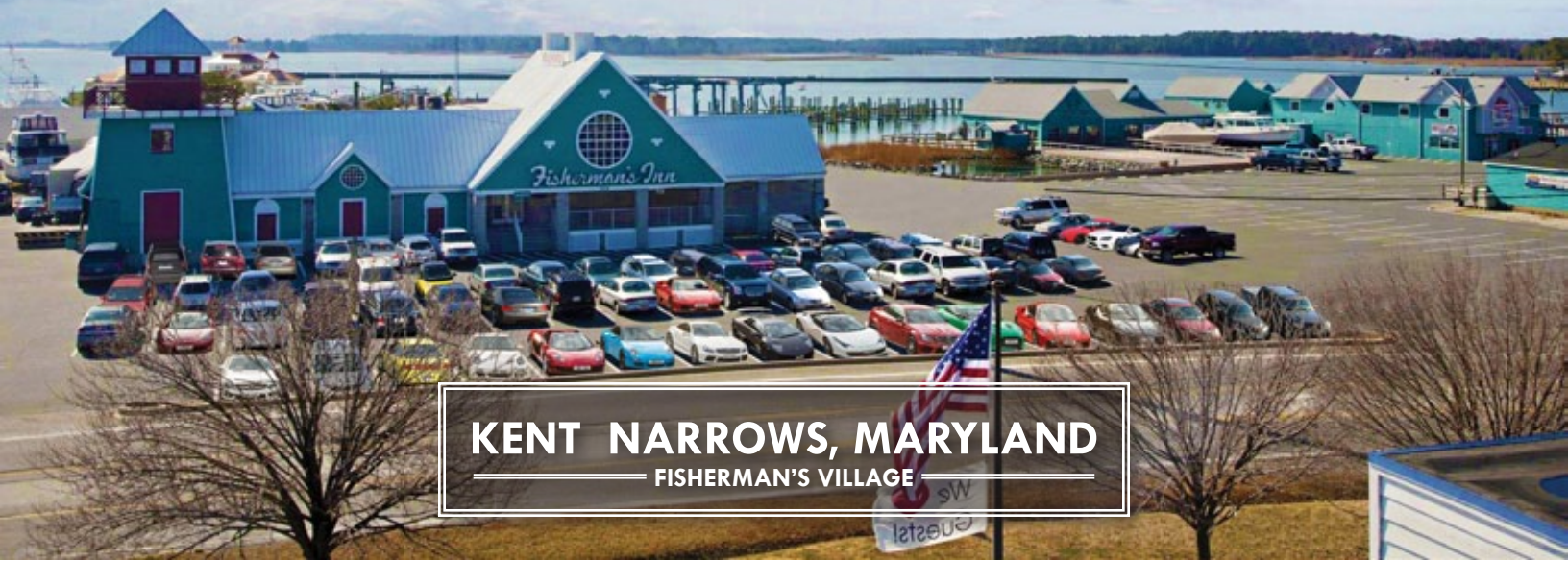




# HYATT PLACE



**KENT NARROWS, MARYLAND**  
FISHERMAN'S VILLAGE

## DEVELOPMENT & FINANCING REQUEST

HYATT PLACE KENT NARROWS CONFERENCE & BANQUET CENTER



**MACKENZIE CAPITAL**

COMMERCIAL REAL ESTATE FINANCE





**Executive Summary 01**

**Sponsorship 02**

**The Project 03**

**Location 04**

**Market Analysis 05**

**Financials 06**

**PACE 07**



PROPOSED  
HYATT  
PLACE

P

Blue Star Memorial Hwy

Blue Star Memorial Hwy

Main St

Main St

# 01

## Executive Summary







## Overview

<b>Name</b>	Hyatt Place Kent Narrows Banquet and Conference Center (Fisherman's Village)														
<b>Address</b>	3028 Kent Narrow Way S Grasonville, MD 21638														
<b>Project</b>	99 rooms/suites (50% waterfront, 100% water views) 4 stories over parking Upper segment select service hotel 8,500 square feet of banquet/convention space 44 boat slips/marina 183 parking spaces														
<b>Land</b>	2.5 Acres														
<b>Management Agreement</b>	American Resort Management (Erie, PA)														
<b>Franchise Agreement</b>	Hyatt Place Franchising, LLC - - - 25 years after opening date														
<b>Total Redevelopment Costs</b>	\$27,912,275 without land														
<b>Loan to Cost</b>	66%														
<b>Stabilized NOI</b>	\$3,167,711														
<b>Loan Request</b>	\$21,673,775 Construction → Mini-Perm Loan														
<b>Capital Stack</b>	<table border="1"> <tr> <td>Construction Debt</td> <td>\$21,673,775</td> </tr> <tr> <td>PACE Funding/Mezzanine Debt/Preferred Equity</td> <td>\$4,500,000</td> </tr> <tr> <td>Queen Anne's County BRIDGE Fund</td> <td>\$300,000</td> </tr> <tr> <td>Queen Anne's County EDIF Fund</td> <td>\$200,000</td> </tr> <tr> <td>Land Equity (at Building Permit)</td> <td>\$5,000,000</td> </tr> <tr> <td>Partnership Equity</td> <td>\$1,238,500</td> </tr> <tr> <td><b>Total Capital</b></td> <td><b>\$32,912,275</b></td> </tr> </table>	Construction Debt	\$21,673,775	PACE Funding/Mezzanine Debt/Preferred Equity	\$4,500,000	Queen Anne's County BRIDGE Fund	\$300,000	Queen Anne's County EDIF Fund	\$200,000	Land Equity (at Building Permit)	\$5,000,000	Partnership Equity	\$1,238,500	<b>Total Capital</b>	<b>\$32,912,275</b>
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Queen Anne's County BRIDGE Fund	\$300,000														
Queen Anne's County EDIF Fund	\$200,000														
Land Equity (at Building Permit)	\$5,000,000														
Partnership Equity	\$1,238,500														
<b>Total Capital</b>	<b>\$32,912,275</b>														
<b>Hyatt Franchise Key Money</b>	\$400,000 (received at certificate of occupancy)														
<b>Sponsors</b>	Jody Schulz Oscar Schulz														



50 Blue Star Memorial Hwy

18 Main St

Kent Narrow Way N

Kent Narrows Rd

KENT NARROWS

THE BIG OWL TIKI BAR

NARROWS

Kent Narrow Way S

HYATT PLACE



Yacht Club Dr

KENT ISLAND YACHT CLUB

# Fisherman's Village

With 10 acres and 70 boat slips under their control (18 acres including the future "Boatel" site), the Schulz family is the largest land owner in Kent Narrows.



 Owned by Schulz Family

WELLS  
COVE



# HYATT PLACE





## Project Highlights

### → History / Schulz Family / Kent Narrows

- » Family has been operating in Kent Narrows, Maryland for 4 generations
- » Oscar “Sonny” Schulz and 3 sons (Betty Schulz deceased 2011)
- » Founded Fisherman’s Inn 1930
- » Purchased Fisherman’s Seafood Market 1975
- » Opened Crab Deck 1991
- » Purchased Anglers Marina 2007
- » Purchased Fisherman’s Marina (hotel site) 2009



### → Sponsorship

- » Jody Schulz
  - Lifelong Queen Anne’s County resident
  - Retired NFL player (Philadelphia Eagles)
  - Developed 100+ houses and numerous commercial projects
  - Community leader
    - » Kent Island Volunteer Firefighter (38 years)
      - President
      - Firefighter of the Year (2009)
    - » On 11 regional/local boards
- » Sonny Schulz
  - Queen Anne’s County Treasurer 1970-1974 & 1974-1978
  - Queen Anne’s County Commissioner 1982-1986 & 1990-1994
  - On 10 boards and member of 11 civic organizations



### → Improvements

- » 99 rooms
  - 50% Waterfront
  - 100% Water views
- » 8,500 sf conference space/event space
- » Indoor pool
- » 44 boat slips



### → Market/Location

- » Kent Narrows, Maryland - Seafood capital of Eastern Shore
- » Adjacent restaurants do over \$10 million in revenue per annum
- » 45 minutes from Washington, D.C. and Baltimore, Maryland
- » 15 minutes from Annapolis, Maryland
- » 5 miles from Queenstown Premium Outlets
- » 5 miles from Queenstown Harbor Golf Course
- » 5 miles from Chesapeake Bay Beach Club
  - One of the most sought after wedding destinations in Mid-Atlantic
  - 150+ weddings/year







## The Vision

**Hyatt Place Kent Narrows'** mission is to be the region's premier Resort and Conference Center by distinguishing its services not only as unique but above and beyond all other competing facilities and resorts by offering a "hub and spoke" business and above standards amenities. Kent Narrows is the Gateway to the Eastern Shore and the resort will capitalize on the location to offer an exceptional experience to hotel guests.

Hospitality is experienced based. The sponsors' commitment is to provide memorable experiences through personalization and a commitment to customer satisfaction. To accomplish this, the project is committed to hiring the most skilled management company who will in turn ensure our staff will be well trained, friendly and always willing to go above and beyond the call of duty to cater to our guests' individualized needs. A testament to this vision is the Fisherman's Inn which has been open since 1930 and is located on the adjacent parcel and is owned and managed by the same sponsors. This unique location is one of the only places that can offer such a diverse range of amenities while still being only less than an hour drive from Baltimore and Washington, D.C.

The three main elements of a successful resort are: atmosphere, quality facilities, and superior service. Most consumers or customers will return to resorts that typically only provide two of these important elements. Hyatt Place Kent Narrows Banquet and Conference Center will provide all three of these on a daily and consistent basis.

### Keys to Success:

- » On the water
- » Newest lodging product in the region
- » Affiliation with the internationally respected Hyatt flag
- » A new and emerging brand with the freshest room design in years
- » Superior location for business travelers/convention markets
- » Wedding business
- » Proximity to nationally recognized attraction(s)
- » Dining and shopping
- » State of the art conference & banquet space
- » Easy access off major highway with significant year-round traffic counts
- » Baltimore/Washington location is less than an hour drive



*Kent Narrows*



HYATT  
PLACE



# 02

## Sponsorship





## Schulz Family

The Schulz family has been involved in the operations of The Fisherman's Inn since its inception in 1930. Through the years Sonny and Betty Schulz have strived to continually improve the restaurant/expand its size and capitalize on its location. After the opening of the 2nd Bay Bridge span Sonny lead an effort to rebuild The Fisherman's Inn in the early 1970s. Sonny's three boys grew up working in the restaurant business.

Seeing potential for underutilized land adjacent to the Fisherman's Inn, Jody spearheaded the effort to open up the Crab Deck Restaurant. The Crab Deck opened in 1991 and is a seasonal restaurant and features a more relaxed setting compared to The Fisherman's Inn. The Crab Deck has capacity for over 300 patrons. Jody discovered his knack for real estate development as he went through the process of developing the Crab Deck Restaurant. From this experience, he was able to grow and develop several other projects throughout the region.

Jody has successfully developed over 100 housing sites across the Eastern Shore. These sites entailed acquiring the land, re-zoning the property and completing both the horizontal and vertical construction of the homesites. Jody has also successfully lead to completion a new \$10 million development of the Kent Island Volunteer Fire Station and a small office building that is now fully leased.

Jody and Sonny are very active in the community. Sonny Schulz is a member in no less than 25 civic and professional organizations and various boards and has served in numerous leadership roles. Sonny has been honored with awards such as the Maryland Seafood Ambassador as well as Queen Anne's County Outstanding Citizen Award. Sonny has also been elected to Treasurer of Queen Anne's County (1970-1978) and was Queen Anne's County Commissioner from 1982-1986 and 1990-1994.

Jody Schulz has followed in his fathers footsteps. Jody is currently a member of 17 organizations and boards. He is extremely active in Queen Anne's County were he serves on the: Economic Development Commission, Ethics Commission, Emergency Services, Comprehensive Planning Boards and Chairman of Kent Narrows Development Foundation. Jody has also been honored as the Kent Island Volunteer Firefighter of the Year as well as elected into three Athletic Halls of Fame.

The Schulz family has been and will continue to be involved in Queen Anne's County development and living as model citizens.

.....  
**The Schulz family *is* Kent Narrows.**  
.....





## American Resort Management

American Resort Management (ARM) currently manages nearly 2,400 rooms spread across the country. This portfolio includes 2 of the Hyatt Place hotels. One of these properties is considered to be the “Sister” property to the subject property in Kent Island. It was due to this similarity that the franchise director at Hyatt recommend ARM to be the management company to Jody Schulz.

ARM also has extensive development experience and assisting developers navigate the pre-development process. It is through this skill set that ARM is able to provide the developer with invaluable advice and correct problems before they occur and cause costly delays and cost overruns.

## Richard “Rick” Coleman

Mr. Coleman has been involved in the hospitality and amusement industries for over 25 years. His career has encompassed all aspects of hotel, food and beverage, conference center, amusement, and indoor water park operations. He has extensive experience ranging from development, financing, branding, launch and daily management of single and multi-unit properties, representing many nationally flagged and independent locations.

Over the past decade Mr. Coleman has been directly involved in numerous large scale hotel, resort and themed attraction projects totaling over \$ 500M in development. Mr. Coleman has extensive experience in EB-5, USDA and other non-traditional funding programs.

Mr. Coleman has focused his career on providing the best guest experience possible through the efforts of recruiting, training, and motivating management and staff. He has written, produced and implemented dozens of orientation, training and retention programs.

A frequent lecturer and guest speaker, Mr. Coleman works tirelessly promoting the need for a return to more personalized and “old world” service. Mr. Coleman has written and delivered dozens of property specific orientation programs for managers and associates that motivate individuals to reach for excellence. Mr. Coleman also created and developed the “Aloha Spirit” Orientation and Training Programs as well as the “Housekeeping Games” Employee Retention Program.

Mr. Coleman holds the following certifications and memberships: Certified Hotel Administrator from the American Hotel & Lodging Association, member of International Association of Amusement Parks and Attraction, certified Ride Inspector for the State of Pennsylvania Department of Agriculture.





# HYATT PLACE



# 03

## The Project





Hyatt Place Kent Narrows will be ideally situated in the center of Fisherman's Village, a popular destination for dining and recreation, and integral to the success of Kent Narrows.



Chesapeake Heritage Center



Red Eye's Dock Bar



Harris Crab House



Chesapeake Heritage Center



Island Athletic Club



Future "Boatel"



Owned by Schulz Family

With 10 acres and 70 boat slips under their control (18 acres including the future "Boatel" site), the Schulz family is the largest land owner in Kent Narrows.



Anglers Marina / The Big Owl Tiki Bar



The Narrows Restaurant



Kent Island Yacht Club



Holiday Inn Express Annapolis - Kent Island



Best Western Kent Narrows Inn



Crab Deck & Seafood Market



Fisherman's Inn



Bridges on Kent Narrows



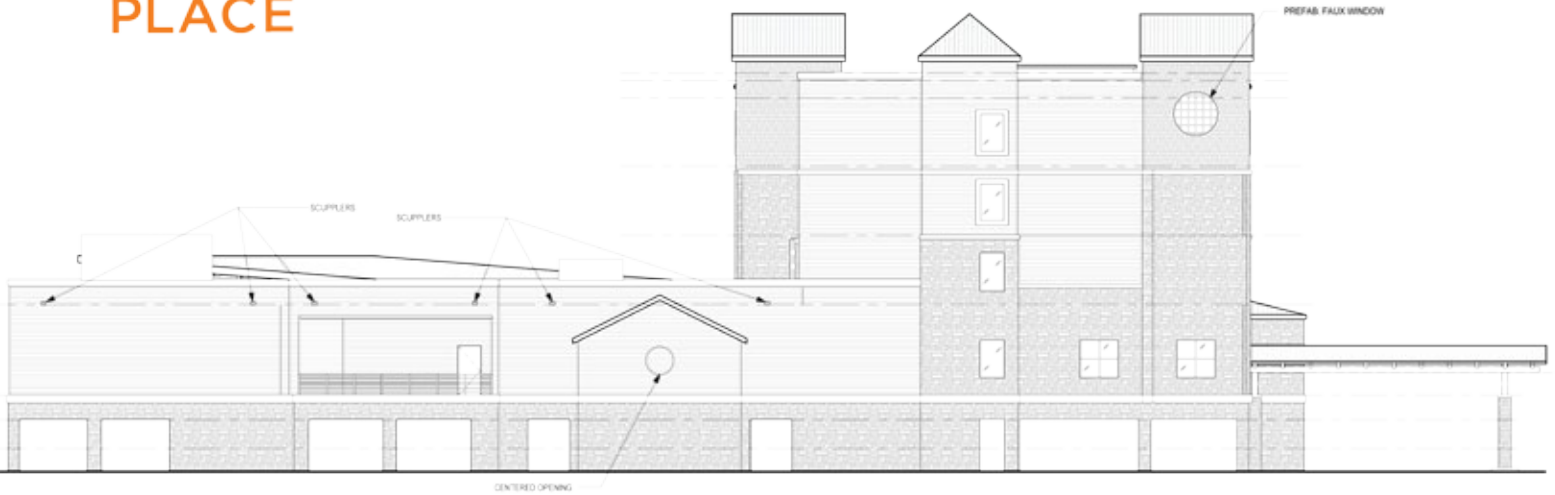
The Jetty



Hilton Garden Inn Kent Island



WELCOME  
TO A  
*different*  
PLACE



## East (Side) Elevation



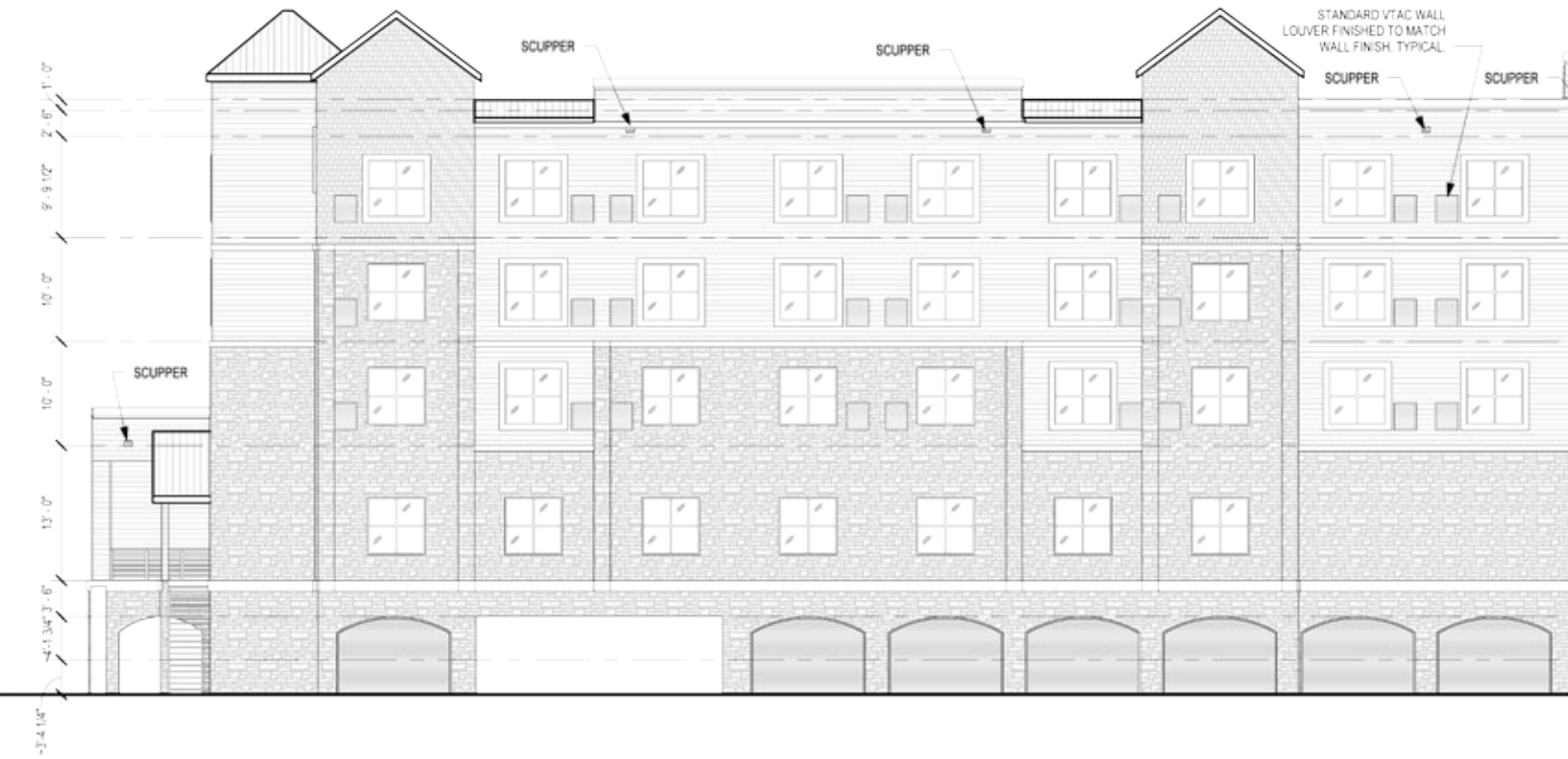
## E Elevation (Facing Fisherman's Inn)



West (Side) Elevation



SW Elevation



North (Front) Elevation

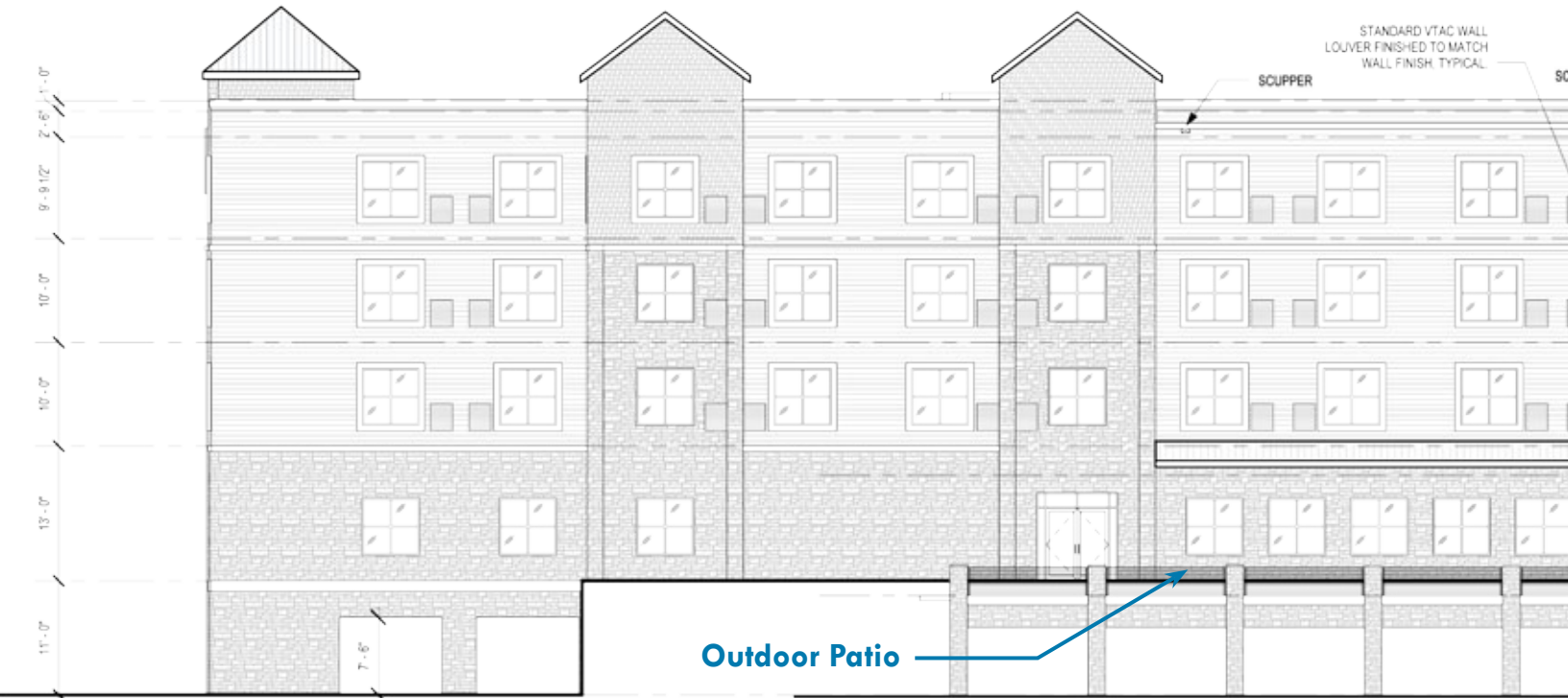


NW Elevation (Facing Route 50)



ILLUMINATED HYATT SIGN. HYATT APPROVED VENDOR TO PROVIDE FULL SUBMITTAL W/ SHOP DRAWINGS FOR REVIEW BY ARCHITECT AND HYATT.





South (Waterfront) Elevation

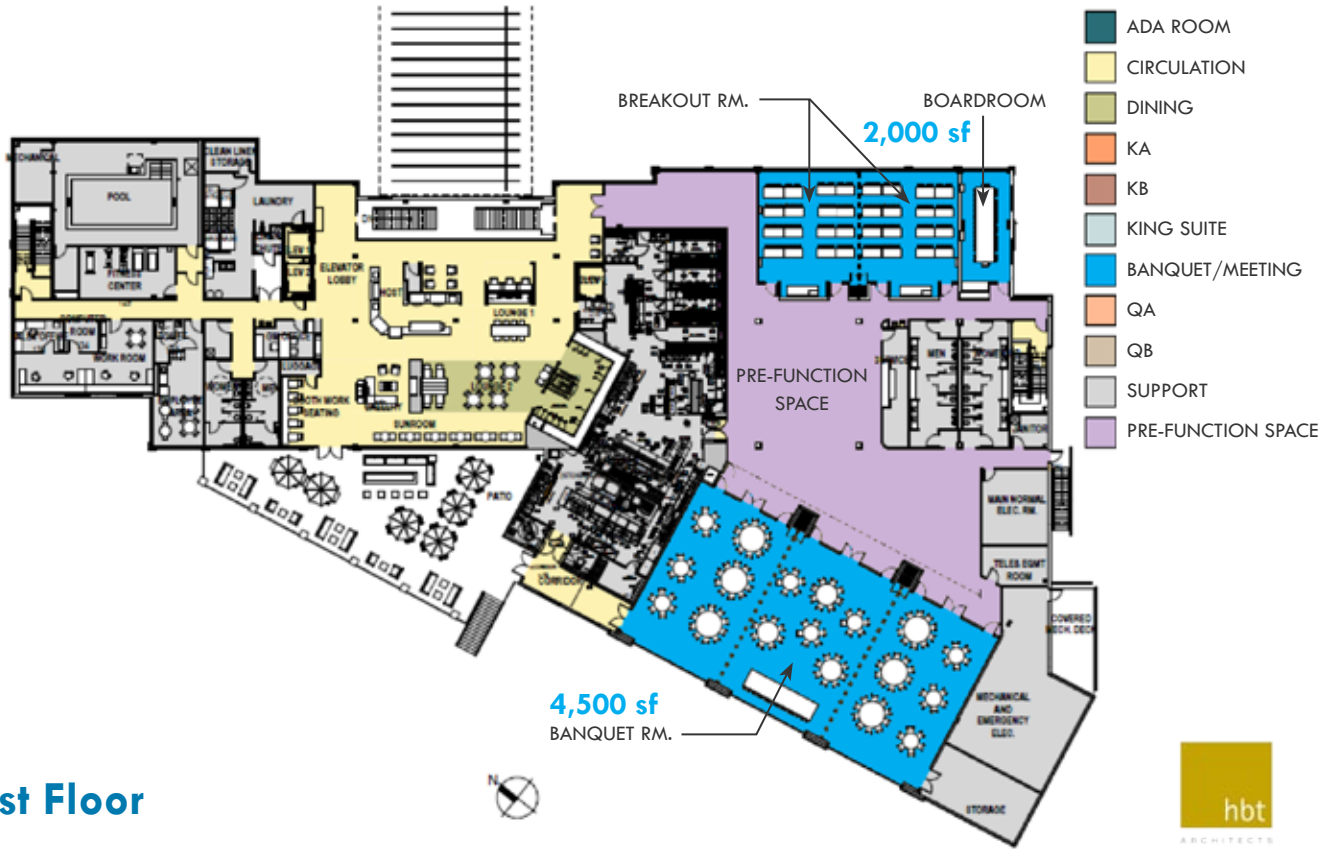


S Elevation (Facing Wells Cove)



Banquet Rm.





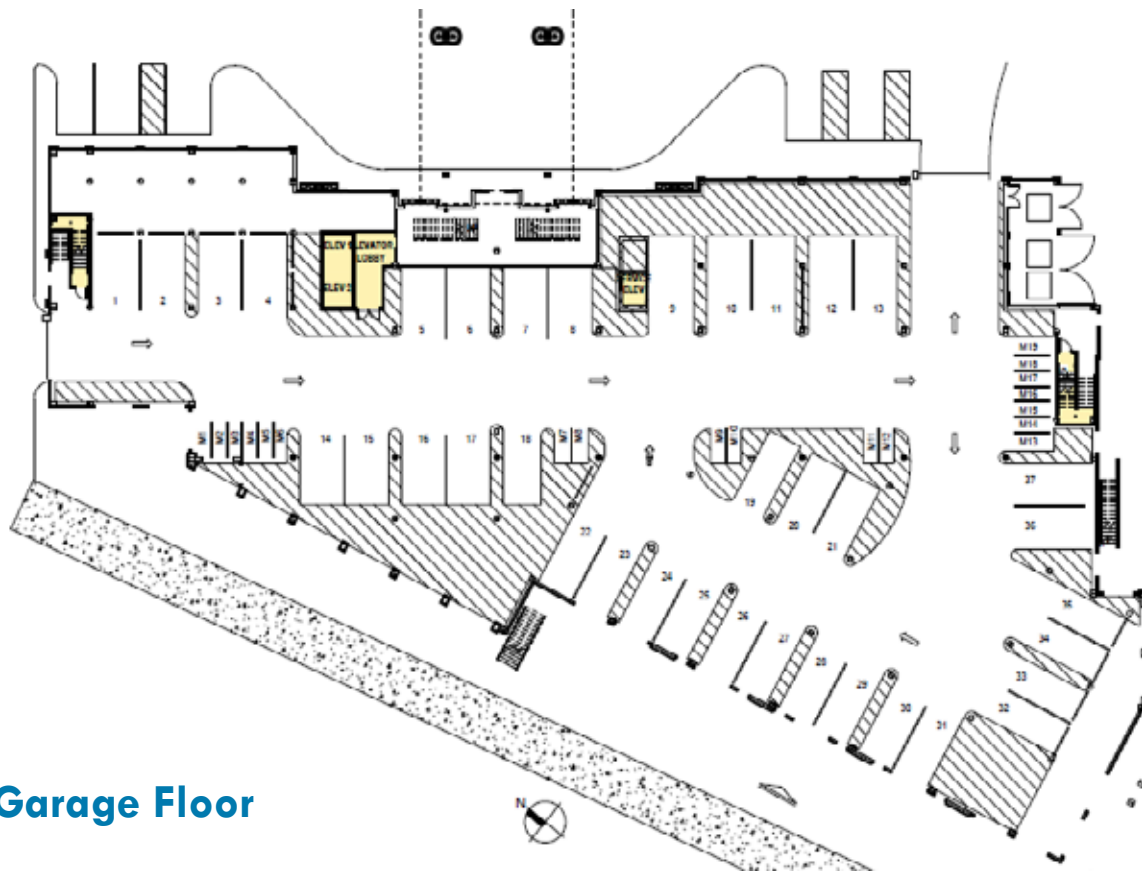
**Room Matrix**

FLOOR	AREA	KING	Q/Q	SUITE	K ADA	Q/Q ADA	TOTAL
G	592 SF	0	0	0	0	0	0
1ST	26,898 SF	0	0	0	0	0	0
2ND	17,809 SF	8	21	1	1	2	33
3RD	17,809 SF	10	20	2	1	0	33
4TH	17,809 SF	10	20	2	1	0	33
<b>TOTAL</b>	<b>80,917 SF</b>	<b>28</b>	<b>61</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>99</b>



Room Matrix							
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4TH	17,809 SF	10	20	2	1	0	33
TOTAL	80,917 SF	28	61	5	3	2	99

### 3rd & 4th Floors



### Garage Floor







## Facilities Overview

- » **99 rooms & suites hotel**
- » **183 parking spaces**
- » **8,500 sf state-of-the-art banquet/conference center**
- » **Indoor pool**
- » **Modern fitness center**
- » **Hotel bar**
- » **44-slip marina (existing)**
- » **Adjacent to the Crab Deck and Fisherman's Inn (\$10 million/yr. in revenue)**
- » **Ground level under building covered parking**

## Building Amenities

- » Hyatt Grand Bed featuring pillow top mattresses, down blankets and triple sheeting
- » Cozy Corner with oversized sectional sleeper sofa
- » 42" flat panel HDTV with the Hyatt Plug Panel, allowing easy connectivity for your media devices, including laptops and mp3 players
- » Oversized desk and premium task chair
- » Upgraded bathroom fixtures and granite vanity tops
- » All rooms with water view
- » Free Wi-Fi throughout the hotel
- » Direct access to the waterfront; Guests have use of all outdoor facilities (during season)
- » State-of-the-art fitness center
- » Relaxing swimming pool
- » Starbucks
- » Gallery Kitchen available 24 hours a day through touch screen ordering
- » Bakery Café
- » E-Room Business Center
- » Waterfront deck, piers and docks





## Room Breakdown

The room breakdown will roughly be one third king rooms and two thirds queen/queens. This breakdown of rooms is ideally situated to host events that range in size to host 150-200 people. The room breakdown allows guests that can range from single guests, couples, as well as families. The ADA compliant rooms are not only a brand requirement but can further add an option to handicapped guests to stay in the hotel and be able to use/have access to all the same room amenities.

Room Type	Room Count
King	28
Queen/Queen	61
Suite	5
King ADA	3
Queen/Queen ADA	2
<b>Total Room Count</b>	<b>99</b>

## Banquet & Conference Center

The **Banquet & Conference Center** will be the most versatile space in the region. With over 8,500 square feet of flexible space, guests can choose from one of several breakout rooms: the stately Boardroom or the Grand Waterfront Ballroom. The beautiful facilities will be enhanced by a state-of-the-art audio, visual and technology packaging, making this the perfect facility to handle conferences or social events with extraordinary efficiency and impact.

The Hyatt Place Kent Narrows will offer turn-key service. Guests are more and more looking for a “one stop shop” for conferences and banquets. An event planner can organize the rehearsal dinner, the wedding ceremony, the reception *and* the morning-after brunch.

Food, Beverage & Catering Production is located within and adjacent to the hotel and “resort” and will consist of multiple food and beverage outlets. Besides the Hyatt brand “Gallery Grab n Go” and Bakery Café there will be an additional lounge, as well as the existing Fisherman’s Inn, Crab Deck Restaurant and The Big Owl Tiki Bar. The Fisherman’s Inn and The Crab Deck gross over \$10 million a year in revenue.

The Kent Narrows Banquet and Conference Center will be connected to the hotel and will complement the existing catering and facility rental offered within the Fisherman’s Village complex. Within the Hyatt Place Kent Narrows, guests can enjoy freshly prepared snacks and entrees any time of the day or night at the Gallery, Bakery Café or the comfort of their own room.





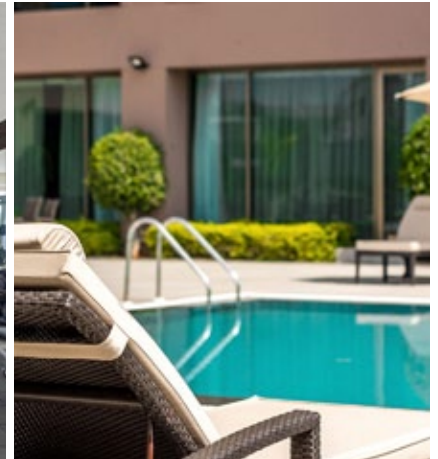
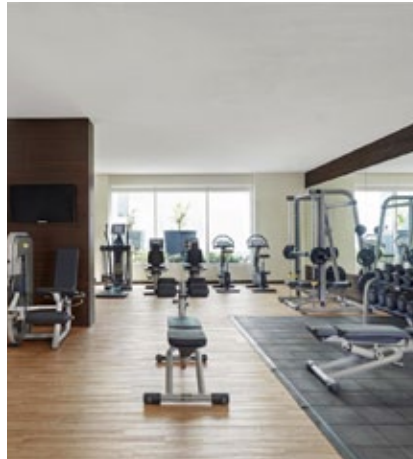
## Additional Amenities

The **Gallery** blends contemporary décor with distinctive architecture, stylish furnishings, and unexpected touches to create an atmosphere of casual hospitality. The Gallery is a warm and open area that features a check-in kiosk, an intimate coffee and wine café, a TV den, and a room with free access to public computers and a printer.

**Starbucks** espresso drinks and teas will be available for purchase in the Bakery Café. At the end of the day, guests can unwind at the Bakery Café with Canvas wine produced exclusively for Hyatt by Michael Mondovi. In addition to a selection of imported and domestic beers, guests can enjoy a variety of warm and crispy appetizers.

Adjacent to the Bakery Café is the **Grab 'n Go** case. A selection of freshly prepared salads, sandwiches, juices, sodas and more will be available for guests to take with them.

The Hyatt Place Kent Narrows will offer guests the ability to enjoy a beverage in the conversational areas of the hotel's stylish lobby or on the waterfront deck, enjoying the scenic view.





## Marina

The Fisherman Marina is just steps outside the doors of the hotel and conference center. Resort guests can venture out on chartered fishing trips and excursions, or, for those looking for a more hands-on experience, a variety of watercraft will be available for rent and charters. Transient dock slips are also available.

The current marina includes 44 slips, including 2 T-piers, and can accommodate boats of sizes drawing up to 10 feet. The marina has the ability for every slip to have access to water as well as electricity. Boaters can use these hookups to charge equipment, power small appliances and run their onboard air-conditioning on their boats. The water is potable but also gives boaters easy access to a connection where a hose can be attached for boat maintenance and cleaning.

Marina slips rent for \$250/month. Rental slips are a “sticky” cost for boaters, meaning boaters are not likely to move their boats to another marina if one is only a few dollars cheaper. The marina attached to the hotel also has several slips rented out to yacht brokerage companies. These slip agreements are provided for in the leases for their office space. Kent Narrows’ close location to Annapolis, Baltimore, and Washington, D.C. make it an ideal location for yacht brokers to set up their operations in Kent Narrows. With easy access to the Bay and close driving time to a large high net worth population, yacht brokers do very well in Kent Narrows.

The marina generates roughly \$63,000 in net operating income a year. Due to the low cost of operations, the marina is a very profitable venture. Marina income and costs are expected to increase with the cost of inflation.





## Hyatt Brand

The next generation of select service.

Hyatt Place is an upscale select service brand that is differentiated from its competitors by its modern product design, smart features, relaxed service model and fresh aesthetic.



Unique service model that offers a seamless guest experience and drives operational efficiencies



Industry leader in defining the upscale select service category



Smartly designed, high-tech and modern environment

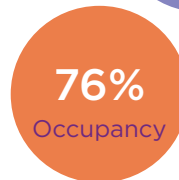
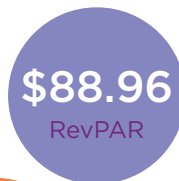
With over 200 open hotels, the Hyatt Place brand continues to grow by thoughtfully expanding in locations around the world.



Hyatt Place caters primarily to individual guests, frequent business travelers, and small corporate and executive meetings. Our guests are looking for a seamless experience complete with modern amenities that accommodate their multi-tasking lifestyle, helping them balance work and play.



Hyatt Place offers exceptional guest experiences that are positively impacting brand performance.



### HYATT GOLD PASSPORT

46%

Approximate percentage of aggregate Gross Rooms Revenue that Hyatt Gold Passport members generated

14,314

The average number of room nights that Gold Passport members occupied at each Mature Hotel

39%

Approximate percentage of aggregate room nights occupied by Hyatt Gold Passport members

72.1%

Percentage of our guests who are very likely to recommend Hyatt Place after their stay

Hyatt Place is making industry experts take notice as the brand expands into more locations around the world.

“Hyatt Place... provides a truly impressive return on one’s lodging investment.”

USA Today

“Many established all-suites and extended-stay hotels provide plenty of space but fall short on style. Hyatt Place challenges the status quo with their customary, luxurious Grand Bed and sleek furnishings in every room.”

Fodor’s

TOP PERFORMER  
in upscale hotel segment

2012 Consumer Reports Magazine

NUMBER ONE  
select service brand

2012 & 2013 Business Travel News

HIGHEST IN GUEST SATISFACTION  
for upscale hotel chains

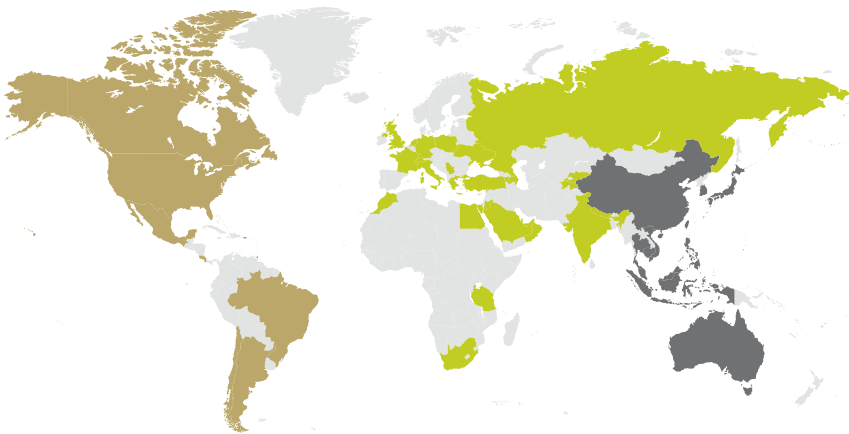
2015 J.D. Power Hotel Guest Satisfaction Index Study<sup>SM</sup>  
J.D. Power



Hyatt is large enough to have global reach and influence, yet small enough to be collaborative and responsive in the approach they take toward working with hotel owners to maximize the value of their investment.

Hyatt is focused on enhancing their brand preference by continuously improving the performance of existing hotels and successfully expanding the presence of their brands in select markets worldwide. Smart growth and development is fundamental to achieving these aims. As a company, they thoughtfully add hotels in locations throughout the world where their loyal guests and customers want them to be. Their team works closely with developers to ensure their success through innovative and efficient design, operational excellence, and effective sales and marketing strategies.

As of September 30, 2015, the company's worldwide portfolio consisted of 627 properties in 52 countries.



548

HYATT BRANDED PROPERTIES<sup>1</sup> WORLDWIDE



147,388

ROOMS IN OUR WORLDWIDE PORTFOLIO

AMERICAS

- 106,918 rooms
- 85 owned and leased hotels
- 130 managed hotels
- 185 franchised hotels
- 15 Hyatt Residence Club properties

415 TOTAL PROPERTIES

EUROPE, AFRICA, MIDDLE EAST & SOUTH-WEST ASIA (EAME/SW ASIA)

- 17,925 rooms
- 11 owned and leased hotels
- 53 managed hotels
- 0 franchised hotels
- 9 Hyatt Residence Club properties

73 TOTAL PROPERTIES

ASIA PACIFIC (ASPAC)

- 22,545 rooms
- 1 owned and leased hotel
- 56 managed hotels
- 2 franchised hotels
- 1 Hyatt Residence Club property

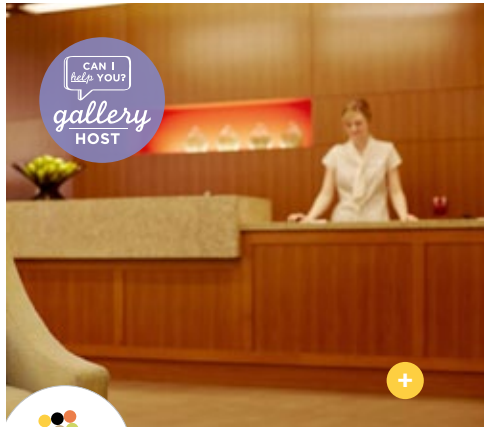
60 TOTAL PROPERTIES

Growing all over the globe.

- Open Hotels
- Under Development



Created for multi-blenders with 24/7 lifestyles seeking an upscale select-service hotel, Hyatt Place is a new generation of hotels offering casual hospitality in a smartly designed, high-tech and modern environment. Hyatt Place provides a range of amenities valued by individual business travelers and small groups, while providing open areas and a variety of seating where guests can connect with others. Spacious guestrooms allow guests to spread out and enjoy modern comforts built for both work and play.



Designed to be *just right.*

- 1. Pool
- 2. Fitness Center
- 3. Sun Room
- 4. Gallery Kitchen
- 5. Coffee to Cocktails Bar & 24/7 Gallery Menu
- 6. Business Center
- 7. Meeting Space



Typical Floor Plan

## Guestrooms

Spacious guestrooms offer flexible workspace and areas to relax with a separate living area featuring a Cozy Corner sectional sofa sleeper. Additionally, all bathrooms are nicely appointed with a roomy walk-in shower (some baths, depending on property and room type) and oversized eco-quartz vanity with one sink. Guest bathrooms also feature a dressing area, large closets and complimentary upgraded bath and body products, including Aquafresh toothpaste.



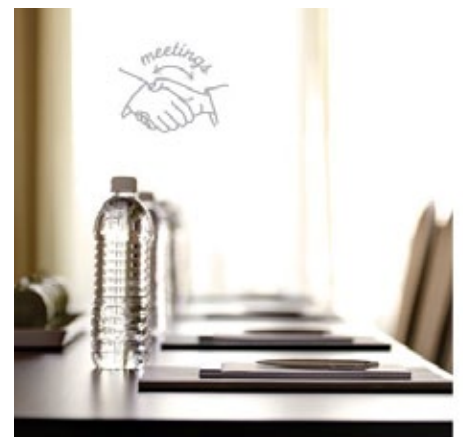
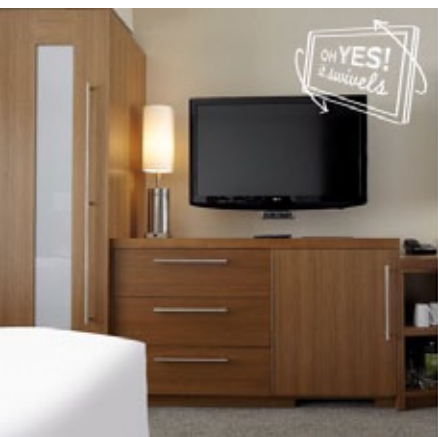
## Lobby Lounge

The Gallery includes lounge areas for large gatherings, a four-station e-Room for quick, complimentary access to computers and printers, and food and beverage offerings. Hyatt's innovative approach to select-service dining includes a Guest Kitchen serving the complimentary a.m. Kitchen Skillet breakfast daily with freshly prepared breakfast sandwiches, steel cut oatmeal, fresh fruit and more; a Grab 'n Go case offering daily-made salads and sandwiches; a 24/7 Gallery Dining Menu with fresh-made meals and appetizers; and the Bakery Café, an inviting bar featuring Starbucks specialty coffees, juices and baked goods in the morning and a full bar in the evening featuring premium beer, wine and cocktails.

## Event Space and Meeting Areas

Flexible meeting facilities accommodate small groups for business or social meetings. Meeting rooms can be divided when needed for multiple meetings, depending on size and location. AV equipment and other meeting needs are also available. An in-novative food and beverage meeting menu offers an array of options to choose from when holding a meeting at Hyatt Place. The All-Inclusive Meetings is a comprehensive meeting package that can be purchased for a convenient solution to the meeting plan-ner's needs.







HYATT  
PLACE



# 04

## Location





## Kent Island - Gateway to the Eastern Shore

Kent Island, Maryland is the first vestige of the Eastern Shore that travelers experience after they cross the Bay Bridge. Despite being on the Eastern Shore of the Chesapeake Bay, Kent Island enjoys close proximity to Annapolis, Washington, D.C. and Baltimore, all of which can be accessed within a 45-minute drive.

Kent Narrows itself is famous for the Chester River and the Eastern Bay. The narrow channel, or strait, is a popular boating pass-through. For generations Kent Narrows has been home to numerous seafood packing houses, seafood restaurants and maritime support industries. Today the location stays true to its roots, offering a number of renowned seafood restaurants, charter boat fishing services, marinas and yacht sales/brokerage, and is also the base for numerous commercial seafood operations.

Kent Island is a unique place, simultaneously located less than an hour drive from large population centers such as Annapolis, Baltimore and Washington D.C. while also capturing the local/historic charm of the Eastern Shore. It is a mixing bowl of tourists and locals who both eat dinner marveling at the beauty of the Eastern Shore.

Kent Narrows is also unique not only in how it can attract vastly different socio-economic classes to enjoy in the many dining options, but also in its ability to pull people from near and far for milestone events such as weddings, corporate events and family vacations. Kent Narrows offers the best of both worlds: close access to the Baltimore/Washington MSAs and also a diverse range of activities like boating, fishing, golf, shopping, scenic tours and world-class wedding venues.



*Kent Narrows*



## Fisherman's Village

Since the very beginning when the Fisherman's Inn was opened in 1930, the attention has always been on quality food and friendly service. Over the years, the Schulz family has expanded their operation from a 30-seat dining room to owning two large restaurants, a seafood market and a significant amount of land.

Fisherman's Village is broken up into several distinct restaurants and businesses. Fisherman's Inn can trace its roots back to 1930. In its current buildout, the restaurant can seat 300 patrons. Fisherman's Inn has been the recipient of numerous awards and accolades throughout the years. The restaurant has been featured on various national media spotlights. Owner Sonny Schulz earned the title "Restaurateur of the Year" in Maryland for his outstanding management of the popular Kent Narrows destination.

Adjacent to the Fisherman's Inn is the Crab Deck, which has been in operation since 1990 and can seat upwards of 250 people. The Crab Deck is a seasonal restaurant and caters to the more casual diner compared to Fisherman's Inn. The Schulzes have been very successful at recruiting corporate parties to the Crab Deck, as well as averaging over 11 coach buses a week for dining.

Both restaurants are situated on the water and have more than enough parking spots between the two of them. Adjoined to the Crab Deck is the Seafood Market, which features both locally caught seafood and select imports.





## Nearby Amenities

While there are seven golf courses of varying skill level within a 25-minute drive from the subject site, most golfers will hone their attention to Queenstown Harbor which offers two of the nicest golf courses on the Eastern Shore of Maryland. The 36 hole open to the public course is a favorite in the Washington/Baltimore market. Queenstown Harbor is also known for hosting large outings throughout the year that draws in players/sponsors from across the Mid-Atlantic region. Queenstown Harbor is 10 minutes away from subject site.

Located 15 minutes away is the outdoorsman paradise “The Point at Pintail”. With something for every ability, from the seasoned outdoorsman to the casual observer, Pintail Point caters to a diverse range of skill sets. Guests can engage in hunting, sporting clays, charter fishing, team building activities and boat trips throughout the Chesapeake Bay.

For those that would rather shop versus play golf, hunt, or fish, the Queenstown Premium Outlets are only 10 minutes away from the subject property. The Queenstown Outlets offer over 60 premium outlets comprising a wide variety of brands at all price levels and for all shopping tastes. The Premium Outlets has its own dedicated crossing signal and ample parking to make ingress/egress easy for patrons.

If name brand outlet stores are not what you desire, the Eastern Shore is full of boutique stores that capture the charm of the region. Antique stores are also popular throughout the area.

One of the greatest demand drivers will be the ability to tap into the wedding and group business that has made the Chesapeake Bay Beach Club so successful. The Beach Club is one of the top destinations for weddings within the mid-Atlantic region. Over 150+ weddings are held there annually. The Beach Club is a perennial winner of being one of the top destinations for weddings in the Mid-Atlantic region by numerous magazines, newspapers, wedding websites and even national media. The Beach Club has 10 different meeting/banquet rooms that range in size from accommodating 18 to 400 people. In total, at max capacity The Beach Club can accommodate 1,802 guests across all facilities and room sizes.

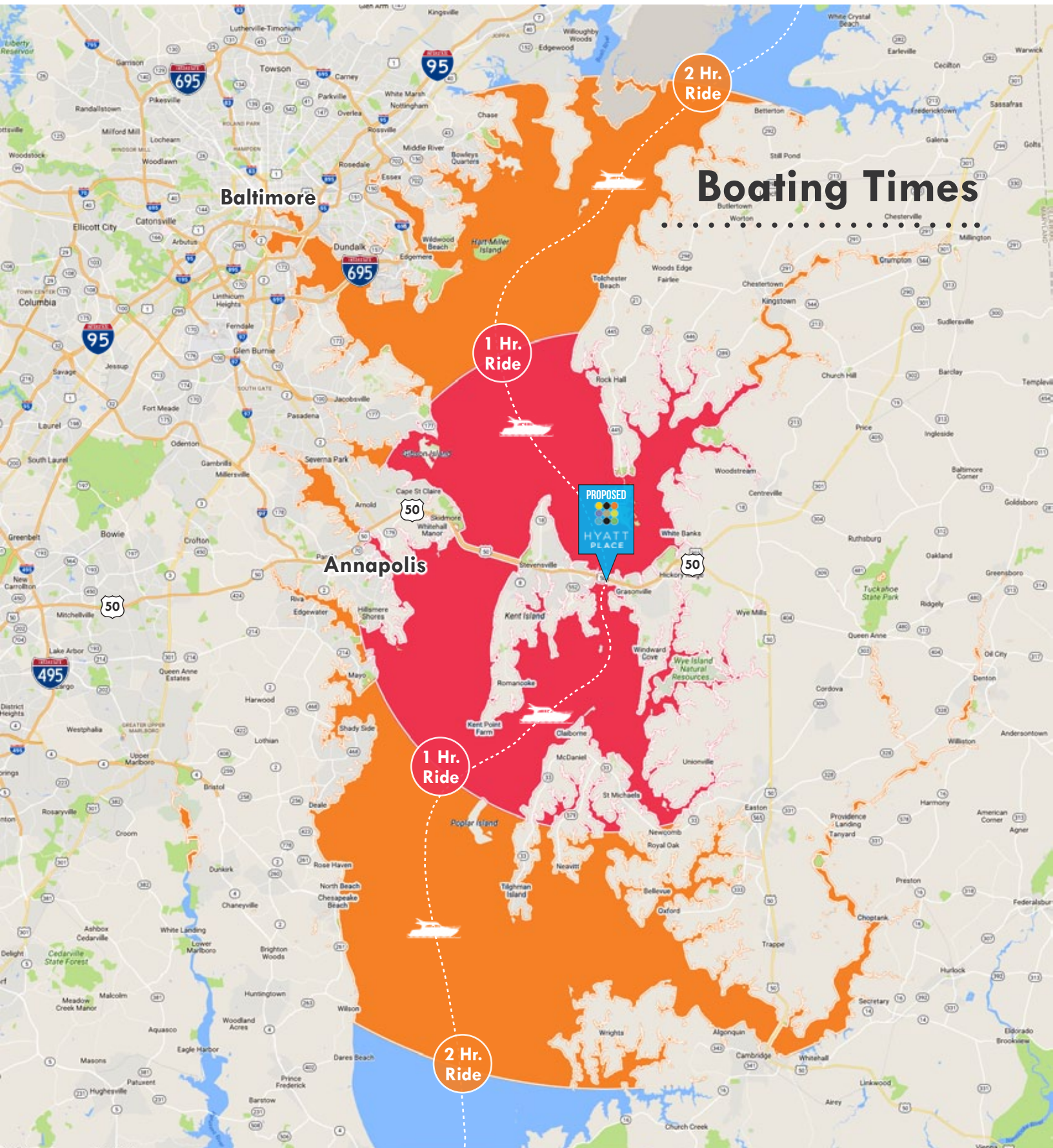
The Beach Club is located on the eastern bank of the Chesapeake Bay, a few hundred yards south of the Bay Bridge. Located 1/4 mile away from the Beach Club is The Inn. The Inn is a 54-key boutique hotel. Costs of The Inn are estimated at over \$20,000,000, or \$400,000+/key. While the Inn has great fit-outs and is equipped with a bar, restaurant and market, the sheer volume of weddings and the lack of room counts leads to overflow demand. The Hyatt Place Kent Narrows will be only 5 miles away.

Due to the central location within the Bay, boat rides and charter fishing services can quickly access some of the most fertile fishing/crabbing grounds, as well as some of the most popular destinations for travelers and tourists.

Within Fisherman’s Village, boat shuttles and charter boat fishing will be offered as an amenity for a fee. This is a service no other property within the competitive set offers. If guests want to walk and shop the historic streets of Annapolis, they can be dropped off with a 1-hour shuttle ride from across the Bay. Guests can also be ferried back and forth to the popular St. Michael’s area.

Guests can now not only experience the beauty of the Chesapeake from their hotel window, but can board a boat on the hotel dock for a truly unique hotel experience.





# Boating Times

Baltimore

Annapolis

PROPOSED  
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2 Hr. Ride

1 Hr. Ride

1 Hr. Ride

2 Hr. Ride



# Trade Area

**DRIVE TIMES**

**22 min.**

**51 min.**

**55 min.**

Annapolis, MD

Baltimore, MD

Washington, D.C.

5 mi.

50



**Kent Landing SC**

**Thompson Creek SC**



50

STEVENSVILLE

3 mi.

**Kent Island SC**

CHESTER

COX CREEK

THOMPSON CREEK

WAREHOUSE CREEK

CRAB ALLEY CREEK

CRAB ALLEY BAY

KIRWAN CREEK

**Red Apple Plaza**

**Kent Towne Market**

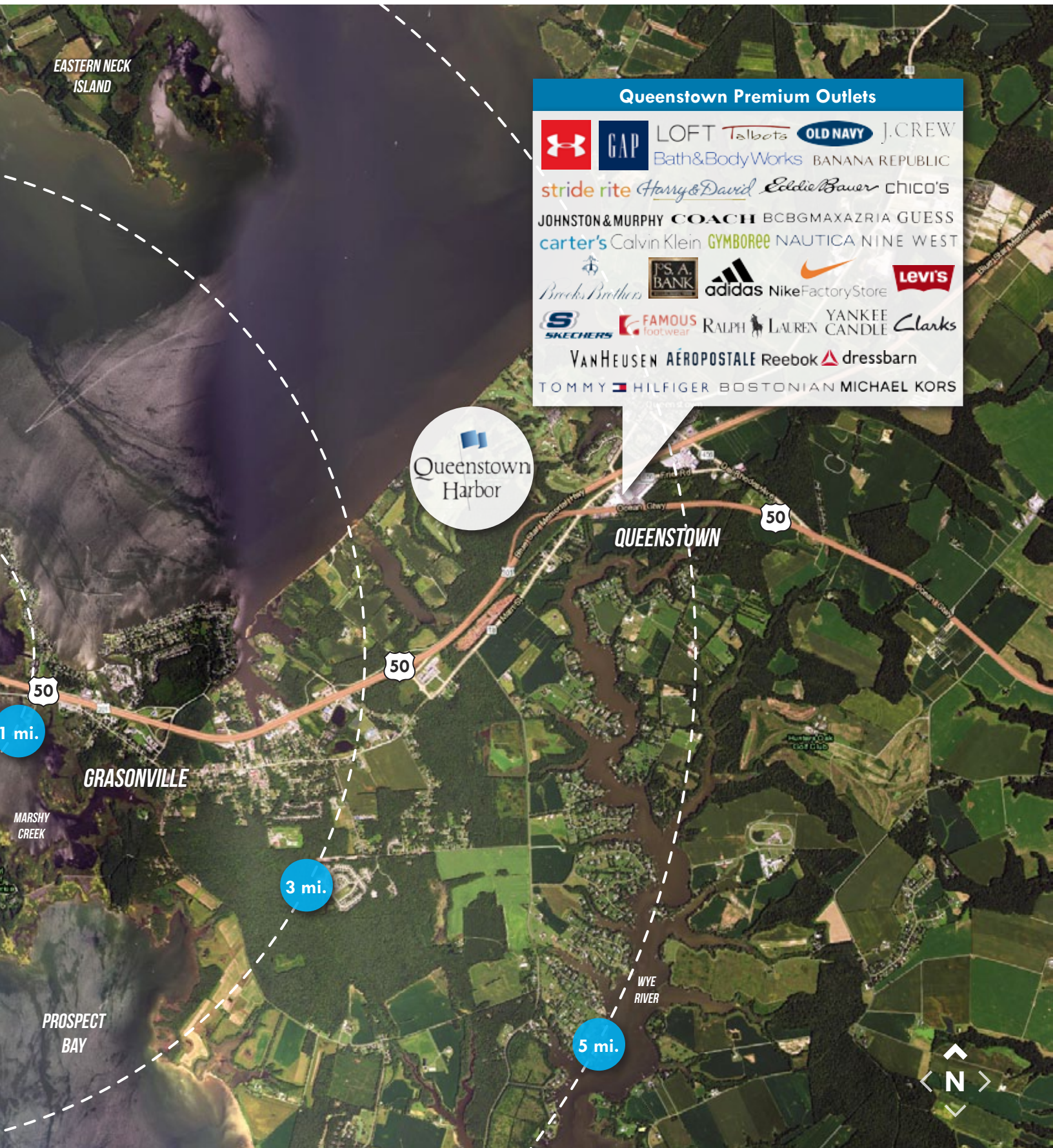
1 mi.

**PROPOSED**

**HYATT PLACE**

KENT NARROWS

CHESTER RIVER



**Queenstown Premium Outlets**

Queenstown Harbor

QUEENSTOWN

50

50

50

1 mi.

GRASONVILLE

MARSHY CREEK

3 mi.

PROSPECT BAY

5 mi.

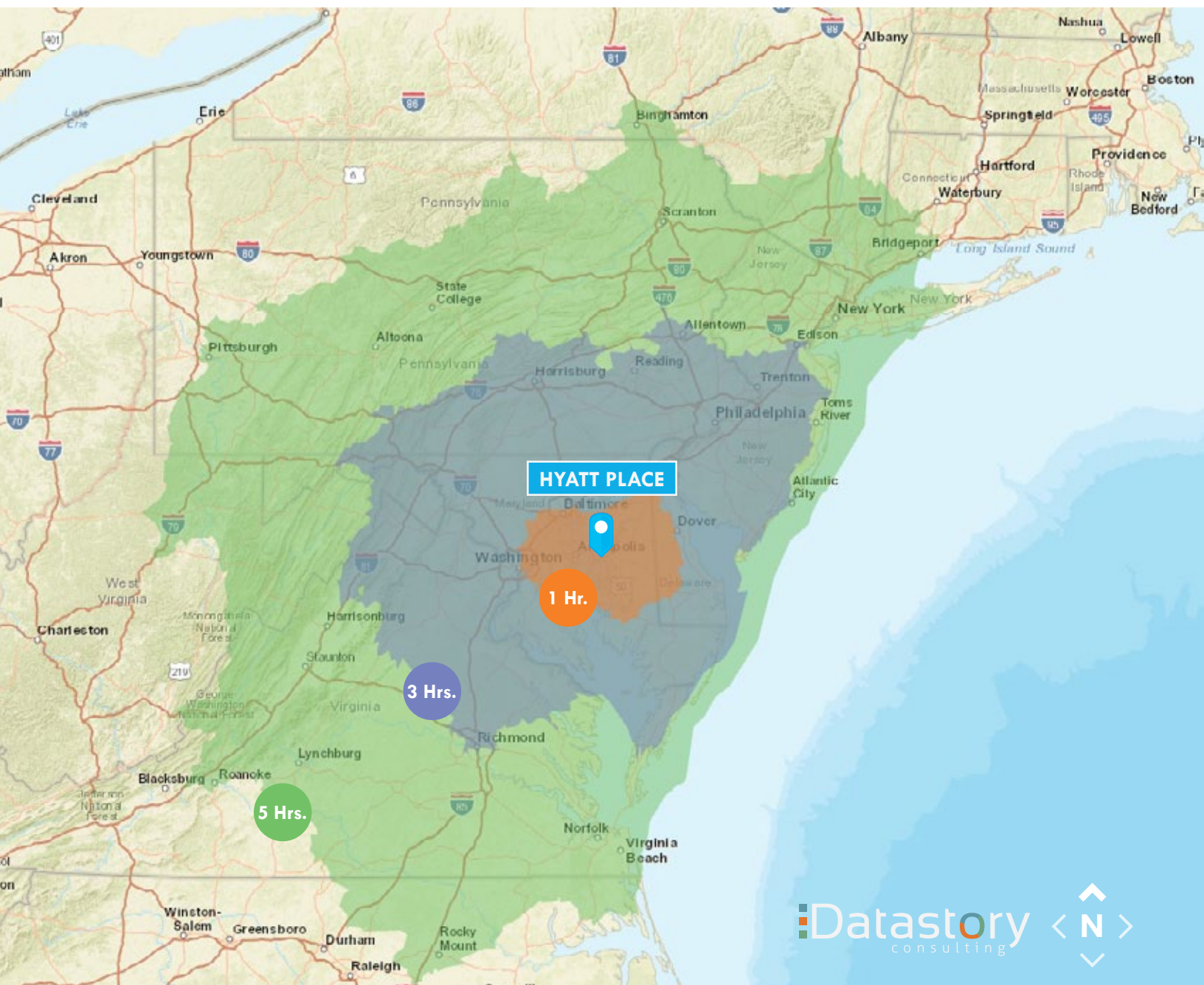
WYE RIVER





**DEMOGRAPHICS**

	1 Hr. Drive Time		3 Hr. Drive Time		5 Hr. Drive Time	
Population	2,906,691	People	21,518,736	People	51,948,315	People
Number of Households	1,080,456	Households	8,083,480	Households	19,498,151	Households
Average Household Income	\$89,945		\$95,610		\$92,186	
	Average Spent Per Person	Compared to National Avg.	Average Spent Per Person	Compared to National Avg.	Average Spent Per Person	Compared to National Avg.
Catered Affairs	\$31	+18%	\$33	+29%	\$32	+23%
<b>Food/Alcohol Away From Home</b>	\$4,228	+17%	\$4,452	+24%	\$4,292	+19%
Lodging on Trips	\$539	+16%	\$586	+26%	\$558	+20%
Food and Drink on Trips	\$509	+16%	\$549	+25%	\$525	+20%





### 6.5% Savvy Suburbanites

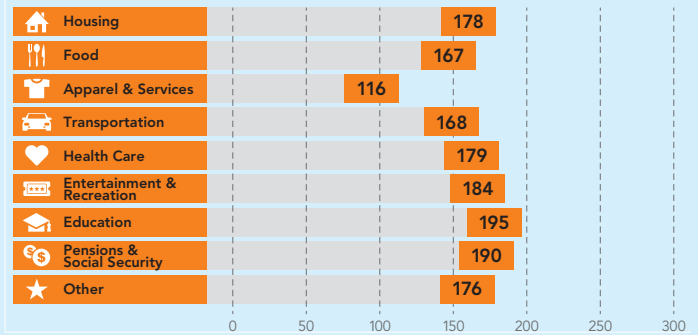
3 Hr. Drive Time

**Average Household Size: 2.83**  
**Median Age: 44.1**  
**Median Household Income: \$104,000**

These residents are well educated, well read, and well capitalized. They enjoy good food and wine, as well as the cultural amenities of a city. Informed and well connected, they research before purchasing and focus on quality.



#### Average Household Budget Index



### 6.4% Parks and Rec

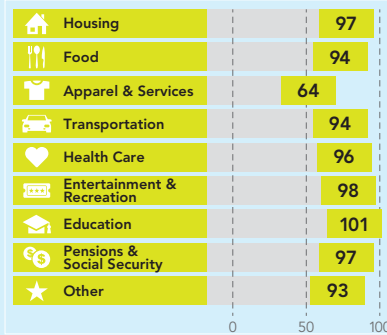
3 Hr. Drive Time

**Average Household Size: 2.49**  
**Median Age: 40.3**  
**Median Household Income: \$55,000**

These practical suburbanites have achieved the dream of home ownership. Two-income married couples approaching retirement age are common, but these neighborhoods now attract a new generation of young couples.



#### Average Household Budget Index



The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



### 5.9% Enterprising Professionals

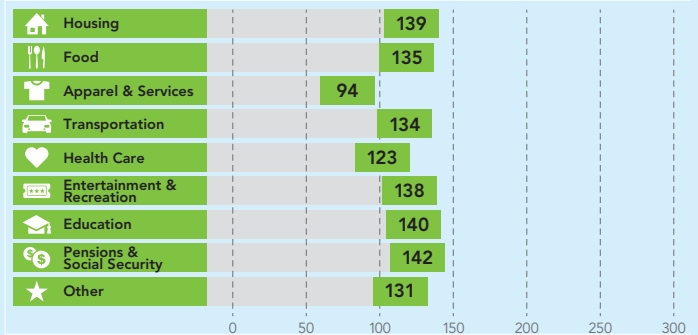
3 Hr. Drive Time

**Average Household Size: 2.46**  
**Median Age: 34.8**  
**Median Household Income: \$77,000**

These residents are well educated and climbing the ladder in STEM (science, technology, engineering, and mathematics) occupations. They strive to stay youthful and healthy, and buy name brands and trendy clothes online.



#### Average Household Budget Index



### 5.4% Pleasantville

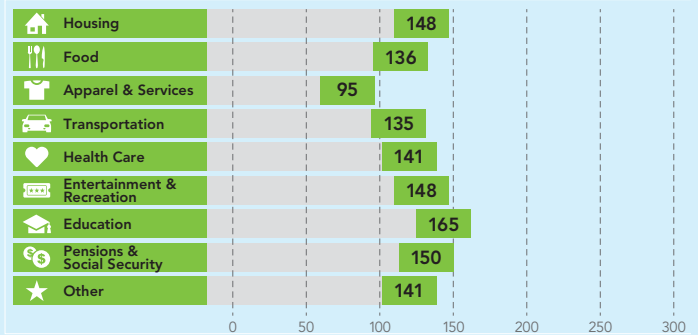
3 Hr. Drive Time

**Average Household Size: 2.86**  
**Median Age: 41.9**  
**Median Household Income: \$85,000**

Prosperous domesticity best describes these settled denizens. Many couples are now empty nesters and many are home to adult children. Financially secure, they shop online and in a variety of stores, from upscale to discount.



#### Average Household Budget Index





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# 05

## Market Analysis





## Hotel Market

In the last 10 years only one flagged hotel totaling 82 rooms has entered the market—The Hilton Garden Inn. Within the past 15 years only three hotels totaling 246 rooms have entered the market. Although flagged hotels have to pay a franchise fee and a percentage of their gross income to the parent company, they are able to take advantage of numerous capabilities that the independent hotels cannot offer. Flagged hotels are able to tap into the national brands' reservation system. Now a guest can reserve their room online through the parent company website, or through travel websites such as Travelocity, Hotels.com, Expedia, Priceline, etc.

Flagged hotels are also able to leverage their brand to attract guests from across the world. Travelers who stays in Hyatt products anywhere in the world earn points and becomes loyal to the brand. When they are traveling on the Eastern Shore they will be drawn to Hyatt flagged hotels in order to gain additional loyalty points.

Not only do guests gain loyalty points by staying in flagged hotels, they can use these points to stay there at little to no cost. Travelers who accumulate numerous points can take a vacation at no lodging cost by simply using their points. This competitive advantage is only afforded to flagged hotels and gives the Hyatt Place a great competitive advantage over its peers in the market. **Within the Hyatt umbrella, this is the only Hyatt Hotel in the market.**

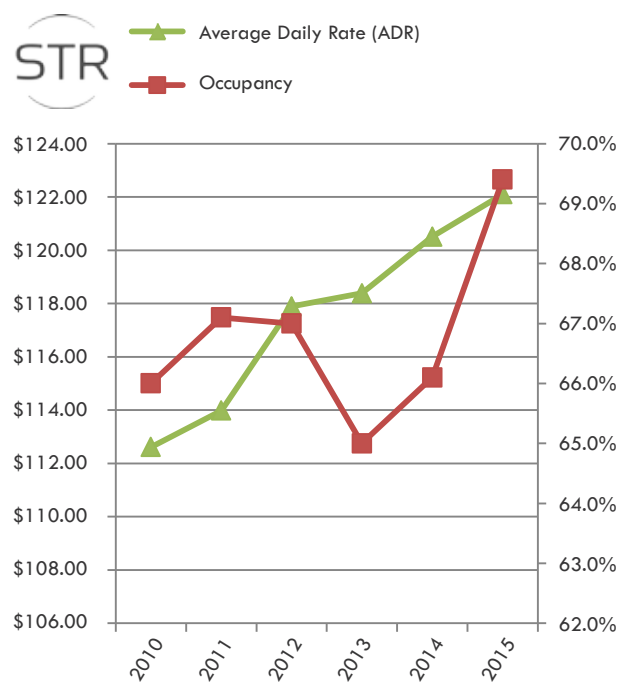


### STR Report

Due to the unique nature of this hotel project, there are no good comparable properties to evaluate the property against. The STR report pulls from select service/extended stay properties from Annapolis to Easton. Under standard circumstances this would represent a good comp set, but the heavy usage of conference/banquet facilities in this project makes the comparison more difficult. It is hard to compare an extended or limited service hotel on an interstate to a select service hotel with a heavy reliance on conference/wedding group business (as well as food and beverage revenue) on the water.

According to Smith Travel Research ("Star Report") conducted in July 2016 on the market segment, the hotel market is strong and robust. Both occupancy and ADR are at record highs. Rolling 12 month averages are at all time or close to highs. The 12 month rolling occupancy for May 2016 is 69.20%. The ADR is \$121.74, which translates to a RevPAR of \$84.24.

It is clear that the overall trend in the hotel is positive in both ADR and occupancy. Due to the project's heavy reliance on the wedding and group business, as well as the unique nature of its client segmentation, it is expected that the subject property will have an even higher ADR then the market currently shows.





## Wedding Business

The Hyatt Place Kent Narrows will have 8,500 square feet of convention/ banquet space. This space will cater to both corporate gatherings/ retreats as well as weddings. The Kent Island Hyatt is hoping to create an agglomerated economy due to its close proximity to the Chesapeake Bay Beach Club wedding venue.

According to theknot.com, couples are spending less and less on the actual wedding ceremony and more and more on the wedding reception. This trend will benefit the subject property as it aims to offer a “soup to nuts” experience that will truly be “turn-key”.

Wedding reception sizes have begun to shrink in size. Gone are the days of the 400-person weddings. However, reception costs continue to rise. Although wedding receptions are getting smaller in size, wedding parties are paying more and more for destination locations, high quality banquet facilities and an overall more upscale experience (www.weddingstats.org). Industry experts point out that as the average age of a wedding couple continues to creep upward, the wedding party has more money to spend, as well as a larger concentration of friends group to invite as they are at a later stage in life.

According to the Wedding Report, the industry standard publication, Kent Narrows falls within the Washington/Alexandria/Arlington Metropolitan area. The Washington area MSA ranks 5th in the country in total wedding-related sales. Average guest numbers within this region range from 165-175. According to the report, average spending, excluding the honeymoon, topped out in 2015 at \$37,633. This was also a record year for number of weddings in the area, with 35,909 occurring. These numbers are truly astounding. Both numbers represent a 7-year high (as far as data goes back).

Currently the Fisherman’s Inn does over 50 rehearsal dinners a year and the Crab Deck hosts over 45 rehearsal dinners a year. This speaks to the ever growing trend among the wedding planning industry: **turn-key service offered by the wedding facility**. Upon completion of this project, wedding parties can take full advantage of the many amenities that Fisherman’s Village has to offer.

- » Guests stay in the Hyatt Place Kent Narrows Hotel
- » Rehearsal dinners are held at one of the many adjoining restaurants
- » Wedding ceremony performed on the veranda of hotel or off-site
- » Wedding reception is held at Banquet Facility
- » Post-reception bars are within walking distance of reception
- » Brunch is held at Hyatt Place Kent Narrows hotel the next morning

Wedding guests are becoming more and more accustomed to having the entire weekend planned with scheduled events. The convenient location of Kent Island to a diverse range of amenities and the close proximity of desired services make this location a runaway success.





## Corporate Business

Corporate travel in America continues to adjust to today's economy and business climate. The Hyatt Place Kent Narrows Banquet and Conference Center is well positioned for success within the business and conference segments due to:

- » **Ideal Kent Narrows Location** - Centrally located, the hotel will benefit from its proximity to many of the top regional attractions and companies that generate overnight accommodations.
- » **Hyatt Place Kent Narrows Banquet and Conference Center** – There is demand for new banquet and conference space in the market. Having rooms connected to the space will allow the facility to book destination-based events and multi-day group bookings that require lodging. The location will benefit from the consistently growing destination wedding market that generates millions of dollars in annual spending into the market.
- » **Medical Community** – The project will provide a combination of lodging and meeting space that will be utilized by the significant medical community located within minutes.
- » **Corporate Retreats** – The hotel will be ideally positioned to offer unique corporate retreats that will draw from all the primary target markets. Companies will choose the site's facilities due to the unique packages Hyatt Place Kent Narrows can assemble, taking advantage of on-site activities as well as additional regional attractions and activities.

Newly constructed regional travel destinations are experiencing tremendous growth within North America. The largest growth has been experienced by hotels, resorts, and or destinations that feature year-round family friendly attractions with lodging. Many factors contribute to the increasing success of such destinations, which include:

- » **Reduced Travel Transportation Costs** – Travelers are reducing the amount they are willing to spend on transportation costs in regard to traveling.
- » **Reduced Trip Duration** – The length of trips has drastically reduced over the past several decades. Due to increased demand for time, many travelers have found that it is not feasible for them to take trips in excess of 4 days.
- » **Increased Frequency of Shorter Trips** – Due to the shorter trip duration, many travelers have focused on taking more frequent trips to regional destinations.
- » **Escape and Relaxation** - Regional destinations and resorts are seeing increased visitation due to the fact that they allow everyone to enjoy the feeling of getting away from reality while only being a short drive away. Successful regional resorts are taking the atmosphere, amenities and service to world-class levels, further providing guests with the feeling of being away from it all.
- » **Year-Round Operations** – There has been a marked shift in the way that North Americans work and play. Schools and educational institutions continue to drift from the traditional calendars of the past. Summer breaks and vacations are shorter and there are more days given off throughout the year. This is a huge benefit to any regional tourist destination that can offer year-round operations.
- » **Increased Spending On Quality Family Experiences** – Parents of all demographic and socioeconomic backgrounds continue to increase spending on family leisure activities that involve safe, family-orientated experiences. Regional destinations rank high in preference largely due to convenience. Also, most well-planned resorts are careful to select components and attractions that allow a family to experience the majority of the resort together.

Hyatt Place Kent Narrows Banquet and Conference Center must be positioned to capture the consumer seeking a unique conference, convenient segue location or vacation experience. The varied selection of components and amenities will attract regional businesses and vacationers, as well as the local residents.

The project will utilize the synergy created from the elaborately-themed surroundings and assortment of world class attractions to entice a wide variety of demographics to patronize the resort.



## Marketing Plan

Hyatt Place Kent Narrows Banquet and Conference Center will position the resort uniquely but will always market a quality experience for the business or leisure traveler, and the resort will have something for everyone.

American Resort Management will work with the marketing team at Fisherman's Village to establish a unique and appealing brand image to set the hotel apart from its competitors. Together, they will develop a marketing communications program that will generate heavy promotional exposure during the soft and grand opening phases using a combination of earned media publicity, paid advertising, direct marketing and special events.

After the initial opening, a sustaining, more modest marketing campaign will be employed to continue ongoing promotions in order to maintain top-of-mind awareness among the community. In addition, the sponsors will leverage their marketing budget, along with co-op opportunities in the region, in a manner to support co-branding and getaway package deals. The Hyatt Hotel Kent Narrows and the getaway packages will have a web presence on multiple websites, the Eastern Shore Convention and Visitor's Bureau's website and the Maryland State Tourism Alliance's website. Marketing objectives will be tracked, reviewed, evaluated and modified, if necessary, on a quarterly basis to ensure efficiency and accuracy.

## Sales Strategy

Hyatt Place Kent Narrows' direct sales efforts will be a combination of inside and outside sales. The resort will have a director of sales located on-site who will oversee the daily operations of the sales and marketing efforts, as well as the reservation center.

Weekly meetings will take place to monitor the success and performance of the sales team and its efforts. Adjustments to the sales efforts and long-term marketing strategy will develop as a result of these meetings. The weekly meetings will include a representative from the management company. The additional leadership provided will benefit the entire sales team.

The sales force will have individuals responsible for soliciting and booking business from different target segments. Positions will include:



Direct outside sales efforts will be directed towards companies and groups. Solicitation will take place offering all the components of the resort a la carte and in packages. The outside sales staff will make presentations and attend relevant trade shows.

Forecasts will be generated at the corporate level and a revenue management strategy will be constantly updated and monitored for performance. All efforts will be placed on building a daily base business and then capturing the highest rates possible. The inside sales efforts will include the aforementioned positions receiving leads through contacts made directly to the property. A follow-up and trace system will assist in generating repeat business.

Another component of the resort's sales strategy will be the efficient operation of the on-site reservation center. Hyatt Place Kent Narrows Banquet and Conference Center will have an independent reservation center located within the resort complex. The staff will be employed by the resort and professionally trained in marketing and selling the amenities and packages of the resort. Supervised by the reservation manager, the call center will receive calls from guests wanting to book some type of business at the resort.

Calls coming into the resort are crucial to the success of the resort. Achieving a higher-than-industry standard conversion ratio will be achieved by carefully selecting and successfully training a dedicated reservation center staff.

The call center will book business at most of the resort's revenue centers and will be responsible for offering upgraded packages to each caller. Packages pre-sold to future guests will provide a positive contribution to the per capita spending that takes place at the resort.



## Target Demographics

 <p><b>Families &amp; Couples</b></p>	 <p>Leisure travelers will account for a significant portion of the guests attending the Hyatt Place Kent Narrows Banquet and Conference Center. This segment will primarily come from within a 4 hour drive of the resort. This segment will attend heavily anytime school is not in session.</p>
 <p><b>Groups</b></p>	 <p>This large segment will consist of a variety of sub-leisure market segments, including: school/educational, church, girl and boy scouts and other social groups, neighborhood and family groups. This segment of customers will also primarily come within a 3 hour drive of the resort. This segment will provide business throughout most of the year.</p>
 <p><b>Group Social</b></p>	 <p>Destination weddings and other social events will occur several nights a week year-round. The Hyatt Place Kent Narrows will be directly connected to the new banquet and meeting space and will supply accommodations that will be in high demand when these events are scheduled.</p>
 <p><b>Group Conference</b></p>	 <p>Social groups hosting single and multiple day events will be an important segment. Conferences will be able to bring their entire family to enjoy all that the resort has to offer. This segment may travel up to 8 hours to enjoy the resort.</p>
 <p><b>Business/Conference</b></p>	 <p>The resort will actively market to this segment, which includes statewide and regional conferences. Customers in this segment will include: governmental agencies, educational and medical groups, and an assortment of private businesses. Conference business will typically be booked for clients located within a 3 hour drive although attendees may travel from across the country. Research shows that attendance at conferences held at destination resorts typically result in higher-than-normal attendance rates due to the fact that attendees can bring their families to enjoy the resort and regional facilities.</p>
 <p><b>Business Travelers</b></p>	 <p>This segment includes individuals traveling on business who may not utilize all of the resort's facilities. They will, however, be a vital source of word-of-mouth advertising when they return to their family and friends. This segment will be critical to building occupancy on weeknights.</p>



## Catering Sales

The Hyatt Place Kent Narrows Banquet and Conference Center is conveniently located just a short drive from numerous major corporations, universities and commercial areas. The resort is a reasonable drive to most of the Annapolis, Baltimore and Washington MSA areas. The unique blend of mixed-use features at the resort will make the project a premier destination for conferences, meetings and social functions drawing from the entire region.

The Hyatt Place Kent Narrows Banquet and Conference Center in Kent Narrows, MD will be the most versatile space in the region. With over 8,500 square feet of flexible space, guests will be able to choose from a variety of spaces while utilizing state-of-the-art audio/visual and technology package(s). The resort will be the best suited in the region to handle conference or social events with extraordinary efficiency and impact.

Clients will have the support of one of the hotel's event services managers to keep their plans smooth and on track. Event managers will coordinate every detail from sleeping room accommodations and menu planning to outside vendors such as florists and musicians. They will also provide assistance with special audio/visual requirements and exhibit pipe and draping. Nothing will escape the staff's meticulous attention to detail.

Employees will be prepared to assist event hosts in choosing the appropriate menu selections, from basic coffee breaks or dinners to the most elaborate of gourmet coffee bars and themed dinner galas. They will help guests choose the décor and settings that best reflect their tastes and needs. No detail will be overlooked in planning events.

Despite industry standard practices that involve examining the current supply of comparable projects in the market, it is best to consider this property in a vacuum. The project simply has no comparable property and thus the market reports are not a good indication of how the property will do.

.....

This property **will be** the market leader in terms of services provided, the amount of group business held and the level of service offered.

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# 06

## Financials





## Financial Analysis

Although the developer has owned large swaths of land in Kent Narrows for generations, Jody Schulz and his brother re-acquired the parcel where the hotel sits in 2009 and the parking lot across the street in 1976. The sponsor plans to start the development in mid/late October in order to deliver in March/April 2018. Total project costs, including contributed land and construction of the banquet facility, will be \$32.9 million, or \$332,000/key. The land being contributed has an attributed value of \$5 million.

Upon completion and stabilization in Year 2, the project is expected to return 11.35% return on redevelopment costs. Due to the select service nature of the project along with a fully built out banquet facility, coupled with its added extended stay feature, the average daily rate is projected to be \$174.79 with occupancy stabilized at 68%, generating a RevPAR of \$118.86.

Income is expected to increase as both average daily rate and occupancy creep up slightly each year. This increase takes into account inflationary growth as well as the hotel location obtaining repeat customers as well as new customers through word of mouth and brand visibility at this strategic location.

## Sources & Uses

		Cost	Per Key
<b>SOURCES</b>			
Construction Debt	66%	21,673,775	218,927
PACE Funding/Mezzanine Debt/Preferred Equity	13%	4,500,000	45,455
Queen Anne's County BRIDGE Fund	1%	300,000	3,030
Queen Anne's County EDIF Fund	1%	200,000	2,020
Land Equity	15%	5,000,000	50,505
Partnership Equity	4%	1,238,500	12,510
<b>Subtotal Sources</b>		<b>32,912,275</b>	<b>332,447</b>
<b>USES</b>			
Land Equity		5,000,000	50,505
Soft Costs			
Taxes/Financing		590,000	5,960
Permits/Licensees/Fees		582,715	5,886
Architecture/Engineering		720,000	7,273
Fees/Taxes/Freight		379,812	3,836
<b>Subtotal Soft Costs</b>		<b>2,272,527</b>	<b>22,955</b>
Construction Costs		17,122,895	172,959
Site Work		1,575,000	15,909
FF&E		2,648,178	26,749
Technology & Signage		548,730	5,543
Pre-Opening Expenses		360,050	3,637
Contingency (on Construction/Site Work)	5%	934,895	9,443
Interest Reserve / Carry		750,000	7,576
Existing Debt		700,000	7,071
Development Fee		500,000	5,051
Closing Costs		500,000	5,051
<b>Subtotal Uses</b>		<b>32,912,275</b>	<b>332,447</b>



## Pro Forma

	Full Year 1		Full Year 2		Full Year 3		Full Year 4	
Number of Rooms	99		99		99		99	
Occupancy	66%		68%		69%		70%	
ADR	\$166.47		\$174.79		\$180.04		\$183.64	
Days Open	365		365		365		365	
Rooms Occupied	23,855		24,571		25,062		25,313	
Rooms Available	36,135		36,135		36,135		36,135	
<b>Revenues</b>								
Rooms	3,971,151		4,294,800		4,512,117		4,648,383	
F&B Paid Hotel	143,130		151,110		151,601		151,852	
F&B Paid Conference Center	2,121,445		2,333,590		2,403,597		2,475,705	
Meeting Room Rentals & Misc.	151,190		181,428		190,499		196,214	
Service Charge	318,217		350,038		360,540		371,356	
Telephone	8,349	\$0.01	8,600	\$0.01	8,772	\$0.01	8,859	\$0.01
Misc., Rentals & Other Income	281,661	\$0.60	290,845	\$0.60	298,390	\$0.65	304,491	\$0.70
<b>Total Revenue</b>	<b>6,995,144</b>		<b>7,610,411</b>		<b>7,925,516</b>		<b>8,156,860</b>	
<b>Cost of Goods</b>								
Hotel & Conf. Food	530,211	31.0%	581,787	31.0%	598,063	31.0%	614,829	31.0%
Hotel & Conf. Beverage	124,699	22.5%	136,793	22.5%	140,841	22.5%	144,954	22.5%
Misc. Rentals & Other Income	94,257	33.5%	97,085	33.4%	99,027	33.2%	100,017	32.8%
<b>Total Cost of Goods</b>	<b>749,167</b>		<b>815,664</b>		<b>837,931</b>		<b>859,799</b>	
<b>Departmental Expenses</b>								
Rooms	850,077	21.4%	902,461	21.0%	960,263	21.3%	1,016,707	21.9%
Food & Beverage Hotel Conf. Center	380,255	16.8%	424,313	17.1%	442,988	17.3%	466,034	17.7%
Telephone	22,500	269.5%	23,700	275.6%	25,045	285.5%	26,237	296.1%
<b>Total Departmental Expenses</b>	<b>1,252,832</b>		<b>1,350,473</b>		<b>1,428,296</b>		<b>1,508,979</b>	
<b>Departmental Income</b>	<b>4,993,145</b>		<b>5,444,273</b>		<b>5,659,288</b>		<b>5,788,082</b>	
<b>Undistributed Operating Expenses</b>								
Administrative & General	357,513	5.1%	373,234	4.9%	384,745	4.9%	394,372	4.8%
Management Fees	216,391	3.0%	228,312	3.0%	237,765	3.0%	244,706	3.0%
Marketing	647,966	9.3%	684,674	9.0%	711,121	9.0%	738,158	9.0%
Franchise Fees	119,135	3.0%	171,792	4.0%	225,606	5.0%	232,419	5.0%
Prop. Oper. & Maintenance	211,245	3.1%	231,285	3.2%	217,162	2.8%	219,986	2.8%
Energy Costs	335,257	5.0%	345,314	4.7%	355,674	4.7%	366,344	4.7%
<b>Total Undistributed Operating Expenses</b>	<b>1,887,506</b>		<b>2,034,612</b>		<b>2,132,072</b>		<b>2,195,985</b>	
<b>Income Before Fixed Charges</b>	<b>3,105,639</b>		<b>3,409,661</b>		<b>3,527,216</b>		<b>3,592,097</b>	
<b>Fixed Charges</b>								
Property Tax	160,296		204,010		245,311		286,056	
Insurance	95,400		104,940		110,187		115,696	
<b>Total Fixed Charges</b>	<b>255,696</b>		<b>308,950</b>		<b>355,498</b>		<b>401,752</b>	
<b>Net Income of Hotel</b>	<b>2,849,943</b>		<b>3,100,711</b>		<b>3,171,718</b>		<b>3,190,345</b>	
<b>Net Income of Marina</b>	<b>65,000</b>		<b>67,000</b>		<b>70,000</b>		<b>73,000</b>	
<b>Net Income of Project</b>	<b>\$2,914,943</b>		<b>\$3,167,711</b>		<b>\$3,241,718</b>		<b>\$3,263,345</b>	



## Profitability

The Hyatt Place Kent Narrows becomes profitable within the first year. Stabilization is reached in Full Year 2. The subject property is generating a total revenue of over \$7,610,411, or \$76,873/key. 56% of the total revenue is generated from room revenue while 33% is derived from food & beverage sales from the Conference Center and Banquet Facility.

For the first full year the property looks to generate a NOI of \$2,914,943, or over \$29,444/key. All of this is based on an occupancy of 66% and a RevPAR of \$109.87. While the RevPAR is high compared to the competitive set on the STR Report, it is important to note that this location is a superior location with a conference and banquet center and can demand a price premium, and being the only Hyatt flagged hotel is expected to drive exceptional demand. This is also the only hotel that offers large banquet/conference space, the ability to offer a turn-key experience within the Fisherman’s Village and act as the “hub” for numerous day trips to a variety of events/activities by boat.

It is expected that the combined hotel and banquet NOI will increase **8.67%** from Year 1 to Year 2 to equal **\$3,167,711**. This increase can be attributed to an 8% jump in room revenue and a **9.7%** jump in Conference Center and Banquet Facility revenue. The Occupancy and ADR begins to stabilize in **Full Year 2**. Projecting out, NOI grows **2.33%** from Year 2 to Year 3. This represents a stabilization factor that occurs in the hotel.

Looking at the costs and NOI as a percentage of income, it is consistent throughout the pro forma. Hotel NOI hovers around 38% of the total revenue. Hotel room revenue is 55% of total hotel revenue. Despite the Hyatt Place Suites being a new product to Kent Narrows, it is expected to be a profitable endeavor for all parties involved.



## Valuation Matrix

Looking at a range of capitalization rates to help illustrate a “best case”, “worst case,” and “most likely case” scenario, one can get comfortable with the net capitalized value of the completed project compared to the size of the loan.

### Hotel Net Capitalized Value

<b>Stabilized NOI</b>	<b>\$3,167,711</b>
Value at 9.0% Cap. Rate	\$35,197,000
Value at 8.5% Cap. Rate	\$37,267,000
<b>Value at 8.0% Cap. Rate</b>	<b>\$39,596,000</b>
Value at 7.5% Cap. Rate	\$42,236,000
Value at 7.0% Cap. Rate	\$45,253,000

While there are no sales comps that would illustrate the market capitalization rate, our professional opinion, based on recently closed loans on similar projects in the market, has the hotel falling into a 8.00% capitalized value.

### Debt Service Analysis

Loan Amount	\$21,673,775
Amortization	25 Years
Interest Rate	5.00%
Annual Debt Service	\$1,520,433
<b>Full Year 2:</b>	
NOI	\$3,167,711
DSCR	2.08

With a 66% loan to cost, it is projected that the first full year of operations the hotel will generate an NOI of \$3,167,711, which is a 2.08 debt service coverage ratio. This ratio only improves as the net income of the property increases. This increase is attributed to inflationary pressure as well as the continued interest and continued growth of the hotel. Stabilization is reached in Full Year 2 with a DSCR of 2.08.



06

**PACE**  
(Property Assessed  
Clean Energy)



CBJ Energy provides building owners with financing for energy efficiency, water conservation, and renewable energy projects.

### Select Eligible Projects for Retrofits and New Construction:

#### Energy



Air Sealing and Ventilation  
Insulation



HVAC



Lighting



Envelope



Water Heating



Refrigeration

Compressed Air

EV Charging Stations

Elevator Modernization

#### Renewables



Solar

Wind



Fuel Cell

Cogeneration

#### Water



Fixtures

Irrigation



Landscaping and Reuse

#### Most Soft Costs



Fixtures

Architecture and Engineering Fees



M&V Plans

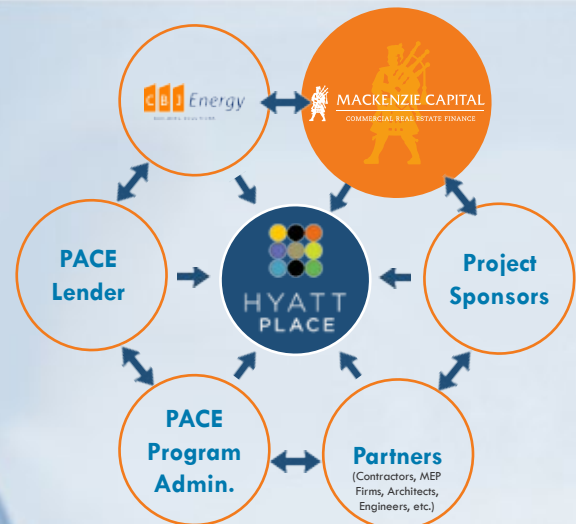
Energy Audits

#### Our Focus:

Commercial and industrial buildings with eligible projects in the \$100,000 - \$25 million range

#### How PACE Financing works:

- Long term, fixed rate terms
- No guarantees or covenants
- Transferable and assignable
- Simple application / underwriting
- Repaid through property taxes
- Treated as an operating expense



#### PACE is enabled in 32 states and DC



■ PACE Legislation Passed  
■ Active PACE Programs

Source: PACENation



## PACE (Property Assessed Clean Energy)

Queen Anne’s County has elected to participate in the PACE program in Maryland. PACE funds are funded by a PACE Lender to the project in order to cover costs of the project related to improving energy efficiency and reducing waste. PACE is enabled in 32 states and has been active in Maryland for several years. PACE Lenders are paid back via a special assessment to the properties tax bill. Terms of the PACE loan generally have a 25-year amortization with no rate reset or payment ballooning. Rates are competitive and are currently around 5.75% - 5.90% on a 25-year amortization. PACE also has the option to offer an interest-only period of 2 years to get the project completed and running.

PACE-enabled projects have the ability to reduce energy costs for similar projects by 20% - 30%. This decrease in energy cost helps offset the cost of the special tax assessment.

Prior to the construction loan being funded, the PACE Lender and the construction lender set a predetermined draw schedule for the PACE Funds. These draw schedules are set by the First Mortgage Construction lender in accordance with PACE. When the loan closes, PACE funds 100% of proceeds into a trust account. The trust account distributes funds in accordance with the draw schedule set up with the First Mortgage Construction lender. The funds then go directly to the general contractor to pay for the applicable PACE-eligible components of the development.

## PACE Introduction & Benefits

### Lowens Operating Cost & Increase Property Value

- 100% up-front financing – no cash outlay
- Cash-flow positive from day 1 → Increasing NOI
- As opex, can pass through costs to tenants

### Preserves Capital

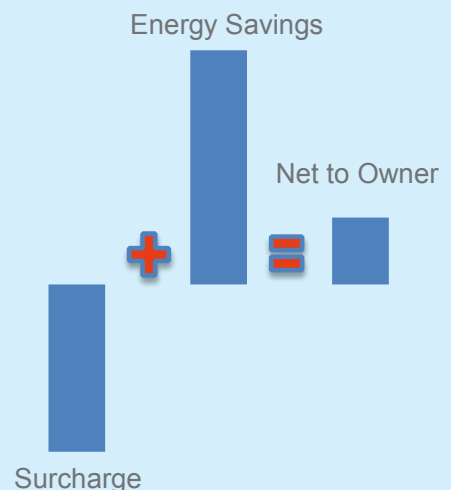
- Conserves equity, replaces higher cost financing
- Competitive rates: 5.75% to 6.5%
- Available for new construction, retrofits at many stages of development

### Broad Applicability

- Energy efficiency, renewables, water efficiency – or any enabling investment

### PACE Analysis

PACE Amount	\$4,500,000
Amortization	25 Years
Interest Rate	5.75%
Special Assessment	\$339,717





## CBJ and CleanFund's PACEDirect™ Financing

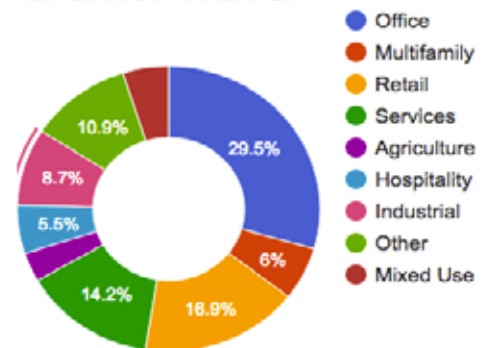
- Project Size:** \$100,000 – \$25 million
- Tenor:** Up to 30 years
- Terms:** Flexible amortization schedule, fixed-rate, with no guarantees or covenants required. No payments for up to 2 years. Non-recourse, non-accelerating, transferable, and assignable.
- Maximum Leverage:** 20% Lien to Value (LiTV), 100% Combined Loan to Value (CLTV).
- Property Types:** Multifamily-Residential, Condominiums, Commercial, Industrial, Non-profit, Agricultural, Institutions, Universities, Hospitals
- Mechanics:** Special assessment recorded on your property, paid back via property taxes. *Treated as operating expense.*
- Geography:** Active PACE jurisdictions including Virginia, DC, and Maryland
- Approvals:** CBJ facilitates
  1. Mortgage lender acknowledgement, and
  2. Program approval

## PACE Market Growth

PACE Growth (Through Q1 2016)

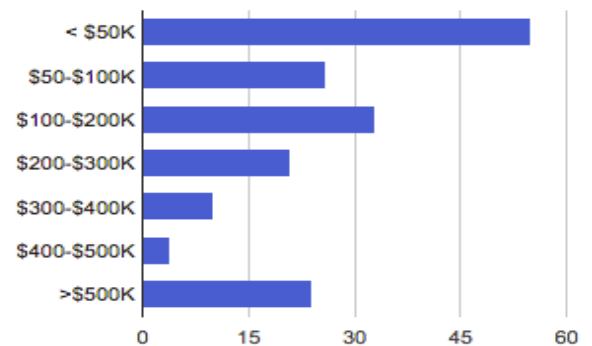
- 75% compound annual growth rate (2009 – 2016)
- > 750 buildings, \$250 MM (~ \$140mm in CA, CT, OH)\*
- 32 states // 2,060 Municipalities (80% of population covered)
- 37% PACE deals renewable, 46% of dollars for EE, rest mixed

NUMBER OF PROJECTS BY SIZE, EXCLUDING GOVERNMENT BUILDINGS



NUMBER OF PROJECTS, BY SIZE

Median sized project in CT: \$600 K



\* www.pacenation.us



## Limiting Conditions

This Development Financing Request has been prepared by MacKenzie Capital, LLC, and has been reviewed by the Sponsor. It contains select information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information that a prospective Lender may desire. All financial projections are provided for general reference purposes only and are based on assumptions relating to the general economy, competition, and other factors which, therefore, are subject to material change or variation. An opportunity to inspect the Property will be made available to qualified prospective lenders.

In this Development Financing Request, certain documents are described in summary form and do not purport to be complete nor necessarily accurate descriptions of the full agreements involved; nor do they constitute a legal analysis of such documents. Interested Lenders are expected to independently review all documents.

This Development Financing Request is subject to prior placement, errors, omissions, changes, or withdrawal without notice and does not constitute a recommendation, endorsement, or advice as to the value of the Property by MacKenzie Capital, LLC, or the Sponsor. Each prospective lender is to rely upon its own investigation, evaluation, and judgment.

Sponsor and MacKenzie Capital, LLC expressly reserve the right, in their sole discretion, to reject any or all expressions of interest or offers to lend on the Property and/or terminate discussions with any party at any time with or without notice. Sponsor shall have no legal commitment or obligation to any lender reviewing this Development Financing Request or making an offer to lend on the Property unless a written agreement for a loan on the Property has been fully executed, and any conditions to Lender's obligations thereunder have been satisfied or waived. MacKenzie Capital, LLC is not authorized to make any representations or agreements on behalf of a Sponsor.

This Development Financing Request is the property of MacKenzie Capital, LLC, and may be used only by parties approved by MacKenzie Capital, LLC. The Property is exclusively offered, and by accepting this Development Financing Request, the party in possession hereof agrees (i) to return it to MacKenzie Capital, LLC and (ii) that this Development Financing Request and its contents are of a confidential nature and will be held and treated in the strictest confidence. No portion of this Development Financing Request may be copied or otherwise reproduced or disclosed to anyone without the prior written authorization of MacKenzie Capital, LLC and Sponsor.





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**MACKENZIE CAPITAL**

COMMERCIAL REAL ESTATE FINANCE