	\$172,383,000
Income subject to taxation (25%)		\$3,378,000	\$3,794,000	\$4,113,000	\$4,215,000	\$4,320,000	\$4,428,000	\$4,539,000	\$4,653,000	\$4,769,000	\$4,888,000	\$43,097,000
State Business Tax	6.50%	\$220,000	\$247,000	\$267,000	\$274,000	\$281,000	\$288,000	\$295,000	\$302,000	\$310,000	\$318,000	\$2,802,000
Rooms revenue		\$25,894,000	\$28,668,000	\$31,034,000	\$31,810,000	\$32,605,000	\$33,420,000	\$34,256,000	\$35,112,000	\$35,990,000	\$36,890,000	\$325,679,000
Occupancy bed tax - County	4.00%	\$1,036,000	\$1,147,000	\$1,241,000	\$1,272,000	\$1,304,000	\$1,337,000	\$1,370,000	\$1,404,000	\$1,440,000	\$1,476,000	\$13,027,000
Real Estate Taxes		\$2,167,000	\$2,221,000	\$2,277,000	\$2,334,000	\$2,392,000	\$2,452,000	\$2,513,000	\$2,576,000	\$2,640,000	\$2,706,000	\$24,278,000
Real estate tax - Town	80.8%	\$1,751,000	\$1,794,000	\$1,840,000	\$1,886,000	\$1,933,000	\$1,981,000	\$2,030,000	\$2,081,000	\$2,133,000	\$2,186,000	\$19,615,000
Real estate taxes - County	19.2%	\$416,000	\$427,000	\$437,000	\$448,000	\$459,000	\$471,000	\$483,000	\$495,000	\$507,000	\$520,000	\$4,663,000
Subtotal taxation impact		\$14,252,000	\$12,373,000	\$13,129,000	\$13,459,000	\$13,795,000	\$14,141,000	\$14,494,000	\$14,856,000	\$15,228,000	\$15,609,000	\$141,336,000
Additional state taxes	15.0%	\$2,138,000	\$1,856,000	\$1,969,000	\$2,019,000	\$2,069,000	\$2,121,000	\$2,174,000	\$2,228,000	\$2,284,000	\$2,341,000	\$21,199,000
Total taxation impact		\$16,390,000	\$14,229,000	\$15,098,000	\$15,478,000	\$15,864,000	\$16,262,000	\$16,668,000	\$17,084,000	\$17,512,000	\$17,950,000	\$162,535,000
Source: Hotel & Leisure Advisors												

Our analysis indicates that the development of the subject indoor waterpark resort will result in the following additional taxes for the town, state and county over a 10-year period.

Projected 10-Year Taxation Impact		
Proposed Indoor Waterpark Resort-Cooperstown		
<u>Taxing Authority</u>	<u>Projected Taxes</u>	<u>Ratio</u>
State of New York	\$82,372,000	50.7%
Otsego County	\$60,548,000	37.3%
Hartwick	<u>\$19,615,000</u>	12.1%
Total for 10 years (rounded)	\$162,535,000	
Total annually (divided by 10)	\$16,253,500	
Source: Hotel & Leisure Advisors		

As shown, the state taxes will result from sales taxes, income tax, hotel bed tax and miscellaneous state taxes. The county taxes will result from sales tax, hotel bed taxes and real estate tax. Local taxes are collected from real estate taxes.

With development of the subject, the annual fiscal impact is approximately \$16,253,500. Although, the state receives the majority of the fiscal benefit, the county and town benefit from the redistribution of state taxes, the amounts of which have not been quantified in this analysis.

Sales taxes are expected to generate a majority of the fiscal impact with \$85,716,000 in net sales tax revenues expected from the county and state sales taxes.

Real estate taxes paid by the owner of the resort development will generate approximately \$24,278,000 in fiscal impact over a 10-year period. Property taxes benefit the county, local municipality and the school district.

Hotel room expenditures are expected to produce \$13,027,000 in total occupancy bed tax revenue after development that will be received by the county and state.

Over the 10-year period, other taxes are expected to generate \$21,199,000. This amount includes revenue for cigarette taxes, alcohol taxes, licenses and permits fees, motor vehicle fuel taxes, realty transfer tax and other miscellaneous state, county and town revenue sources.

OTHER IMPACTS

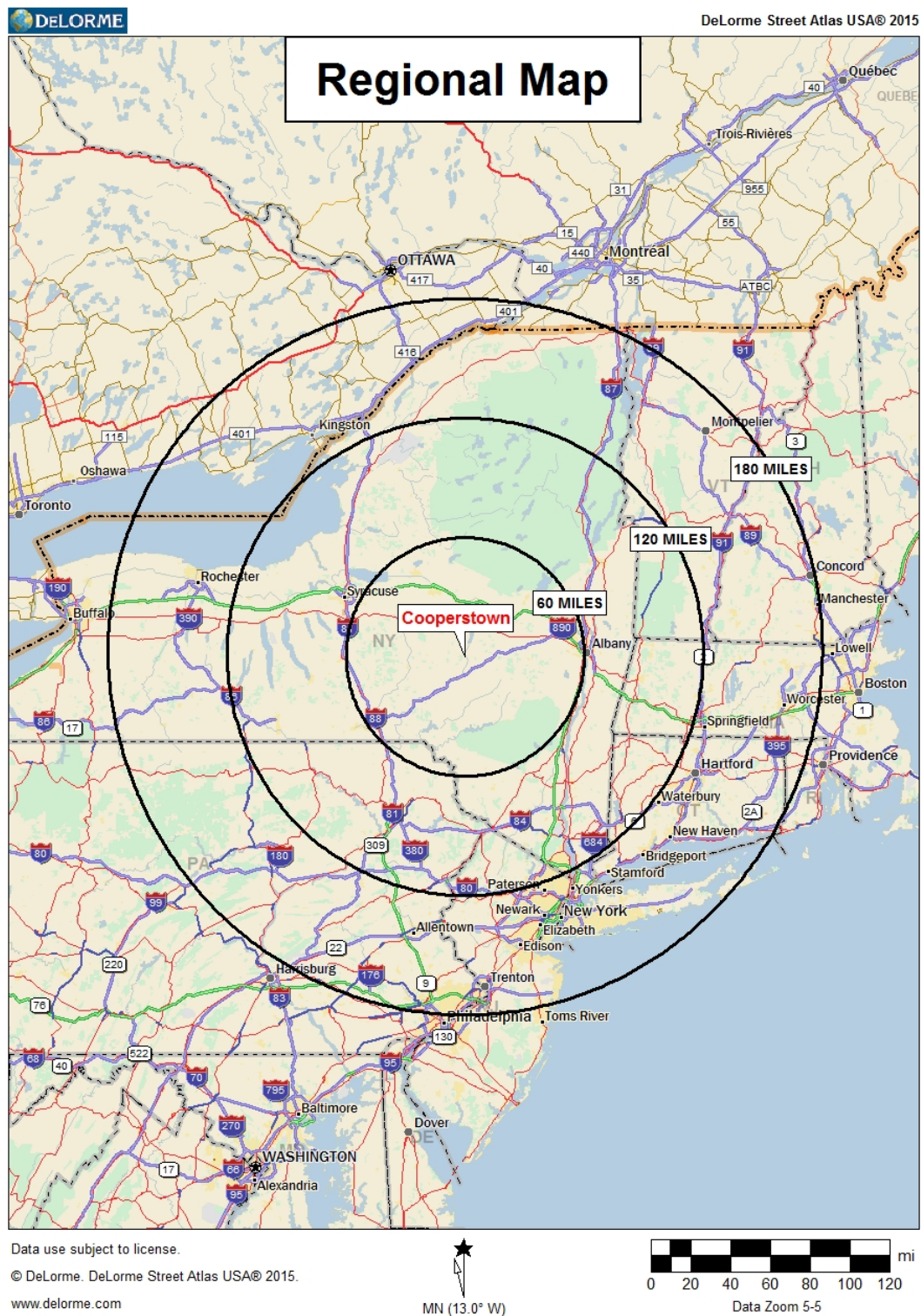
Real Estate Impact

We analyzed the impact on the marketability and value of the existing properties in the subject neighborhood and analyzed what new developments could occur in the area if the proposed development is constructed. Out-of-town visitors staying at the resort will also spend money at other attractions in the market.

The development of the proposed project will positively influence the Cooperstown area and the overall neighborhood surrounding the subject. The subject resort will add to the list of attractions Cooperstown and Otsego County have to offer. We accounted for this influence in the previous projections, which indicate the direct and indirect impact from visitor spending both at the subject and in the surrounding area. The development of the subject, especially considering the magnitude of its size and development budget, is projected to raise property values in the immediate neighborhood of the subject.

Visitor Draw of Project

The proposed indoor waterpark resort is projected to draw overnight visitors from New York and the surrounding states of the middle Atlantic and New England regions. We project a majority of visitors will be overnight guests visiting for the purpose of enjoying the indoor waterpark resort's activities. The following map indicates the communities included within a 180-mile radius of the subject site.



Competition for Project

The proposed indoor waterpark resort will be unique within upstate New York, and will be the only indoor waterpark resort in the Cooperstown region. There is only one resort located in Cooperstown, the Otesaga Resort, which is seasonal and leverages its location on the shores of Lake Otsego. This property does not offer an indoor waterpark as a large family attraction. The closest indoor waterpark resorts to the subject are in Cortland and Queensbury, more than two hours distant. In addition, there are two new indoor waterpark resorts in the Pocono Mountain region of Pennsylvania that will compete with the subject resort. Both the Kalahari Poconos and the Camelback Aquatopia resorts opened in 2015 and are anticipated to compete for demand coming from New York City and Philadelphia markets. Additional information concerning new supply and the existing supply is contained in our market feasibility study.

Other Benefits

The operation of the proposed subject is expected to create other significant benefits for the town, county, and state that are less explicit and more difficult to quantify. These benefits include:

- Anchor for year-round commerce
- Community pride and identity
- Regional and national exposure
- Improved quality of life
- Prestige associated with having a large new hotel development
- Expanded food and beverage and entertainment outlets

The value and impact of these benefits have not been estimated in this study.

Other Costs

It is difficult to identify the interests of all potential stakeholders for a project as large as the proposed subject, which has the potential to greatly impact a community. It is possible that there are additional costs not contemplated by this study. Potential additional costs could include:

- Additional traffic during peak periods
- Increased demand on municipal services
- Increased crime
- Increased inflation
- Widening of roads to accommodate additional traffic

Our analysis of numerous other resort projects indicates that these other costs are a relatively small addition to a municipality's expenses in comparison to the revenues that the resort generates. The most common cost that can occur is the additional traffic. The value and impact of these costs have not been estimated in this study.

MUNICIPAL INCENTIVES

In our opinion, the subject development should obtain municipal incentives from the town, county, or state to construct extensive tourism infrastructure at the subject site. These incentives could include a tax abatement, municipal financing, tax incremental financing, county construction of the resort infrastructure, or other incentives. We recommend incentives due to the high risk involved in developing a tourist-oriented project.

The following indicates indoor waterpark resort projects that have been built or are under development and have received municipal funding.

Garden Grove, California



A 600-room Great Wolf Lodge is under construction in Garden Grove, California, just south of Anaheim. The property will offer 100,000 square feet of waterpark space, 600 hotel rooms, and 30,000 square feet of meeting space. Construction on this project began in March 2014. The hotel is projected to open in 2016. Similar to other Great Wolf Lodge properties, it will offer resort amenities, including an arcade, retail space, themed lobby, MagiQuest, ShadowQuest, and kids activities.

The Garden Grove City Council approved a subsidy of at least \$69 million in public funds and land for the construction. The developer, McWhinney Enterprises, will receive \$5 million at the start of construction as well as a \$22 million parcel of land on which to build the \$300 million indoor waterpark resort. Upon completion, the city will pay the developer another \$42 million. The resort is expected to generate \$8 million in bed taxes annually for the city (based on 70% occupancy and an ADR of \$350), which will allow the city to break even on its investment in 8.5 years. The \$69 million in municipal incentives represents 23% of the development budget.

Tobyhanna Township, Pennsylvania

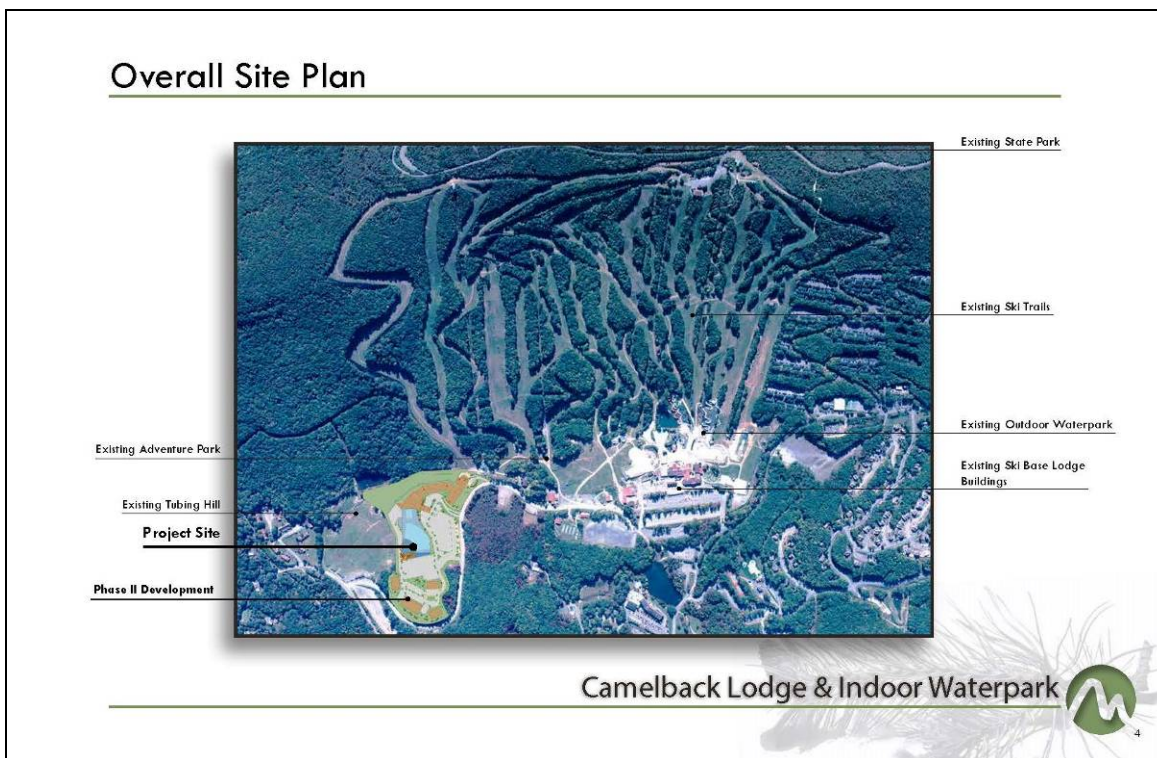


In 2013, Wisconsin-based Kalahari Resorts broke ground on a 457-unit indoor waterpark resort on 150 acres adjoining the Inn at Pocono Manor in Tobyhanna Township, Monroe County, Pennsylvania. The development includes a 100,000 square foot indoor waterpark, seasonal outdoor waterpark, convention center with 63,800 square feet of meeting rooms and prefunction/foyer space, 6,120 square feet of seasonal outdoor reception space, 30,000 square foot family entertainment center, 6,000 square feet of retail space, and three full-service restaurants. The resort will feature an African-themed décor. A future second phase will include the construction of 400 guestrooms; 100,000 square feet of indoor waterpark space; and a 300,000 square foot exhibition hall, making it one of the largest convention center spaces in the state. The first phase of the development opened in June 2015. The Kalahari project is eventually expected to create 735 jobs.

In 2013, the Tobyhanna Township supervisors approved a conditional land development plan and tax increment financing district (TIF) for the development. Kalahari Resort agreed to place a special assessment on its property under Pennsylvania's Neighborhood Improvement District Act. This special assessment program known as "NID" will impose special assessments in an amount equal to the principal and interest on the TIF bonds issued by the authority until such bonds are repaid. The TIF district will divert property taxes on the project's first phase to repaying a \$26 million, 20-year bond for infrastructure improvements. The overall project is expected to cost \$350 million. The \$26 million in TIFs represent 7.4% of the overall development budget.

The TIF will be used to pay for off-site costs such as extensions of the water, sewer and natural gas systems; extension of electrical services; coaxial cables or fiber optics for TV distribution; improve PennDOT roads and signalization; and construct an access road from state highways to the site.

Pocono Township, Pennsylvania



In 2013, the Camelback Mountain Resort in Pocono Township, Monroe County, Pennsylvania, broke ground on a 425,000 square foot hotel building with a 125,000 gross square foot (118,000 net square foot) indoor waterpark. The project opened in 2015 and consists of 413 hotel units offering 453 rentable rooms. The resort is situated at the base of the ski area. The hotel offers a 340-seat restaurant on the lobby level next to a 100-seat lounge. The property offers multiple retail locations, with a 2,500 square foot gift shop in the lobby and satellite locations in the waterpark, family entertainment center, and near the ski in/ski out area. The hotel also offers a 5,000 square foot spa and 13,505 square feet of meeting and conference space with breakout rooms and pre-function areas. A 28,000 square foot arcade and family entertainment center is located on the ground floor and first floor adjacent to the indoor waterpark.

In May 2013, Pocono Mountain School District, Monroe County, and Pocono Township approved a TIF District for the expansion of Camelback Mountain Resort. Of the 20-year, \$13.1 million TIF, almost \$9 million will go toward infrastructure improvements. The TIF represents 8% of the development budget and will be used to pay for off-site costs such as extensions of water and sewer systems; extension of electrical services; and road improvements, including PennDOT I-80. The development opened in May 2015.

Wisconsin Dells, Wisconsin



The Chula Vista Resort is one of the older resorts in Wisconsin Dells, having originally opened in 1951. The property completed a portion of a \$200 million expansion in 2009, which included the addition of guestrooms, an inflatable sports dome, expanded golf course, proposed conference center, new indoor and outdoor waterparks, and other improvements. The city of Wisconsin Dells approved a TIF program that will pay the resort \$19 million in increments after completion of specified components of the project. The TIF represents 9.5% of the expansion costs.

Huron Township, Ohio



Kalahari Resort opened its indoor waterpark resort in Huron Township, Erie County, Ohio, in May 2005 as a 308-room resort with indoor and outdoor waterparks. In July 2005, the resort completed 96 three-key condominium units, yielding an additional 288 keys. In August 2006, the property opened its 95,000 gross square foot Nia Convention Center. In December 2007, the property opened a 93,000 square foot expansion to the indoor waterpark and an additional 288 guestrooms in 96 three-key condominium units. In 2011, the hotel spent \$26.8 million and expanded its meeting space by 120,000 gross square feet. This included a 38,000 square foot grand ballroom/expo center and a 12,000 square foot junior ballroom. The property also added six Nyumba Entertainment Kondos that features five bedrooms and can sleep up to 22 people. The resort currently offers 890 rentable units, 173,000 square foot indoor waterpark, 20,000 square foot outdoor waterpark, outdoor adventure park, wild animal park, restaurants, lounges, fitness center, spa and gift shops.

As part of its development in 2005, Erie County provided over \$11 million in development assistance for road construction and infrastructure improvements. The development is on a former farm that lacked municipal sewer and water services. Erie County officials approved a 15-year tax abatement that provided a 75% reduction in property taxes for the 2011 expansion.

The following describes other notable projects that received municipal financing.

- **Palm Desert, California** - In January 2012, the Palm Desert City Council approved a rebate of \$1 million of its transient occupancy tax (TOT) once an outdoor waterpark is added to the existing 884-room JW Marriott Resort . Under the resolution, Marriott will be given back the additional revenue generated by the waterpark until the refund reaches \$1 million. The process could take several years because the refund on the bed tax revenue will only kick in if revenue exceeds the previous quarter, which gives the resort an incentive to fill its rooms. The outdoor waterpark is projected to cost approximately \$10 million.

- **Concord, North Carolina** - In 2009, Great Wolf Resorts constructed a 402-room indoor waterpark resort in the Charlotte suburb of Concord near the existing NASCAR speedway. The property has an 81,000 square foot indoor waterpark. The project cost over \$100 million to construct. The Concord City Council granted \$1,500,000 in tax incentives to the resort developers. Additionally, Cabarrus County provided incentives of \$2,600,000 to the project.
- **Mason, Ohio** - Great Wolf Resorts opened a 401-room indoor waterpark resort with a 79,000 square foot indoor waterpark. The city of Mason and Warren County provided a 10-year property tax abatement as well as a refund of two-thirds of the bed tax owed to the city (2% of total revenue), for a 10-year period.
- **Sandusky, Ohio** - Cedar Fair converted the existing Radisson Hotel into Castaway Bay, an indoor waterpark resort. The city of Sandusky approved a 10-year, 100% tax abatement for the \$22 million addition of the indoor waterpark.
- **Sheboygan, Wisconsin** - The city of Sheboygan provided \$4 million to the Great Lakes Companies to develop the Blue Harbor Resort and Conference Center. In addition, it provided \$6 million to purchase the land for the proposed indoor waterpark resort on the shores of Lake Michigan. The city also provided \$8 million to construct a city-owned convention center, which the resort operates.
- **Storm Lake, Iowa** - The state of Iowa and the city of Storm Lake provided \$9 million in Vision Iowa money to the developers of the Kings Pointe Waterpark Resort in Storm Lake. The development includes a 100-room hotel in addition to a 17,000 square foot indoor waterpark and an outdoor waterpark. The overall development costs for the entire project was \$30 million, indicating that the municipal support was nearly one-third of the project.
- **Fredericksburg, Virginia** - Kalahari Resorts had proposed to develop a \$200 million resort in Fredericksburg, Virginia. The city of Fredericksburg proposed to provide the resort developer a \$61 million incentive package. The 20-year package called for the city to waive \$3.35 million in up-front development fees and return 47.5% of the local tax revenues that Kalahari generated to the resort for 20 years. Kalahari would include the city in its marketing and provide lobby space for the city to market other area attractions. The proposed development is currently not active.
- **Fitchburg, Massachusetts** - Great Wolf Lodge purchased the former Holiday Inn and Coco Key Resort and performed a comprehensive \$60 million renovation and expansion to the property. The renovation increased the number of hotel rooms from 245 to 406 and doubled the former waterpark in size to 68,000 square feet. Great Wolf Lodge obtained a 20-year tax increment financing deal, with Fitchburg granting the company a personal property tax exemption totaling \$16,464,000 and another \$680,000 in state investment tax credits.

In our opinion, the risks associated with the development of an indoor waterpark resort justify receiving governmental assistance. Our review of various development projects indicates that many large projects receive some sort of county or state aid, particularly projects of the size and magnitude proposed for the subject. Even with the municipal assistance, two of the projects shown above have not been developed and are not currently active.

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Eric B. Hansen, AIA, ISHC has made a personal inspection of the property that is the subject of this report. David J. Sangree, MAI, ISHC has previously viewed the subject site in 2014.
- Kyle Mossman provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, David J. Sangree, MAI, ISHC has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Eric Hansen, AIA, ISHC has completed the Standards and Ethics Education Requirement for Candidates of the Appraisal Institute.



David J. Sangree, MAI, ISHC
President



Eric B. Hansen, AIA, ISHC
Director of Development Services

ADDENDUM I



Hotel & Leisure Advisors Company Overview and Qualifications



A hospitality consulting firm specializing in appraisals,
feasibility studies, impact analyses,
economic impact studies, and litigation support

Cleveland, Ohio • 216-228-7000

www.hladvisors.com

San Antonio, Texas • 210-319-5440

Corporate Headquarters: 14805 Detroit Avenue, Suite 420, Cleveland, Ohio 44107-3921



HOTEL & LEISURE ADVISORS

Summary of Qualifications

Section A

Services

Section B

- Market & Financial Feasibility Studies
- Appraisals & Tax Appeal Appraisals
- Economic Impact Studies
- Impact Analysis
- Litigation Support & Expert Witness Testimony
- Management Company Analysis
- Operational Analysis
- Asset Management
- Property Condition Assessment
- Other Development Services
- Seminars, Presentations & Industry Research

Property Type Specialties

Section C

- Hotels & Resorts
- Indoor Waterpark Resorts, Waterparks
& Amusement Parks
- Golf Courses & Ski Resorts
- Restaurants
- Conference, Convention & Exposition Centers

Resources

Section D

Clients and Assignments

Section E

Staff

Section F

FOCUS

- ❖ We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to hospitality and real estate. We have a particular emphasis in hotels, waterparks, resorts, golf courses, ski resorts, amusement parks, casinos, restaurants, and conference and convention centers.
- ❖ We participate in industry associations and trade groups to keep us abreast of developments affecting our clients and give us access to rich sources of data.
- ❖ We follow news and transactions occurring in the hospitality industry on a daily basis.

EXPERIENCE

- ❖ Our consultants have more than 100 years combined experience in the hospitality industry and have studied more than 2,000 properties throughout the United States, Canada, and the Caribbean.
- ❖ Our consultants analyze a variety of property types and work with clients who have many different objectives.
- ❖ We apply appropriate and detailed analysis to projects ranging from stand-alone properties to complex multi-component developments.

EDUCATION

- ❖ The consultants of Hotel & Leisure Advisors have degrees from recognized hospitality programs at leading universities.
- ❖ All consultants participate in continuing education programs provided by appraisal and hospitality organizations.
- ❖ David J. Sangree (President) holds the MAI designation from the Appraisal Institute, is a state licensed Certified General Appraiser, a CPA, and is a member of the International Society of Hospitality Consultants (ISHC). Laurel A. Keller (Vice President) holds the MAI designation from the Appraisal Institute and is a state licensed Certified General Appraiser. Eric Hansen (Director of Development Services) is an American Institute of Architects (AIA) member, a member of the ISHC, and a state licensed Certified General Appraiser. Joseph Pierce and Nuresh Maredia both hold a State Certified General Appraiser license.

VALUE

- ❖ Hotel & Leisure Advisors produces comprehensive, detailed reports that meet the high standards outlined by the Appraisal Institute and adheres to the Uniform Standards of Professional Appraisal Practice (USPAP).
- ❖ We obtain statistical data from Smith Travel Research, PKF Hospitality Research, World Waterpark Association, International Association of Amusement Parks and Attractions, American Resort Development Association, National Golf Foundation, and National Ski Areas Association.

REPUTATION

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

Hotel & Leisure Advisors is proud to provide an extensive range of services to our clients. We will customize our reports to meet your needs and the specific details of your project.

Market & Financial Feasibility Studies

A market and financial feasibility study is prepared for proposed projects or for existing properties being considered for significant changes. The study is an analysis of market conditions, economic and demographic factors, site conditions, and their effects on the proposed project. Hotel & Leisure Advisors completes a detailed analysis of comparable properties' performance and conditions. We research and present information concerning properties that are closing and new supply additions. We analyze existing and projected demand generators in the market. The study estimates the operating performance of the proposed project and may suggest variations in size or scope that would improve performance.

Lenders may require a feasibility study as part of a financing application. Developers, investors, owners, and managers may use a feasibility study in their planning processes. H&LA prepares market and financial feasibility studies for all types of hotels and leisure real estate. We conduct extensive supply and demand interviews when researching performance levels of hotels and leisure real estate within local and regional markets. We utilize a sophisticated hospitality valuation and analysis model that provides a detailed analysis of a market by evaluating competitive factors, several databases of financial information, and comparisons with other similar properties and industry standard reports. We review data generated from Smith Travel Research, the Host Study, PKF, IAAPA, the World Waterpark Association, National Ski Area Association, the American Resort Development Association, the National Golf Foundation, and the National Restaurant Association.

Appraisals & Tax Appeal Appraisals

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

An appraiser with the MAI designation exceeds the state certification and licensing required of all appraisers. When you hire an MAI, you are receiving the services of a professional with specialized training and experience in the appraisal industry who adheres to specific standards and ethics and must fulfill continuing education requirements. David J. Sangree, MAI, CPA, ISHC and Laurel A. Keller both hold the Appraisal Institute's MAI designation and are licensed to conduct appraisals in Ohio and other states. David and the experienced staff of H&LA prepare the highest quality real estate appraisal reports and appraisal reviews for the hospitality industry.

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

A tax appeal appraisal is a specialized form of an appraisal that is typically done in relationship to a tax assessment appeal by either the government or the property owner to determine the real estate market value.

H&LA will prepare a market value appraisal to determine the real estate component of the going concern hospitality property. Our analysis includes a detailed review of the market and determines the going concern valuation. We then allocate that value among the real estate, personal property, and any business value component that may exist. David J. Sangree, Laurel Keller, Joseph Pierce, and Nuresh Maredia have testified in numerous tax appeal cases in various states for both the property owner and the government entities concerning appraisals we have completed.

Economic Impact Studies

An economic impact study analyzes the financial impact a particular project will have throughout the many levels of the economy, both locally and countywide. This impact will include both temporary and permanent effects on the economy. Temporary impacts will include jobs and revenues created during 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.

Our studies identify significant economic events resulting from construction and operations of a proposed facility, review and analyze event patron surveys throughout the nation to estimate spending patterns, analyze relevant municipal revenues, and project the impact on the market for the development of proposed facilities. We estimate three types of economic impact, including Direct-Effect Impact, Indirect or Induced Impacts, and Final Impacts on local economies. We utilize the RIMS II multipliers for output earnings and employment by industry for the county, which are generated by the U.S. Department of Commerce. We calculate the projected jobs and output for the proposed development for a ten-year period. We also calculate projected tax revenue from all sources for a ten-year period.

Impact Analysis

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

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

Litigation Support & Expert Witness Testimony

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

Management Company Analysis

A management company analysis is a review of an existing or proposed hospitality project and the identification of appropriate management companies to consider as operators of the facility. Hiring a qualified management company can make or break a hotel or resort development. Spending the appropriate resources to identify the most qualified management company is a useful analysis to perform. Hotel & Leisure Advisors is available to assist our clients in identifying appropriate management companies for all types of hospitality projects.

Using our extensive database of management companies, will obtain proposals and conduct interviews with companies that would be the most appropriate to consider for the project. We will provide our client with the profiles of competent and experienced management companies that will share similar goals and vision for the project.

Operational Analysis

The consultants of Hotel & Leisure Advisors have over 100 years of combined experience in managing, reviewing, and operating hotels. We offer a one-time operational analysis and review of an existing hotel to analyze areas where the hotel is performing well and areas that are in need of improvements. Our report considers both objective and subjective performance characteristics through our inspection of the property and the completion of various interviews. During the course of our research, we will interview management of the property, management of comparable properties, clients of the property, and knowledgeable city and county officials. We will also perform a financial review comparing the financial performance of the subject property with industry standards and our database of over 1,000 financial statements of hotels.

Asset Management Services

For hotels requiring ongoing operational analysis, Hotel & Leisure Advisors offers asset management services to optimize the performance of the property. Our qualified asset managers provide additional resources for the property to improve success. We will work with the hotel management company and the owner to optimize the value of the hotel property. Our experienced consultants will offer specific services tailored to the client and his/her property. Specific service offerings include market research, operations oversight, accounting review, meetings with management, contract negotiations, and advice on various aspects of operating and marketing the hotel property.

Property Condition Assessment

A property condition assessment is an analysis that assesses the general physical condition and maintenance status of an existing building and property. This survey provides recommendations for repair/renovation with cost estimates. This survey gives receivers, owners, and lenders the opportunity to stabilize and protect the value of their hotels. Additionally, brokers can utilize hotel physical condition assessment surveys to enhance their property offering materials.

As Director of Development Services for Hotel & Leisure Advisors, Eric B. Hansen is a licensed architect and hospitality consultant. He and his staff leverage their knowledge of the development process and their financial acumen to assess and communicate the appropriate direction for a project.

Other Development Services

Hotel & Leisure Advisors offers other development related services on an as-needed basis. For site analyses and reviews, we research potential locations for lodging and leisure facilities, prepare a detailed analysis on the location, and review performance of comparable properties. Studies include analyzing traffic counts, access to the site, visibility, proximity and travel time, nearby visitor attractions, nearby corporate and group demand generators, and access to convention and event facilities. We analyze primary leisure, group, and commercial attractions and organizations within the market to identify distances from the site to potential demand generators.

Hotel & Leisure Advisors also provides the following development services:

- Site Verification
- RFQ/RFP Preparation
- Hotel Brand Facilitator
- Hotel Brand Selection Assistance
- Hotel Brand Compliance Services
- Product Research Assistance

Our services help the developer, corporate brand franchisor, and/or owner with their development needs.

Seminars, Presentations, and Industry Research

David J. Sangree, Laurel A. Keller, and Eric Hansen have presented at seminars for a range of national hotel, waterpark, and amusement conferences. The consultants of H&LA are available to lead seminars and presentations for various organizations concerning hospitality industry topics or about a specific topic for a company or organization.

Hotel & Leisure Advisors conducts industry research concerning the hospitality industry on a wide range of topics. Our consultants have written numerous publications about various topics in the hospitality industry, including indoor waterpark resorts, hotel capitalization rates, hotel impact studies, management fees in hotels, overviews on various markets within the United States, and other topics.

Hotel & Leisure Advisors specializes in hotels, resorts, waterparks, amusement parks, casinos, golf courses, restaurants, conference and convention centers, ski resorts, and other leisure real estate. Our focus on these property types provides our clients with access to the latest industry trends and resources.

Hotels & Resorts

- We have analyzed more than 2,000 existing and proposed hotels and resorts and have studied various markets throughout the United States, Canada, and the Caribbean.
- We have experience with a wide range of property types and hotel franchises.
- We have databases of thousands of hotel and resort financial statements, casino financial statements, sales comparables, and performance data

Indoor Waterpark Resorts, Waterparks, & Amusement Parks

- David J. Sangree is a recognized expert on indoor waterpark resorts and has visited most of the indoor waterpark properties in the United States and Canada.
- He has been a featured speaker and roundtable participant at industry conferences sponsored by the World Waterpark Association, International Association of Amusement Parks and Attractions, Aquatics International, and the International Society of Hospitality Consultants.
- H&LA has completed more than 400 studies of hotels and resorts with waterparks. H&LA has analyzed a range of waterparks and amusement parks with annual attendance from 50,000 to over 2,000,000 people.

Golf Courses

- We have analyzed a mixture of stand-alone golf courses, golf course resorts, and golf course residential developments throughout the United States.
- Our consultants are members of the National Golf Foundation.
- We maintain databases of golf course financial statements and sales comparables.

Ski Resorts

- We have analyzed a wide range of ski resorts in the northeastern United States.
- Our consultants are members of the National Ski Areas Association.
- We maintain databases of ski resort financial statements and sales comparables.

Restaurants

- We have analyzed a wide range of restaurants throughout the United States.
- Our staff has extensive work experience in a wide range of restaurants including chain-style and high-end facilities

Conference, Convention, & Exposition Centers

- We have conducted studies on larger conference and convention centers located in major metropolitan areas, as well as smaller conference centers in hotels.
- We have completed feasibility studies for proposed facilities and appraisals of existing centers.

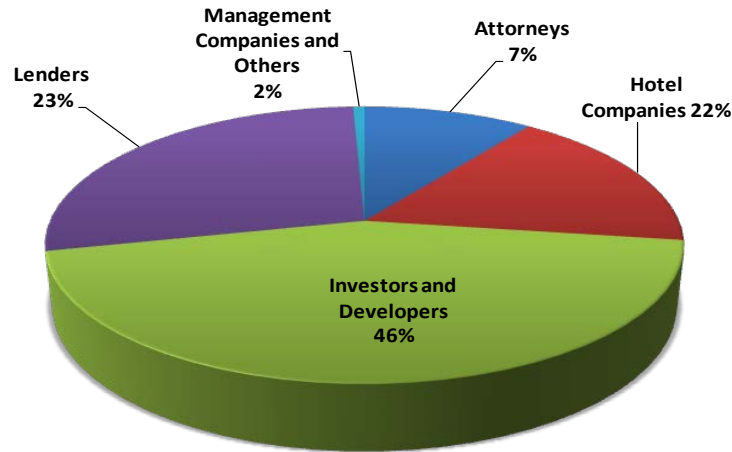
Hotel & Leisure Advisors' unique position in the hospitality industry allows us to access many resources that give more depth to the reports we prepare for our clients. We utilize the following resources:

- Reliable contacts with developers, lenders, architects, and franchise companies that provide information on performance, fees, and new supply information
- Financial statements database of more than 1,000 hotels and resorts throughout the United States and Canada
- Hotel sales database that contains more than 8,000 sales across a wide range of prices and brands
- Financial statements database and sales database for casino properties located throughout the United States including Native American owned properties
- Financial statements database and sales database for existing indoor waterpark resorts
- Updated list of new indoor waterpark resorts proposed in the U.S. and Canada
- World Waterpark Association and the International Association of Amusement Parks and Attractions memberships, which provide extensive data and research concerning indoor and outdoor waterparks, amusement parks, and family entertainment centers
- Financial and usage databases for outdoor waterparks, amusement parks, and family entertainment centers
- Smith Travel Research, PKF Trends, Lodging Econometrics, and other hotel data sources
- Golf course financial statements and golf course sales database
- Statistical data concerning the performance of golf courses from National Golf Foundation, Pellucid, and others
- Ski Resort financial statements database and ski resort sales database
- Ski resort data from National Ski Areas Association, RRC Associates, and others
- National Restaurant Association and related statistical restaurant data
- International Association of Assembly Managers, *Meetings Magazine*, and other sources that profile the meetings industry
- American Resort Development Association provides extensive information concerning timeshare and fractional interest resorts

Our consultants continue to find additional resources that provide valuable information for our clients and the respective projects we are analyzing.

Hotel & Leisure Advisors works with a wide range of developers, investors, hotel companies, lenders, management companies, attorneys, and others in providing appraisals, market feasibility studies, impact studies, and other consulting reports. The following chart represents a breakdown of our clients by category.

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



Breakdown of Client Types

Highlights

Developers and Investors

- Scott Enterprises
- CNL Lifestyle Companies
- Kalahari Resorts
- Ho-Chunk Gaming

Hotel Companies

- Best Western International
- Choice Hotels International
- Marriott International

Management Companies

- Hostmark Hospitality Group
- Cedar Fair
- Great Wolf Resorts
- Winegardner and Hammons

Lenders

- Wells Fargo
- US Bank
- Deutsche Bank
- M&T Bank

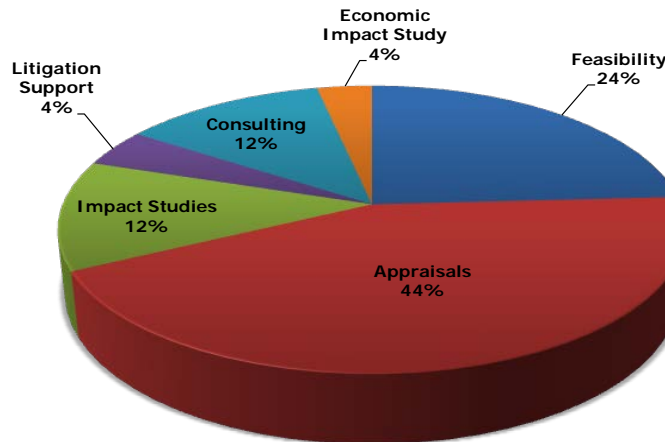
Attorneys

- Baker Hostetler
- Squire, Sanders & Dempsey
- Britton Smith Peters & Kalail

Other

- Ohio Department of Transportation
- Michigan State University
- Columbus Airport Authority
- FDIC

Our studies have taken us all across the United States and Canada. We have analyzed an extensive range of property types with a particular emphasis on hotels and waterparks. The chart below shows the types of assignments we have performed for our clients.



Breakdown of Assignment Types

We cover all segments of the hospitality industry and give expert analysis about hotels, waterparks, golf courses, ski resorts, restaurants, amusements parks, casinos, and conference and convention centers. The following highlights a small sample of properties we have studied in recent years. For a complete list of all of our projects by state, please visit our website at <http://www.hladvisors.com/projects.htm>.

Hotels

- Intercontinental Hotel – Boston, MA
- Westin Hotel – Chicago, IL
- Hotel Portfolio (9 properties) Various States
- Courtyard by Marriott – Cleveland, OH

Waterpark Resorts

- Kalahari Resort – Wisconsin Dells, WI
- Great Wolf Lodge – Concord, NC
- Key Lime Cove – Gurnee, IL
- Myrtle Waves Waterpark – Myrtle Beach, FL

Ski Resorts

- Greek Peak Ski Resort – Virgil, NY
- Peek n Peak Ski Resort – Findley Lake, NY
- Mountain Creek Ski Resort – Vernon, NJ

Conference Centers

- LaVista Conference Center – La Vista, NE
- I-X Convention Center – Cleveland, OH
- Proposed Conference Center – Columbus, IN

Resorts and Casino Resorts

- Peabody Hotel – Memphis, TN
- Wheeling Island Hotel, Casino, and Racetrack - WV
- Homestead Resort – Hot Springs, VA
- Marriott Resort – Orlando, FL

Golf Courses

- Keswick Club – Keswick, VA
- Stallion Mountain Country Club – Las Vegas, NV
- Red Tail Golf Club – Avon, OH
- Jack Frost National Golf Course – Blakeslee, PA

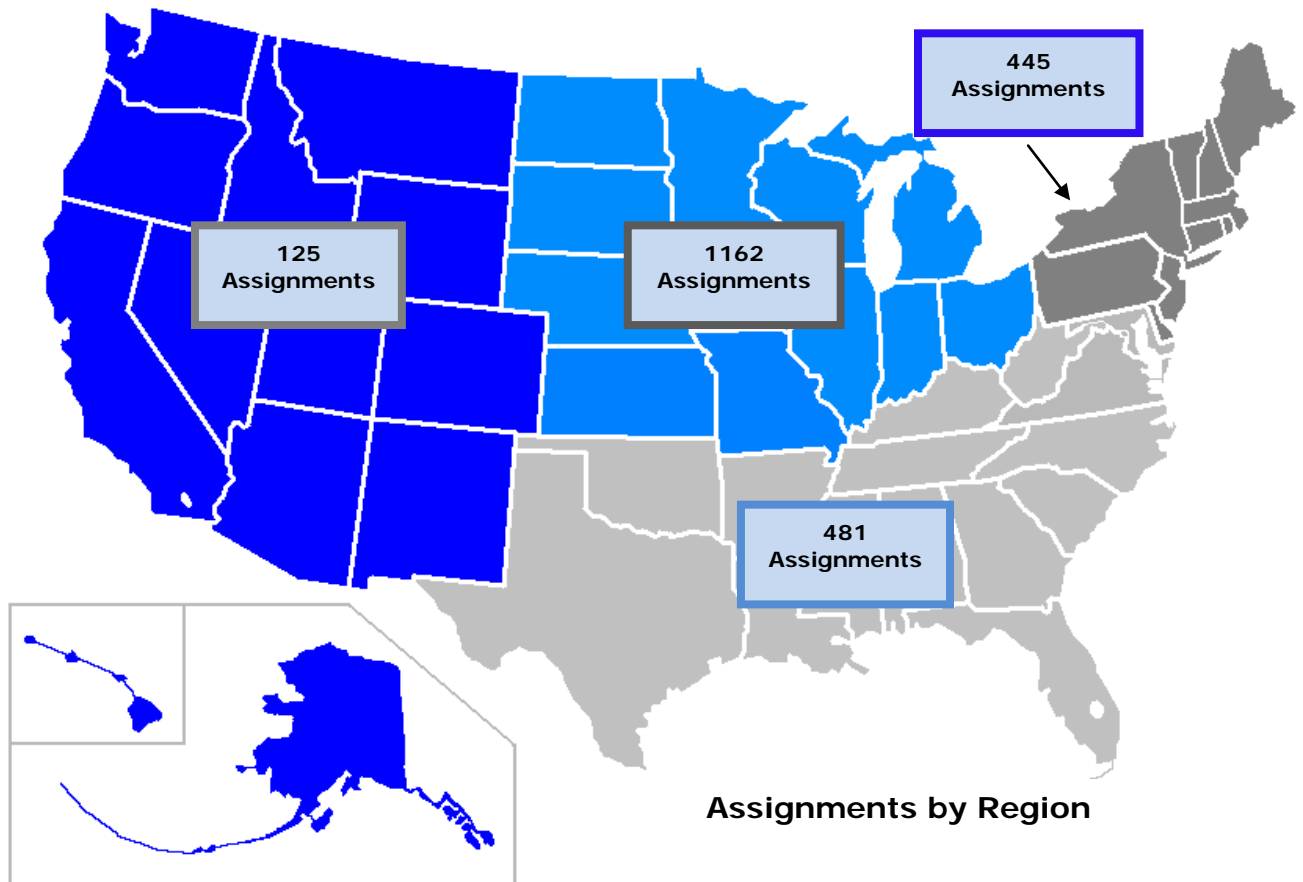
Amusement Parks

- Magic Springs Amusement Park – Hot Springs, AR
- Cypress Gardens Amusement Park – Winter Haven, FL
- Elitch Gardens Amusement Park – Denver, CO

Restaurants

- 21 Club – New York, NY
- McDonald's Restaurants – Cleveland, OH
- Quaker Steak and Lube – Erie, PA

H&LA works across the United States and Canada and in other international locations. This map highlights the number of assignments our consultants have worked on in the different regions of the United States. For a complete list of assignments in the United States and internationally, please review the H&LA website at <http://www.hladvisors.com/projects>.



Hotel & Leisure Advisors is a team of qualified appraisal professionals and support staff with more than 100 combined years of experience in the hospitality industry. Our knowledge of hospitality industry trends, access to superb resources, and experience result in detailed, functional, and informative reports for our clients.

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

Mr. Sangree's expertise is in the appraisal and analysis of hotels, resorts, indoor and outdoor waterparks, amusement parks, casinos, conference centers, golf courses, restaurants, ski resorts, and other leisure real estate. He has completed studies on more than 2,000 existing and proposed hotels throughout North America in all price ranges, including economy, full-service, extended-stay, luxury hotels, resorts, and indoor waterpark resorts. Since 1987, Mr. Sangree has provided consulting services to banks, hotel companies, developers, management companies, and other parties involved in the lodging and leisure sectors throughout the United States, Canada, and the Caribbean. He is a state certified general appraiser in Ohio and many other states.

Mr. Sangree was formerly employed by US Realty Consultants in Cleveland and Columbus, Pannell Kerr Forster in Chicago, and Westin Hotels in Chicago, New York, Fort Lauderdale, and Cincinnati. Mr. Sangree received his Bachelor of Science degree from Cornell University School of Hotel Administration in 1984.

He has spoken at many seminars throughout the United States, has written numerous articles, and is frequently quoted in magazines and newspapers about the hospitality and waterpark industry. He has appeared on *Good Morning America* and *CNBC* in segments profiling resorts and waterparks. Mr. Sangree has twice been named one of *Aquatics International Magazine's "Power 25,"* an annual list of professionals it deems the most powerful people in the aquatics industry. Mr. Sangree was profiled as one of the first consultants serving the waterpark resort industry and for his expertise and experience in shaping some of the latest industry trends.

Laurel A. Keller, MAI – Vice President

Laurel Keller has been with Hotel & Leisure Advisors since 2005, bringing expertise in the feasibility analysis and appraisal of hotels, resorts, and other leisure-oriented assets such as golf courses, indoor waterpark resorts, outdoor waterparks, amusement parks, conference centers, ski resorts, and casinos. Since 2001, she has completed more than 400 appraisal and consulting assignments for existing and proposed properties in 34 states. Laurel has appraised individual assets ranging in value from less than \$1 million to well over \$100 million.

Combined with her background in hotel and country club operations, she offers more than 20 years of hospitality consulting and management expertise in completing feasibility studies, brand-on-brand impact studies, appraisals, operational reviews, and economic impact studies. Ms. Keller has worked with various major hospitality brands and management companies as part of numerous assignments and has extensive knowledge of brand criteria, best practices, and current market trends. Laurel also has experience as an expert witness for litigation.

Eric B. Hansen, AIA, ISHC – Director of Development Services

Mr. Hansen offers 20 years of hospitality experience, working throughout the United States to provide consulting services for the hospitality industry. Along with skills in preparing consulting reports and designing hospitality properties, he has expertise in site planning and development services, planning and zoning expert witness testimony, jurisdictional due diligence, and PIP analysis. He has worked with various hotel company corporate offices and has extensive knowledge of brand criteria.

Mr. Hansen received his Bachelor of Architecture from the University of Cincinnati in 1989 and a certification in Hotel Financial Management from the Cornell University School of Hotel Administration Professional Development Program in 2007. Mr. Hansen was formerly employed by Cole + Russell Architects, Inc., as the Director of the C+RA Hospitality Studio. With a foundation in financial management, appraisal theory, and hospitality consulting, Mr. Hansen brings well-rounded expertise to various H&LA assignments and assists clients with their pre-development, consulting, and valuation needs. He is a Certified General Real Estate Appraiser in Ohio, Michigan, and New York, and a licensed architect in Ohio.

Joseph Pierce – Director of Appraisal & Consulting Services

Joseph Pierce has been a hospitality consultant and appraiser since 2003. He has completed appraisals, market feasibility studies, economic impact studies, and impact studies throughout the United States. Mr. Pierce has a wide range of experience in operations and accounting for hotels and resorts. Mr. Pierce was a Controller and Director of Finance and Accounting for Clarion, Renaissance, Marriott, and Westin Hotels. He also managed The Talbott Hotel, an independently-owned hotel in Chicago. Mr. Pierce received an MBA from Michigan State University's hospitality program in 1981 and a Bachelor of Science in Accounting from the State University of New York at Brockport in 1978. He is a Certified General Real Estate Appraiser in Ohio, Michigan and Pennsylvania.

Nuresh Maredia – Project Manager

Mr. Maredia is a hospitality consultant and appraiser and has completed assignments in over 30 states. Since joining Hotel & Leisure Advisors, Mr. Maredia has completed over 250 studies. He has generated appraisals, market feasibility studies, economic impact studies, and hotel impact studies for a wide variety of leisure and hospitality oriented property types. Mr. Maredia has a wide range of experience in hotels and resorts. He has worked in management positions at a hotel and restaurant in Texas and has also helped operate and manage four independent hotels near Mumbai, India. He has been a hospitality consultant since 2006. Mr. Maredia received a Masters of Science in Hospitality Business in 2005 and a Bachelor of Arts in Business Finance in 2003 from Michigan State University. He is a Certified General Real Estate Appraiser in Texas and Pennsylvania. Mr. Maredia heads our San Antonio office.

John A. Kelley III, CHIA – Associate

Mr. Kelley spent nearly five years working for Westin Hotels in Rhode Island and Maryland in the Rooms Division. During his tenure at LRA Worldwide, Inc., he completed over 500 hotel evaluations in 46 states across the United States and more than 20 countries throughout the Asia-Pacific, Europe, the Middle East, and North America. John is a graduate of Johnson & Wales University with a B.S. in Hotel and Tourism Management. In 2015, he completed his graduate studies at Northeastern University with a dual-master's degree in business and finance. He has been recognized by the American Hotel & Lodging Educational Foundation for his advanced studies and contributions to the hospitality industry and received Certification in Hotel Industry Analytics (CHIA) from AH&LEI and STR, Inc. Mr. Kelley is an adjunct professor at Cuyahoga Community College's Hospitality Management Center in Cleveland, teaching courses related to lodging and tourism. Mr. Kelley is Registered Real Estate Appraiser Assistant in Ohio and prepares appraisals, market feasibility studies, economic impact studies, and impact studies throughout the United States.

John Burke – Associate

Mr. Burke has over three year's revenue management experience with Hilton Worldwide where he oversaw a portfolio of over 150 focus service hotels, which generated over \$500M of revenue. During his time at Hilton, he tested the new Global Revenue Optimization (GRO) system, which was rolled out to all of Hilton's focus service brands. Prior to Hilton, Mr. Burke worked for InterContinental Hotels Group where he analyzed hotels' booking channels. John is a graduate of the University of South Carolina with a B.S. in Business Administration with a major in Accounting and a minor in Hotel, Restaurant & Tourism Management. Mr. Burke is Registered Real Estate Appraiser Assistant in Ohio and prepares appraisals, market feasibility studies, economic impact studies, and impact studies throughout the United States.

Kyle Mossman – Senior Research Analyst

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

Heidi Banak – Research Analyst/Marketing Coordinator

Ms. Banak conducts hospitality research and performs reviews and math checks of reports. She manages our website and other communications and coordinates our marketing efforts. Ms. Banak also provides administrative support. She received a Bachelor of Arts from Kent State University in 2003.

Hollie Gibbs – Research Analyst

Ms. Gibbs provides research and administrative support to Hotel & Leisure Advisors' staff members and performs reviews and math checks of reports. She received her Bachelor of Science degree in Journalism and Mass Communication from Kent State University.

Laura M. Sangree – Business Manager

Mrs. Sangree manages accounting, human resources, and technology functions for Hotel & Leisure Advisors. She received an MBA from the University of Chicago in 1988 and a Bachelor of Arts from The College of Wooster in 1984.

Melissa Kress – Administrative Coordinator

Ms. Kress performs reviews and math checks of reports and provides administrative support. Additionally, she performs research in connection with various hospitality topics. Ms. Kress has previous experience coordinating tradeshow operations across the United States and Canada. She received a Bachelor of Arts from John Carroll University in 1991.

Cheryl Higley – Research Analyst

Ms. Higley provides research support and performs reviews and math checks of reports. She worked previously with Hotel Management Magazine, Hotel Sales & Marketing Association International and Golfdom Magazine. She received a Bachelor of Arts degree in Journalism and Criminal Justice from Indiana University.

David J. Sangree, MAI, CPA, ISHC

President

Hotel & Leisure Advisors, LLC
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Phone: 216-228-7000 ext. 20
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E-mail: dsangree@hladvisors.com
www.hladvisors.com

Professional Affiliations

Appraisal Institute, MAI (Former President, Northern Ohio Chapter)
Cornell Hotel Society (Past Treasurer - Chicago, IL chapter)
Cornell University Real Estate Council
International Association of Amusement Parks and Attractions (IAAPA)
International Society of Hospitality Consultants (ISHC)
National Golf Foundation (NGF)
National Ski Areas Association (NSAA)
Ohio Hotel and Lodging Association
The School of Hospitality Business at MSU Real Estate & Development Advisory Council
The Appraisal Journal Review Panel
Urban Land Institute
World Waterpark Association (WWA)

Education

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

State Certification

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

Experience

- President, Hotel & Leisure Advisors, Cleveland, Ohio, since 2005
- Director of Hospitality Consulting and Principal, US Realty Consultants, Inc., Cleveland, Ohio, 2001-2005
- Director of Hospitality Consulting, US Realty Consultants, Inc., Columbus, Ohio, 1992-2001
- Financial & Training Consultant, Malawi National Credit Union League (US Peace Corps), Malawi, Africa, 1989-1991

- Senior Consultant in the Hospitality Group, Pannell Kerr Forster, Chicago, Illinois, 1987-1989
- Management positions with four Westin Hotels and Resorts in Cincinnati, Chicago, New York, and Fort Lauderdale, 1983-1987

Mr. Sangree's expertise is in the feasibility analysis, appraisal, and valuation of hotels, resorts, indoor waterpark resorts, waterparks, amusement parks, conference centers, ski resorts, casinos, land, and golf courses. He has performed studies on more than 2,000 existing and proposed hotels, resorts, and leisure properties in more than 46 states. He has performed hotel studies in all price ranges including economy, limited service, full-service, extended-stay, upper upscale, luxury, and resorts including indoor waterpark resorts.

He has extensive experience in performing market and feasibility studies, impact analysis, appraisals, economic impact studies, financial analysis and performance projections, site selection, and financial reviews for hospitality properties. He has been an active appraiser/consultant since 1987 and also has 10 years of work experience in the hotel/restaurant industry including management positions with four Westin Hotels properties.

Mr. Sangree is a nationally recognized expert on waterpark resorts and has visited most of the open waterpark properties in the United States and Canada. He has performed more than 500 studies of hotels and resorts with waterparks since 1999, and he maintains a database of statistical information concerning indoor and outdoor waterpark resorts. Mr. Sangree was named in 2008 one of *Aquatics International Magazine's* "Power 25." *Aquatics International* publishes an annual list of professionals it deems the most powerful people in the aquatics industry. Mr. Sangree was profiled as one of the first consultants serving the waterpark resort industry and for his expertise and experience in shaping some of the latest industry trends. Mr. Sangree has appeared on Good Morning America and CNBC on special reports concerning resorts and waterparks.

Recently Published Articles

"2015 Indoor and Outdoor Waterpark Supply Continues Growth as Surf Simulators Take Center Wave" *HotelNewsNow*, April 2015
"2014 Waterpark Resorts Supply and Demand Update" *HotelNewsNow*, March 2014
"Room Service more than Revenue Generator" *Hotel News Now*, August 2013
"Waterpark Resorts Supply and Demand 2013 Update" *Hotel Online*, January 2013
"Weight Loss Resorts are Boon for Developers" *Hotel News Now*, August 2012
"Perform Market Analysis with a Feasibility Study for Indoor Waterpark Resorts and Outdoor Waterparks" *Appraisal Journal* Spring 2012 and *WWA Development Guide*
"Top 10 Largest Hotel Brands Average Sale Prices" *Hotel News Now*, September 2011
"Waterpark Resorts Supply and Demand 2011 Update" *Hotel News Now*, August 2011
"The Lodging Market is Improving in Ohio's Big Cities" *Hotel Online*, September 2010
"Financing your Indoor Waterpark Resort in 2010" *Hotel News Now*, June 2010
"2009 Median Hotel Prices Plummet – Is it Time to Appeal Your Property Taxes?" *Hotel Online*, November 2009
"Financing Your Indoor Waterpark Resort in 2009" *Hotel Online*, September 2009
"Outdoor Waterparks: Private vs. Municipal" *Aquatics International*, September, 2009
"Indoor Waterpark Resort Supply Grows and Faces Challenges in 2009" *Hotel News Now* February, 2009

"Dealing With the Economic Downturn: 10 Ideas for Hotels and Resorts" *Hotel Online*, December, 2008
"Cleveland's Second Wind: 2008 Overview" *Hotel Online*, September, 2008
"Financing Your Indoor Waterpark," *World Waterpark Association's 2008 Development and Expansion Guide*
"Indoor Waterparks Surfing a Wave in North America in '08" *Hotel Online*, July 2008 and *Water Leisure and Lodging*, July, 2008
"Economic Impact Studies Help Land Financing" *Hotel Motel Management*, May 2008
"Unique Ways for Resorts to Radically Increase Revenue" *Developments Magazine and ARDA Publication*, April, 2008
"Indoor Waterparks Supply and Demand Growth in '07," *Lodging Hospitality*, September 2007
"Appraisal & Market Analysis of Indoor Waterpark Resorts," *Waterpark Development and Expansion Guide '07*
"Financing Your Indoor Waterpark Resort," *Waterpark Development and Expansion Guide '07 and Hotel Online*, August 2007
"Indoor Waterparks Make a Bigger Splash in North America," *Water Leisure & Lodging 2007 and Hotel Online*, July 2007
"Waterpark Resorts Top 10 by Revenue," *Waterpark Resorts Today Annual IT Book*, 2007-2008
"Adding a Waterpark to a Hotel: Is it a Good Idea?" *Hotel & Motel Management*, June 2006
"Ohio's Lodging Market: Historical Analysis & 2006 Forecast," *Hotel Online*, March 2006
"Indoor Waterparks and Hotels, a Case Study," *Hotel Investment Issues and Perspectives Fourth Edition*, January 2006 & *Hotel Online*, February, 2006

Quoted extensively in *CNN.com*, *Columbus Business First*, *Columbus Monthly*, *Hotel Business*, *Chicago Sun Times*, *Columbus Dispatch*, *Cleveland Crain's*, *Cleveland Plain Dealer*, *Cincinnati Business Courier*, *Fort Myers News-Press*, *Hotel Interactive*, *Cornell Hotel and Restaurant Quarterly*, *Meeting News*, *Aquatics International*, *Midwest Real Estate News*, *New York Times*, *CNBC*, *Albany Times Union*, *RCI Ventures*, *Time Magazine*, *USA Today*, and other publications. He has appeared on *CNBC* and *ABC* on segments concerning resorts and waterparks.

Recent Speaking Engagements

"Waterpark Resorts Market/Feasibility Analysis and Appraisal" presentations at the World Waterpark Association annual conventions in 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, and 2003
"Revenue Management-to Do List" Nov. 2014 at NATHIC Hotel Investment Seminar, Chicago, IL
"The Food Revolution" Nov. 2013 for NATHIC Hotel Investment Seminar, Chicago, IL
"Waterparks and Resorts Outlook" April 2013 for Aquatics International webinar
"Hotel Valuation Seminar" October 2012 at the Integra Realty Resources appraiser training in Las Vegas, NV
"Suburban Hotels Panel" July 2012 at the Midwest Lodging Investors Summit in Chicago, IL
"Overview of Cleveland Lodging Market" April 2012 at the Ohio Hotel and Lodging Association Cleveland Lodging Council Meeting, Cleveland Ohio
"Cleaning up Hotel Distress" July 2011 at the Midwest Lodging Investors Summit in Chicago, IL
"Valuation Issues Affecting Hotel Properties in the Current Real Estate Economy" August 2010 at the Institute for Professionals in Taxation in Cleveland, OH

"Indoor Waterpark Resorts: Where Are the Opportunities?"

July 2010 at the Midwest Lodging Investors Summit in Chicago, IL

"Opportunities for Innovation" April 2010 at the Cornell University School of Hotel Administration's Hotel Ezra Cornell (HEC) conference, Ithaca, NY

"Case Study Presentation on Performing a Market Feasibility Study" October 2009 at the International Society of Hospitality Consultants annual conference in Québec City

"Insights into 2010 Market Performance" October 2009 - a video segment on Hotel News Network interviewing Mr. Sangree along with other leading ISHC consultants

"Hotel Financing Track - Taking Advantage of Distress: Where are the Opportunities?" July 2009 at the Midwest Lodging Investors Summit in Chicago, IL

"Seminar on Hospitality Industry" February 2008 at the Northern Ohio Chapter of the Appraisal Institute quarterly meeting in Cleveland, OH

"Challenges of Obtaining Financing for Indoor Waterpark Resorts," November 2007 at the World Resort Leadership and Development Conference in Orlando, FL
Port Clinton Ohio City Council Meeting, Provided description of resort feasibility study and economic impact study performed for the city council and attendees in September and October, 2007

"Water Park Wars" An in depth news segment on Good Morning America on June 23, 2007 featured Mr. Sangree as an interviewee

"Feasibility Analysis for Indoor Waterpark Resorts," October 2006 at Cornell University's School of Hotel Administration Development Class

Litigation Assignments Involving Expert Testimony

Boone County Board of Revision (2015) Turfway Park, Florence, Kentucky	Cuyahoga County Board of Revision (2012) Re: 3 McDonald's Restaurants
Lancaster County Common Pleas Court (2014) Re: Sight & Sound Theater, Strasburg, PA	U.S. Bankruptcy Court (2012) Re: Holiday Inn Express Houston, Texas
Sauk County Circuit Court (2014) Re: Great Wolf Lodge Wisconsin Dells	Franklin County Board of Revision (2012) Re: Hilton Garden Inn & Comfort Suites Columbus, Ohio
Ohio Board of Tax Appeals & BOR (2013, 2014 & 2015) Re: Thistledown Racetrack, Warrensville Heights, Ohio	State of Tennessee Administrative Court (2012) Re: Embassy Suites Murfreesboro, Tennessee
Somerset County Common Pleas Court (2013) Re: Hidden Valley Resort, Somerset, PA	Clark County District Court (2012) Re: Stallion Mountain Country Club, Las Vegas, Nevada
Ohio Board of Tax Appeals (2013) Re: Shoreby Club, Bratenahl, Ohio	State of Michigan Tribunal (2011) Re: Radisson Hotel, Kalamazoo, Michigan
Ohio Board of Tax Appeals (2013) Re: Maui Sands Hotel, Sandusky, Ohio	Franklin County Board of Revision (2011) Re: Sheraton Suites, Columbus, Ohio
Hamilton County Board of Revision (2012) Re: Five Seasons Country Club, Cincinnati, Ohio	Nebraska Tax Equalization and Review Commission (2011) Re: LaVista Conference Center, LaVista, Nebraska

State of Virginia Circuit Court (2011)
Re: Keswick Club, Charlottesville, Virginia

Licking County Board of Revision (2010)
Re: Cherry Valley Lodge and CoCo Key
Indoor Waterpark, Newark, Ohio

Ohio Board of Tax Appeals (2010)
Re: Doubletree Hotel, Independence, Ohio

Ohio Board of Tax Appeals (2010)
Re: Courtyard Hotel, Willoughby, Ohio

San Diego Superior Court (2010)
Re: La Costa Resort and Spa, Carlsbad,
California

Board of Revisions Tax Appeal (2010)
Re: Crowne Plaza and Fairfield Inn,
Sharonville, Ohio

United States Bankruptcy Court (2010)
Re: Peek 'n Peak Resort, Findley Lake,
New York

Board of Review Tax Appeal, Lake Delton,
Wisconsin (2009)
Re: Great Wolf Lodge Wisconsin Dells

Board of Revisions Tax Appeal (2008)
Re: Residence Inn, Cleveland, Ohio

Marion County Indiana Superior Court
(2008)
Re: Indiana Stadium and Convention
Building Authority vs. Michael A. Maio

New York Supreme Court, Niagara County
(2008)
Re: Splash Outdoor Waterpark

State of Virginia Circuit Court (2005 and
2008)
Re: Keswick Club, Charlottesville, Virginia

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

Board of Revision Tax Appeals (2005)
Re: Various Residence Inns, Hilton Garden

Inn, Embassy Suites, Cuyahoga County,
Ohio

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

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

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

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

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

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

Eric B. Hansen, AIA, ISHC

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Cleveland, Ohio 44107-3921
Phone: 216-228-7000 ext. 21
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E-mail: ehansen@hladvisors.com
www.hladvisors.com

Professional Affiliations

Candidate for Designation in the Appraisal Institute
American Institute of Architects (AIA)
International Society of Hospitality Consultants (ISHC)
National Council of Architectural Registration Boards (NCARB)
Ohio Hotel & Lodging Association
Ohio Travel Association – President 2015/2016
Board Member 2010-2012
Secretary 2012/2013, Treasurer 2013/2014
Vice President 2014/2015
World Waterpark Association
National Association of Sports Commissions (NASC)

Education

Certification in Hotel Financial Management, Cornell University School of Hotel Administration, Executive Education Program, 2007
Bachelor of Architecture, University of Cincinnati, 1989

Appraisal Institute courses:

- Appraisal Principles
- Appraisal Procedures
- Fair Housing
- USPAP 15 hour
- Sales Comparison Approach
- Market Analysis and Highest and Best Use
- Cost Approach and Site Valuation
- Income Capitalization Approach I
- Income Capitalization Approach II
- Real Estate Finance Statistics and Valuation Modeling
- General Appraiser Report Writing and Case Studies
- Advanced Income Capitalization
- Online Business Practices and Ethics
- Advanced Quantitative Analysis
- Advanced Market Analysis and Highest and Best Use
- Advanced Concepts and Case Studies

Various continuing educational courses for AIA membership

State Certifications

Certified General Real Estate Appraiser in the State of Ohio, Michigan, and New York
Active Architectural License in the State of Ohio

Experience

- Director of Development Services, Hotel & Leisure Advisors, Cleveland, Ohio since August 2007
- Principal, Cole + Russell Architects, Inc., Cincinnati, Ohio 1992 - 2007
 - Hospitality Studio Director 1998 - 2004
 - Housing Studio Director 2004 - 2006
 - C+RA Board of Directors, Secretary, 2000 – 2006
- Intern Architect, Corporex Companies, Covington, Kentucky, 1988 - 1992

Mr. Hansen's expertise is in the project development analysis of hospitality facilities. Mr. Hansen is also active in preparing appraisals, market feasibility studies, and impact studies for hotels, resorts, waterparks, sports facilities, golf courses, conference centers, and other hospitality properties. Mr. Hansen offers over 20 years of experience in the hospitality industry and has been the responsible architect on over 65 hotels (9,000+ keys) and conference centers of various brands, including full service, extended stay, select service, and economy scales. In 2002, Mr. Hansen was invited to membership in the International Society of Hospitality Consultants as one of eight architects at that time in the membership. Leveraging his background in architecture, he brings expertise in performing feasibility analysis, property condition assessments, site planning and concept development, zoning expert witness testimony, jurisdictional due diligence, and PIP analysis. Mr. Hansen has worked with various major hotel company corporate offices and has extensive knowledge of brand criteria. His tenured experience includes leading his C+RA studio in their relationship with Marriott, as the Prototype Architect for the Courtyard by Marriott brand.

As a 20-year hospitality consultant with a foundation in architecture, financial management, and appraisal theory, Mr. Hansen brings well rounded expertise to various H&LA assignments and assists H&LA clients with their pre development, consulting, and valuation needs.

Published Articles

- "One Drop at a Time (Part Two)" *World Waterpark Magazine* October 2015
- "One Drop at a Time (Part One)" *World Waterpark Magazine* September 2015
- "Winning the Stay to Play Game" *Hotel News Now* February 2015
- "Hoteliers Score Business with Sports Groups" *Hotel News Now* May 2013
- "When the Waters Run Dry" *World Waterpark, Convention Issue*, October/November 2012
- "The Impact of State Incentivized Tourism Development" *Hotel Online*, May 2012
- "Making Sense of Green Certifications in Lodging Facilities" *Hotel Online*, September 2010
- "Financing your Indoor Waterpark Resort in 2010" *Hotel News Now*, June 2010
- "Property Condition Assessments: The Basics" *Hotel Online*, March 2009
- "Is Water Conservation at Waterparks Considered Oxymoronic?" *Hotel Online*, April 2008
- "Renovation Strategies for Success," *Hotel & Motel Management*, September, 2003

Speaking Engagements

April 2015

Presenter, National Association of Sports Commissions Sports Event Symposium, "Crafting an Impactful First Impression: A Hotel's Role in Sports Tourism"

October 2014;

Presenter, Ohio Conference on Tourism, "Political Action Committee"

April 2014;

Presenter, Quarterly Meeting of the Akron/Canton, Ohio Hotel & Lodging Association, "Akron/Canton Hotel Market Update"

January 2013;

Presenter, Quarterly Meeting of the Cleveland Chapter, Ohio Hotel & Lodging Association, "Cleveland Hotel Market Update"

October 2012;

Presenter, Ohio Conference on Tourism, "Political Action Committee"

October 2011;

Presenter, Ohio Conference on Tourism, "Legislative Action Fund"

April 2011;

Presenter, Quarterly Meeting of the Cleveland Chapter, Ohio Hotel & Lodging Association, "Cleveland Hotel Market Update"

November 2008;

Presenter, Ohio Hotel and Lodging Association, "Lodging Innovations; Design and Technology"

March 2004:

Guest Panelist, Hunter Investment Conference, "Hotel Renovations"

October 2003;

Presenter and Discussion Facilitator, ISHC Conference "IAAC Design Guidelines"

June 2001;

Presenter, Marriott's Link Ownership Conference "Building Codes in the Hotel Industry"

Hospitality Consulting Experience (Aug. 2007 – Present)

Since joining Hotel and Leisure Advisors, Mr. Hansen has completed more than 100 studies including feasibility studies, appraisals, economic impact studies, hotel impact studies, and property condition assessments. These studies have encompassed a wide range of projects including large-scale indoor waterpark resorts (with and without condominiums), high-end residential fractional analysis, full-service upscale hotels, residential and non-residential conference centers, multi-sport venues, golf courses, and theaters. Along with performing other miscellaneous consulting assignments including site analysis reviews, he has experience as an expert witness for litigation. In addition, Mr. Hansen created and developed the waterpark industry's first overall drought management plan specifically for indoor waterpark resorts located in drought prone areas of the country.


Hospitality Architectural Experience (1992 – 2007)

Marriott Full Service Hotels	Keys	Completion date
Birmingham, AL	295	1998
Cleveland, OH	295	2005
Coralville, IA	286	2004 (design only)
Cranberry, Twp PA	295	2003
West Des Moines, IA	240	1997 (reflag from Ramada)
DFW Irving, TX	491	1998 (addition design only)
Dublin, OH	295	1997
Erlanger, KY	295	1999

Ft. Worth, TX	295	2000
Indianapolis, IN	60	2008 (addition)
San Antonio, TX	260	2000 (reflag from Holiday Inn)
West Chester, OH	295	2002
Renaissance by Marriott		
Cleveland, OH	n/a	2000 (exterior renovation only)
Raleigh, NC	229	2007
St. Louis, MO	n/a	2003 (Owner's rep CA services only)
Courtyard by Marriott		
Consulting Brand Architect 1999-2002		
Austin, TX	24	2000 (addition)
Bernard's Twp, NJ	235	2001
Elizabeth, NJ	200	2002
Ewing Twp, NJ	130	2003
Fair Oaks, VA	n/a	2002 (lobby & guestroom renovation)
Golden, CO	90	1999
Hunt Valley, MD	n/a	2001 (lobby & guestroom renovation)
Lakewood, CO	90	1997
Landover, MD	n/a	2001 (lobby & guestroom renovation)
North Myrtle Beach, SC	138	1999
Paramus, NJ	153	2007 (design & CA services)
Salt Lake City, UT	150	1998
South Brunswick, NJ	144	2000
Woburn, MA	193	2002
Residence Inn by Marriott		
Austin, TX	88	1998
Chesterfield, MO	n/a	2004 (gatehouse & room renovation)
Elizabeth, NJ	196	2002
Frederick, MD	91	2002
Golden, CO	78	2002
Louisville, CO	82	1998
Louisville, KY	102	1999
Roundrock, TX	96	1998
Saddle River, NJ	174	2002
Salt Lake City, UT	78	1998
San Antonio, TX	29	1998 (addition)
Schaumburg, IL	121	2000
Fairfield Inn by Marriott		
Muskegon, MI	83	2003
TownePlace Suites by Marriott		
Lombard, IL	127	2001
Plantation, FL	102	2001 (design only)
Springfield, VA	135	2003
SpringHill Suites by Marriott		
Austin, TX	134	2001
Centreville, VA	136	2000
Durham, NC	120	2000
Louisville, KY	132	2001

Mishiwaka, IN	134	2000
Newark Airport, NJ	200	2004
Plantation, FL	155	2001 (design only)
Schaumburg, IL	132	2001
Hilton Garden Inn		
Columbus, OH	114	2005
Riverhead, NY	115	2008
Hampton Inn		
Albuquerque, NM	131	1994
Kings Mills, OH	34	1997 (addition)
Urbana, IL	35	2004 (addition)
Homewood Suites by Hilton		
BWI Airport, MD	147	1998
Billerica, MA	147	1999
Great Valley, PA	123	1997
Washington, DC	175	2001
Holiday Inn Express		
Greenville, OH	64	2001
The Savory Hotel & Spa		
Des Moines, IA	270	1998
	Complete renovation of historic full service hotel	
The WISP Mountain Resort		
McHenry, MD	2003	Exterior renovation of condo – hotel
NKU METS Center		
Erlanger, KY	2003	Independent ‘hi-tech’ conference center
First Watch Restaurants		
Roll-out program	2006-2007	
Various locations in Ohio, Pennsylvania, Kentucky, Florida, Maryland, Missouri, and Arizona.		

ADDENDUM II


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Occupational Employment Statistics Query System

OES  FONT SIZE:  

Occupational Employment Statistics

[\(For more information or help\)](#)
Area: Central New York nonmetropolitan area
Period: May 2014

Occupation (SOC code)	Employment ⁽¹⁾	Hourly mean wage	Annual mean wage ⁽²⁾
General and Operations Managers(111021)	1680	47.46	98730
Sales Managers(112022)	130	65.08	135360
Food Service Managers(119051)	90	24.91	51810
Managers, All Other(119199)	170	29.76	61900
Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers(339092)	310	10.77	22410
Food Preparation and Serving Related Occupations(350000)	11250	10.34	21500
Maids and Housekeeping Cleaners(372012)	960	10.22	21260
Office and Administrative Support Occupations(430000)	19170	16.09	33470
Hotel, Motel, and Resort Desk Clerks(434081)	200	10.88	22620
Construction and Extraction Occupations(470000)	4400	20.44	42520
Maintenance and Repair Workers, General(499071)	1590	17.51	36430

Footnotes:

(1) Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately. Estimates do not include self-employed workers.

(2) Annual wages have been calculated by multiplying the hourly mean wage by 2,080 hours.

SOC code: Standard Occupational Classification code -- see <http://www.bls.gov/soc/home.htm>

Data extracted on August 31, 2015

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U.S. Bureau of Labor Statistics | Division of Occupational Employment Statistics, PSB Suite 2135, 2 Massachusetts Avenue, NE Washington, DC 20212-0001

www.bls.gov/oes/ | Telephone: 1-202-691-6569 | [Contact OES](#)

**Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation
Otsego County, NY (Type II)**

INDUSTRY	Multiplier					
	Final Demand				Direct Effect	
	Output/1/ (dollars)	Earnings/2/ (dollars)	Employment/3/ (jobs)	Value-added/4/ (dollars)	Earnings/5/ (dollars)	Employment/6/ (jobs)
1. Crop and animal production	1.4060	0.3138	12.1426	0.6057	1.3626	1.2460
2. Forestry, fishing, and related activities	1.3077	0.4451	20.7028	0.7911	1.1992	1.1130
3. Oil and gas extraction	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4. Mining, except oil and gas	1.2683	0.3642	9.2191	0.7389	1.2196	1.2229
5. Support activities for mining	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
6. Utilities*	1.1430	0.1538	1.9808	0.7780	1.3028	1.8573
7. Construction	1.3658	0.4185	8.7679	0.7365	1.2671	1.3788
8. Wood product manufacturing	1.3279	0.1708	4.3907	0.5094	1.7052	1.7274
9. Nonmetallic mineral product manufacturing	1.2696	0.2203	4.6409	0.5469	1.4414	1.5396
10. Primary metal manufacturing	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
11. Fabricated metal product manufacturing	1.1750	0.1521	3.0826	0.5413	1.4038	1.5065
12. Machinery manufacturing	1.2347	0.2629	4.1560	0.5953	1.2800	1.5135
13. Computer and electronic product manufacturing	1.2462	0.3224	4.7762	0.8586	1.2416	1.4580
14. Electrical equipment and appliance manufacturing	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
15. Motor vehicle, body, trailer, and parts manufacturing	1.2393	0.1822	3.6755	0.2835	1.5058	1.5270
16. Other transportation equipment manufacturing	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
17. Furniture and related product manufacturing	1.2810	0.2880	7.0409	0.6651	1.2979	1.3151
18. Miscellaneous manufacturing	1.2571	0.3306	6.0778	0.7338	1.2333	1.3621
19. Food, beverage, and tobacco product manufacturing	1.4477	0.2056	5.5887	0.4715	1.9096	2.1601
20. Textile and textile product mills	1.3131	0.3782	9.1701	0.4939	1.2667	1.2823
21. Apparel, leather, and allied product manufacturing	1.2910	0.3867	10.2031	0.8258	1.2386	1.2332
22. Paper manufacturing	1.1851	0.1601	3.0094	0.4432	1.3919	1.5276
23. Printing and related support activities	1.2383	0.1951	4.4444	0.5037	1.4370	1.4798
24. Petroleum and coal products manufacturing	1.1237	0.1868	3.0225	0.3430	1.1951	1.3612
25. Chemical manufacturing	1.1590	0.1773	2.6938	0.4551	1.3277	1.5515
26. Plastics and rubber products manufacturing	1.2164	0.1890	4.1530	0.4998	1.3620	1.4046
27. Wholesale trade	1.3052	0.3504	5.7393	0.8373	1.2894	1.5159
28. Retail trade	1.3033	0.3503	11.7880	0.8501	1.2660	1.1930
29. Air transportation	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30. Rail transportation	1.2454	0.2147	3.5713	0.5675	1.4233	1.7695
31. Water transportation	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
32. Truck transportation	1.3352	0.2974	7.2407	0.6700	1.4096	1.4170
33. Transit and ground passenger transportation*	1.2792	0.4310	16.1969	0.8782	1.1882	1.1308
34. Pipeline transportation	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35. Other transportation and support activities*	1.3216	0.4535	9.8851	0.8935	1.2172	1.2860
36. Warehousing and storage	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
37. Publishing industries, except Internet	1.3466	0.4438	8.4324	0.6836	1.2360	1.3517
38. Motion picture and sound recording industries	1.2719	0.3316	7.8657	0.7417	1.2530	1.2803
39. Broadcasting, except Internet	1.2781	0.3329	4.0476	0.5332	1.2659	1.6858

(Continued)

Region Definition: Otsego, NY

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2010 data, the output delivered to final demand should be in 2010 dollars.

4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.

6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.--Multipliers are based on the 2010 Annual Input-Output Table for the Nation and 2010 regional data. Industry List B identifies the industries corresponding to the entries.

SOURCE.--Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.

**Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation
Otsego County, NY (Type II)**

INDUSTRY	Multiplier					
	Final Demand				Direct Effect	
	Output/1/ (dollars)	Earnings/2/ (dollars)	Employment/3/ (jobs)	Value-added/4/ (dollars)	Earnings/5/ (dollars)	Employment/6/ (jobs)
40. Telecommunications	1.2214	0.1879	3.0771	0.7049	1.3747	1.6676
41. Internet and other information services	1.2956	0.2558	4.2740	0.6594	1.4062	1.8028
42. Federal Reserve banks, credit intermediation and related services	1.2407	0.1863	3.2218	0.7108	1.4684	1.9102
43. Securities, commodity contracts, investments	1.3642	0.3569	6.7164	0.5805	1.3242	1.4605
44. Insurance carriers and related activities	1.3577	0.2527	4.2109	0.8739	1.4263	1.6281
45. Funds, trusts, and other financial vehicles	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
46. Real estate	1.1405	0.0517	2.1128	0.7801	2.3412	1.4889
47. Rental and leasing services and lessors of intangible assets	1.4005	0.4995	8.6867	0.9805	1.2573	1.4087
48. Professional, scientific, and technical services	1.3885	0.5286	8.7175	0.9552	1.2226	1.4309
49. Management of companies and enterprises	1.3912	0.5458	6.7683	0.8912	1.2189	1.6301
50. Administrative and support services	1.3028	0.3602	12.5224	0.8579	1.2629	1.1915
51. Waste management and remediation services	1.3959	0.3627	7.2486	0.7550	1.3816	1.5160
52. Educational services	1.3865	0.5041	14.6272	0.8944	1.2183	1.2024
53. Ambulatory health care services	1.4214	0.5367	10.5645	0.9503	1.2506	1.3598
54. Hospitals	1.4092	0.4614	8.6709	0.7927	1.2695	1.3998
55. Nursing and residential care facilities	1.3803	0.4926	15.5767	0.9135	1.2233	1.1848
56. Social assistance	1.3826	0.4970	20.5461	0.8764	1.2252	1.1370
57. Performing arts, spectator sports, museums, zoos, and parks	1.3812	0.4442	14.3896	0.8340	1.2518	1.1944
58. Amusements, gambling, and recreation	1.3587	0.4297	20.4476	0.8704	1.2494	1.1230
59. Accommodation	1.3850	0.3424	9.7789	0.7774	1.4007	1.3353
60. Food services and drinking places	1.3349	0.3476	15.5323	0.7422	1.2984	1.1523
61. Other services*	1.3846	0.4459	11.2484	0.7930	1.2669	1.2847
62. Households	0.6361	0.1555	4.4215	0.3994	0.0000	0.0000

Region Definition: Otsego, NY

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2010 data, the output delivered to final demand should be in 2010 dollars.

4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.

6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.--Multipliers are based on the 2010 Annual Input-Output Table for the Nation and 2010 regional data. Industry List B identifies the industries corresponding to the entries.

SOURCE.--Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.