

Hyatt Place Income and Expense Statement for Five Years

Below is an explanation of data and methods used in order to determine project feasibility.

(Property tax is currently based on a market value of \$230,890 which is estimated taxes of \$5,322.92)
(Property tax is estimated upon an actual value of \$12 million which is estimated taxes of \$276,639.12)
(\$12 million estimate upon completion is based on attached information from County Assessor)
(Therefore the tax increment is \$271,316.20 annually) ($\$276,639.12 - \$5,322.92 = \$271,316.20$)
(Loan is based on an amount of \$15,600,000 at 5.5% interest amortized over 25 years)
(Total Project cost is \$24,000,000 with equity of \$8,400,000) (65% debt and 35% equity)
(Year 5 will be used as a baseline to determine project Feasibility)
(Year 5 is being used as the baseline as this is at a point of stabilization)
(Year 5 has total revenue of \$5,343,487.06 from the hotel and \$1,250,000.00 revenue from wine bar)
(Year 5 is at 7.35% Cash on Cash Return without TIF Assistance equates to \$617,821.94)
(This project is not feasible at 7.35% Cash on Cash Return for hotel)
(At minimum an approximate 10% Cash on Cash Return is Required in order to even consider development)
(There is a gap of \$222,178.06 in order to achieve a 10% Cash on Cash return)
(We assume that we can get 1.75% of city tax and .85% county tax)
(With an assumption of a 2.6% sales tax TIF that generates \$171,430.66 annually from the hotel and wine bar)
(The property tax TIF generates \$271,316.20 annually)
(We propose the hotel gets 1.3% sales tax TIF and 50% property tax TIF to obtain feasibility)
(This equates to $\$85,715.33 + \$135,658.10 = \$221,373.43$; a leveraged return of 9.99% for hotel)
(This amount is proposed to be given to the original developer for a period of 25 years)
(This structure has no risk to the Urban Renewal Authority or any city agencies as no bonding is required)
(This structure allows the city Auditorium to also get \$221,373.43 annually as we split revenues evenly)
(This will provide a continuous revenue stream to the city auditorium for a period of 25 years)
(The city auditorium would get \$5,534,335.75 in funding from the Hyatt Place project over 25 years)
(Attached will be current property tax Information and estimate of County Assessor)

Hyatt Place Income and Expense Statement Year 1

Income

Wine Bar (Leased)	\$1,000,000.00	(\$25,000 lease payment)
Room Revenue	\$4,078,843.20	
Food and Beverage/ Meeting Room	\$326,307	
Total Income	\$4,405,150.66	

Operating Expenses

Advertising	100000	
Bank Charges	5000	
Credit Card Charges	160000	
Dues and Subscriptions	7000	
Franchise Fees	600000	
Insurance	50000	
License and Permits	5000	
Postage	450	
Outside Services	2500	
Legal and Accounting	20000	
Repairs Building	20000	
Repairs Equipment	20000	
Employee Benefits	100000	
Wages	725000	
Supplies F&B	450000	
Supplies Office	10000	
Supplies Room	135000	
Supplies Pool	5000	
Taxes Property	276,639.12	
Taxes Payroll	70000	
Auto Expense	2500	
Travel	5000	
Meals and Entertainment	5000	
Utility Cable TV and Electric	150000	
Utility Phone	12500	
Utility-Gas	35000	
Utility-Water	30000	
Utility-Trash	6000	
Total Operating Expenses	3007589.12	
Operating Income	\$1,397,561.54	
Annual Debt Service	\$1,149,576.00	
Cash Flow	\$247,985.54	2.95% Cash on Cash Return (Hotel)
Cash Flow with Lease	\$272,986	3.25% Cash on Cash Return with Lease

Hyatt Place Income and Expense Statement Year 2

Income

Wine Bar (Leased)	\$1,050,000.00	(\$26,000 lease payment)
Room Revenue	\$4,343,068.80	
Food and Beverage/ Meeting Room	\$347,446	
Total Income	\$4,690,514.30	

Operating Expenses

Advertising	100000	
Bank Charges	5000	
Credit Card Charges	172000	
Dues and Subscriptions	7000	
Franchise Fees	650000	
Insurance	50000	
License and Permits	5000	
Postage	450	
Outside Services	3000	
Legal and Accounting	20000	
Repairs Building	25000	
Repairs Equipment	25000	
Employee Benefits	110000	
Wages	760000	
Supplies F&B	465000	
Supplies Office	10000	
Supplies Room	150000	
Supplies Pool	5000	
Taxes Property	276,639.12	
Taxes Payroll	76000	
Auto Expense	2500	
Travel	5000	
Meals and Entertainment	5000	
Utility Cable TV and Electric	155000	
Utility Phone	12500	
Utility-Gas	37500	
Utility-Water	33000	
Utility-Trash	6000	
Total Operating Expenses	3171589.12	
Operating Income	\$1,518,925.18	
Annual Debt Service	\$1,149,576.00	
Cash Flow	\$369,349.18	4.39% Cash on Cash Return (Hotel)
Cash Flow with Lease	\$395,349.18	4.70% Cash on Cash Return with Lease

Hyatt Place Income and Expense Statement Year 3

Income

Wine Bar (Leased)	\$1,100,000.00	(\$27,000 lease payment)
Room Revenue	\$4,557,075.60	
Food and Beverage/ Meeting Room	\$364,566	
Total Income	\$4,921,641.65	

Operating Expenses

Advertising	100000	
Bank Charges	5500	
Credit Card Charges	180000	
Dues and Subscriptions	7000	
Franchise Fees	685000	
Insurance	50000	
License and Permits	5000	
Postage	450	
Outside Services	3000	
Legal and Accounting	20000	
Repairs Building	30000	
Repairs Equipment	30000	
Employee Benefits	120000	
Wages	800000	
Supplies F&B	475000	
Supplies Office	10000	
Supplies Room	160000	
Supplies Pool	5000	
Taxes Property	276,639.12	
Taxes Payroll	80000	
Auto Expense	2500	
Travel	5000	
Meals and Entertainment	5000	
Utility Cable TV and Electric	165000	
Utility Phone	12500	
Utility-Gas	40000	
Utility-Water	36000	
Utility-Trash	6500	
Total Operating Expenses	3315089.12	
Operating Income	\$1,606,552.53	
Annual Debt Service	\$1,149,576.00	
Cash Flow	\$456,976.53	5.44% Cash on Cash Return (Hotel)
Cash Flow with Lease	\$483,976.53	5.76% Cash on Cash Return with Lease

Hyatt Place Income and Expense Statement Year 4

Income

Wine Bar (Leased)	\$1,175,00.00	(\$28,000 lease payment)
Room Revenue	\$4,728,604.80	
Food and Beverage/ Meeting Room	\$378,288	
Total Income	\$5,106,893.18	

Operating Expenses

Advertising	100000	
Bank Charges	6000	
Credit Card Charges	190000	
Dues and Subscriptions	7000	
Franchise Fees	710000	
Insurance	50000	
License and Permits	5000	
Postage	450	
Outside Services	4000	
Legal and Accounting	25000	
Repairs Building	35000	
Repairs Equipment	35000	
Employee Benefits	130000	
Wages	835000	
Supplies F&B	490000	
Supplies Office	12000	
Supplies Room	170000	
Supplies Pool	5000	
Taxes Property	276,639.12	
Taxes Payroll	86000	
Auto Expense	2500	
Travel	5000	
Meals and Entertainment	5000	
Utility Cable TV and Electric	170000	
Utility Phone	12500	
Utility-Gas	44000	
Utility-Water	39000	
Utility-Trash	6500	
Total Operating Expenses	3456589.12	
Operating Income	\$1,650,304.06	
Annual Debt Service	\$1,149,576.00	
Cash Flow	\$500,728.06	5.96% Cash on Cash Return (Hotel)
Cash Flow with Lease	\$528,728.06	6.29% Cash on Cash Return with Lease

Hyatt Place Income and Expense Statement Year 5

Income

Wine Bar (Leased)	\$1,250,000.00	(\$29,000 lease payment)
Room Revenue	\$4,947,673.20	
Food and Beverage/ Meeting Room	\$395,814	
Total Income	\$5,343,487.06	

Operating Expenses

Advertising	95000	
Bank Charges	6500	
Credit Card Charges	195000	
Dues and Subscriptions	7000	
Franchise Fees	745000	
Insurance	50000	
License and Permits	5000	
Postage	450	
Outside Services	4500	
Legal and Accounting	25000	
Repairs Building	40000	
Repairs Equipment	40000	
Employee Benefits	135000	
Wages	855000	
Supplies F&B	500000	
Supplies Office	12000	
Supplies Room	185000	
Supplies Pool	5000	
Taxes Property	276,639.12	
Taxes Payroll	92000	
Auto Expense	2500	
Travel	5000	
Meals and Entertainment	5000	
Utility Cable TV and Electric	180000	
Utility Phone	12500	
Utility-Gas	48000	
Utility-Water	42000	
Utility-Trash	7000	
Total Operating Expenses	3576089.12	
Operating Income	\$1,767,397.94	
Annual Debt Service	\$1,149,576.00	
Cash Flow	\$617,821.94	7.35% Cash on Cash Return (Hotel)
Cash Flow with Lease	\$646,821.94	7.70% Cash on Cash Return with Lease