more than a place, it's home.

NORWOOD YOUNG AMERICA ECONOMIC DEVELOPMENT COMMISSION

Wednesday, February 12, 2020

6:00 p.m.

City Hall Council Chambers, 310 Elm Street West

AGENDA

1. **Call to Order**
   A. Pledge of Allegiance

2. **Adoption of Agenda**

3. **Approve Minutes**
   A. January 8, 2020 EDC meeting
   B. January 8, 2020 Joint meeting

4. **Introductions, Presentations, and Public Comment**
   (Citizens may address the Economic Development Commission about any non-agenda item of concern. Speakers must state their name, address, and limit their remarks to three minutes. The Economic Development Commission will take no official action on these items but may refer the matter to staff for a future report or direct that the matter be scheduled for a future meeting.)

5. **Unfinished Business**
   A. Elm Street Municipal Parking Lot
   B. Mural
   C. Decorative Streetlights – 200 Block of Main Street
   D. 2020 Business Survey
   E. NYA Market Enrichment Grant Program
   F. NYA Event Grant Program

6. **New Business**
   A. Hotel Market Study
   B. NYA Food Resource Guide

7. **Project Updates**
   A. Small Cities Development Program Grant
   B. Hotel
   C. Hwy 212 Construction Marketing Plan

8. **Miscellaneous Reports**
   A. NYA Area Chamber of Commerce Updates

9. **Upcoming Meetings**
   A. Next EDC meeting – 6:00 p.m., March 11, 2020
   B. Joint Meeting – 6:30 p.m., April 8, 2020

10. **Adjournment**

NORWOOD YOUNG AMERICA ECONOMIC DEVELOPMENT COMMISSION
Wednesday, January 8, 2020
5:30 p.m.
City Hall Council Chambers, 310 Elm Street West
Minutes

Present: Tonya Noeldner, Mike McPadden, Sarah Molnau (5:58pm), Kaarin Foede, Carol Lagergren, Jason Winter
Absent: Mike Eggers
Staff Present: Karen Hallquist, Economic Development Marketing Director, Steve Helget, City Administrator
Others Present: Perry Forst

1. **Call to Order**

Foede called the meeting to order at 5:30pm

A. Pledge of Allegiance

2. **Adoption of Agenda**

Motion: Winter/McPadden to approve the agenda as written. Vote 5-0. Motion carried.

3. **Election of Officers**

Motion: Foede/Winter to appoint Tonya Noeldner as Chairperson. Vote 5-0. Motion carried.
Motion: Lagergren/Foede to appoint Sarah Molnau as Vice Chairperson. Vote 5-0. Motion carried

4. **Approve Minutes**

A. December 11, 2019 meeting

Motion: Winter/McPadden to approve. Vote 5-0. Motion carried.

B. October 9, 2019 Joint meeting

Motion: Lagergren/Winter to approve. Vote 5-0. Motion carried.

5. **Introductions, Presentations, and Public Comment**

Perry Forst, President of Citizens State Bank was present to comment on the NYA Market Enrichment Grant Program.

6. **Unfinished Business**

A. Elm Street Municipal Parking Lot

Staff will be reaching out to additional landscape contractors for ideas and bids on the project.

B. Mural

Hallquist attended a Community Engagement seminar in Bloomington which shared info on "Goodspace Murals" and their concept of more community involvement with the mural project. She will do more research and bring back to the February meeting. Staff had also contacted the City of Belle Plaine and City of LeSueur to find out the process of their community murals. Both of these communities hired contractor Lana Beck to complete the project.

C. Decorative Streetlights – 200 Block of Main Street

Staff is working with Jake Saulsbury of Bolton & Menk and Damon Johnson of Xcel Energy Outdoor Lighting on a design plan and estimate. Johnson recently responded that he will have a bid by the end of January.

D. 2020 Business Survey

Hallquist reported there were no additional questions submitted by Commissioners from the list given at the December meeting. The joint meeting discussion will involve some potential questions talking about the process of starting a business in NYA. The business survey will go out in February.

7. **New Business**

A. NYA Market Enrichment Grant Program

To continue revitalization efforts, the EDC Commissioners requested staff to review the 2016 No Interest Loan Program and update accordingly to resemble the Small Cities Development Program Grant as another financial incentive to our local businesses. The two historic downtowns were focused on specifically for the SCDPG award, whereas the NYA Market Enrichment Grant Program would be available to any Norwood Young America business located in the C-2 General

Commercial, C-3 Downtown District or B-1 Business Industrial districts. Property owners or tenants are only allowed one matching grant per calendar year. The EDC has revolving loan funds in the amount of $135,000 in which these grant dollars will be used from.

Perry Forst, President of Citizens State Bank, was present to comment on a few details of the grant including language clarification in grant vs. loan and "permanent physical improvements." In discussion with the suggested eligible improvements, the Commissioners were also favorable of using the monies to fix parking lot/payment damage. Staff will update the guidelines to state the program is for an up to $10,000 grant with a 20% owner equity contribution which can be monetary or additional improvements. For the year 2020, the EDC will fund up to $50,000 and track demand for future programs. Added discussion was on the need for this first round of the program to have properties have a lease in place in order to apply for the grant. This concept will be re-evaluated for 2021 with the possibility of utilizing the grant monies to entice the lease or sale of a vacant property.

Once the grant program is approved, the EDC will create a subcommittee to review the applications and make recommendations to the EDC and ultimately to the city council. Changes will be updated and ready for review at the February meeting.

B. NYA Event Grant Program

This was tabled until the February meeting due to time.

C. Commercial Market Study

At the November 13, 2019 EDC meeting, Commissioners approved the recommendation to present the city council with information on a Retail Market Study. After reviewing the 2016 Commercial Market Study, staff asked Commissioners for further direction on the scope of content for the study prior to presenting information to city council. Commissioners discussed the options of an overall commercial market study, which could include information on grocery needs, or a retail study specifically on grocery needs. Based on the timeframe of the study and the opportunity to use the information competitively with future business growth it was recommended to further a new overall commercial market study. Staff requested the recommendation to hire Keith Wicks & Associates over the U of M Extension Retail Analysis Department due to the previous work and knowledge Wicks has with our community.

Motion: Winter/Foede to recommend to the city council the hiring of Keith Wicks & Associates for a Commercial Market Study. Vote 6-0. Motion carried.

D. 2019 Secretary of State Business Filings

Staff will be providing monthly Secretary of State Business filings for NYA along with available business and development sites.

8. Project Updates

A. Small Cities Development Program Grant

Applications are now available at city hall for property owners to pick up or they can contact Brenda Lano at Carver County CDA office. To date, seven applications have been picked up and two returned.

B. Hotel

Hallquist reported that she and Lagergren have meet with a potential hotel developer in the past few months. Hallquist will be seeking bids for a hotel study in preparation.

C. Hwy 212 Construction Marketing Plan

A joint meeting of OrangeBall, MnDOT and city staff has been set for Monday, January 27, 2020 at 1pm to discuss updates on the project. OrangeBall has been in contact with staff about marketing materials.

9. Miscellaneous Reports

A. NYA Area Chamber of Commerce Updates

Foede reported the 2020 Year of Events for the chamber is available with some new events. The annual chamber banquet is also set for Tuesday, January 28, 2020 at Northside Grill. RSVPs are requested.

10. Upcoming Meetings

A. Next EDC meeting – 6:00 p.m., February 12, 2020

B. Joint Meeting – 6:30 p.m., April 8, 2020

11. Adjournment

Motion: Lagergren/Winter to adjourn. Vote 6-0. Motion carried.

Respectfully Submitted,

_____

Karen Hallquist, Economic Development Marketing Director

NORWOOD YOUNG AMERICA JOINT MEETING Minutes of the Norwood Young America City Council, Norwood Young America Economic Development Commission, Norwood Young America Planning Commission, Norwood Young America Parks & Recreation Commission and NYA Area Chamber of Commerce

Wednesday, January 8, 2020 - 6:30 p.m.

City Hall Council Chambers, 310 Elm Street West, NYA MN 55368

1. **Call to Order**

Mayor Lagergren called the Joint Meeting of the City Council, EDC, Planning Commission, Parks & Recreation Commission and Chamber of Commerce to order at 6:33pm.

Council Members in attendance: Carol Lagergren, Charlie Storms, Craig Heher, Mike McPadden
Planning Commission members in attendance: Mike Eggers
EDC members in attendance: Tonya Noeldner, Sarah Molnau, Jason Winter
Parks & Recreation members in attendance: none
Chamber of Commerce members in attendance: Kaarin Foede
Heritage Center members in attendance: LaVonne Kroells
Staff members in attendance: Steve Helget, City Administrator, Karen Hallquist, Economic Development Marketing Director
Others Present: Julie Wigfield, Perry Forst

2. **Adoption of Agenda**

Motion: Storms/Heher to adopt the agenda as written. Vote 4-0. Motion passed.

3. **Business**
   A. Vision of the Downtown Redevelopment Plan: The vision of the city of Norwood Young America is to build upon the history of the two downtown areas, by enhancing the unique characteristics and architectural features of the buildings, resulting in vibrant small-town downtowns with commercial, residential and governmental uses.
      a. **Review Focus Areas (see attached)**
         i. 2020 Commission Goals - (Planning Commission (PC), Economic Development Commission (EDC), Parks & Recreation Commission (P&RC), Willkommen Heritage Center (WHC) These areas are currently being worked on if not otherwise marked:

- Focus on the history of the downtowns and buildings
  - Short-term: Inventory history of buildings and share with property owners – WHC
    - Elm Street properties are finished. Goal is to complete Main Street buildings for Stiftungsfest.
- Adopt design guidelines which build on the German, Danish and Scandinavian character
  - Short-term: Adopt design guidelines
    - Heher confirmed the City Council adopted guidelines in March 2019.
- Aesthetics are important – maintain public and private infrastructure
  - Short-term: Add benches to Historic Downtown YA and Norwood – P&RC
    - P&RC is continuing to work on the trail/sidewalk plan in 2020.
  - Short-term: Add fence or hedge to Municipal Park Lot – EDC
    - Staff is acquiring bids for landscaping changes in parking lot.
  - Short-term: Review enforcement procedures for nuisance violations – PC
    - Helget confirmed timeline for enforcement of nuisance violation is 14 days.
  - Long-term: Add additional decorative streetlights in Historic Downtown YA – EDC
    - Xcel Energy outdoor lighting coordinator is to have a bid to the city by the end of the month.
  - Long-term: Add missing trees to Historic Downtown YA and Norwood – P&RC
    - P&RC is working with city public service staff on tree replacement and maintenance responsibility. Discussion on the visual connectivity of the two downtowns with potential of planter containers, waste receptacles and benches.
- Expand sidewalks and trails and commercial district connectivity
  - Short-term: Work with MnDOT on wayfinding signage changes & additions – EDC
    - EDC staff is continuing to work with MnDOT, especially with Hwy 212 construction starting this summer.
  - Long-term: Identify gaps in connectivity with existing trails and sidewalks – P&RC

        - P&RC will continue to work on the trail/sidewalk plan in 2020.
- Develop a sense of space for community gatherings & events to bring people downtown –
    - Short-term: Plan Downtown Air Fair and/or Music – Springfest – done!
- Provide financial incentives to encourage redevelopment
    - Short-term: Pursue Small Cities Development Grant – EDC
        - Applications are currently available. Deadline for grant is Sept 2022. EDC is currently looking at using the Revolving Loan Fund to create a Market Enrichment Grant Program that will offer the same benefits of the Small Cities Grant to businesses in any of the C-2, C-3 and B-1 Business Districts.
- Preserve the commercial character of main levels of downtown buildings
    - Short-term: Contact building owners regarding window displays – done!
- Expand commercial business opportunities by target marketing complimentary uses
    - Short-term: Gather business input on potential financial incentives – EDC
        - EDC will be sending out a survey to local businesses.

b. Review other opportunities

i. Mural –

Hallquist attended a Community Engagement seminar in Bloomington which shared info on "Goodspace Murals" and their concept of more community involvement with the mural project. She will do more research and bring back to the February meeting. Staff had also contacted the City of Belle Plaine and City of LeSueur to find out the process of their community murals. Both of these communities hired contractor Lana Beck to complete the project.

ii. Holiday Décor

There has been great feedback from the community about the new holiday décor. Xcel Energy outdoor lighting coordinator confirmed with staff that the city is able to put décor on their light poles. The décor can be added to each year.

iii. Pop Up Sales

Hallquist has met with two local homebased business owner who are both interested in the concept of a pop up sale. The next step would be to talk with vacant building owners on utilizing their space. The Springfest committee is hoping to be able to have some of their featured vendors in a select few of vacant buildings.

iv. Old Town

Storms reported the Parks & Recreation Commission is planning on the repair of the buildings in fall of 2020. The Commission is also seeking the contact information for local organizations to be able to call on them for future projects.

v. Historic Walking Tour

Kroells and Hallquist have met to discuss the possibility of applying for a Partnership Program Grant through the Minnesota Historical Society to assist in paying for a consultant to compile the historical information about the buildings in the two historic downtowns. This information can then be digitized and used for virtual walking tours along with easier access for brochures and paper materials.

vi. Drone Video Tour

Winters suggested contacting the City of Jordan to inquire who they hired for their video. OrangeBall Creative will be sending a proposal plus staff contacted two other video companies. OrangeBall suggested waiting until fall of 2020 when construction and underpass is completed.

c. Discuss the process of starting a business in NYA

Lagergren asked for discussion on the process and potential hurdles of new businesses coming to NYA and how the City as a whole, can improve.

i. First Contact – comments/suggestions/perceptions/hurdles
- Follow up email or phone call must be done and in a timely manner
- Find opportunities when there are concerns shared
- New businesses scared off with too many questions
- Clear and consistent message – eliminate conversations of "you can't" but instead a message of "how can we make this work."
- Language of options – not roadblocks
- Language staff uses must be positive "Not what you say, but how you say it."
- Need to show interest

ii. Location – comments/suggestions/perceptions/hurdles
- Lots of paperwork
- Everything feels like a slow process
- CUP process, applications and fees are cumbersome. Fees are not high, however, can be for a small business.
- There seems to be so many requirements for CUPs and IUPs. Seems like owners are asking for permission to run their businesses.

- The current industrial park covenant seems to limit future expansion
- Better communication with the industrial park businesses with potential new businesses coming in
- Is NYA comparable to other cities in their CUP and IUP requests?
- NYA requires too many "extras"
- Rights of the individual, rights of the neighbors, rights of the community
- Specificity required before they are ready
- So many steps required before opening a business
- Labeling and use questions (primary & accessory)
- Is the building inspector aware of city codes?
- There needs to be city presence of support
- Review city code as it could be restricting new businesses

iii. Finance

- Better understanding of Open to Business and available resources to all

4. Adjournment – Meeting was adjourned at 7:40pm

Motion: Storms/McPadden to adjourn. Vote 4-0. Motion passed.

Next Joint Meeting: Wed, April 8, 2020 6:30pm City Hall

Respectfully Submitted,

_____

Carol Lagergren, Mayor

_____

Karen Hallquist, Economic Development Marketing Director

Norwood Young America

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TO: Economic Development Commission

FROM: Karen Hallquist, Economic Development Marketing Director

DATE: February 12, 2020

SUBJECT: NYA Market Enrichment Grant Program

Background

At the January 8, 2020 EDC meeting, details of the NYA Market Enrichment Grant Program were discussed. The attached guidelines have been updated to reflect the proposed changes as recommended. Changes have been highlighted.

Action

Motion to recommend to the City Council for the approval and implementation of the NYA Market Enrichment Grant Program effective April 1, 2020.

Motion and selection of two Economic Development Commissioners to serve as members of an application review panel for the NYA Market Enrichment Grant Program.

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NYA Market Enrichment Grant Program Guidelines

Purpose

The City of Norwood Young America is offering a grant opportunity to NYA businesses for building improvements. The purpose of this program is to provide financial assistance to property and business owners to stimulate investment in the NYA business districts. The goal of this program is to provide an incentive to businesses and property owners to enhance *the aesthetics of* ~~make permanent physical improvements to~~ *their buildings in hopes of strengthening the vitality of all NYA business districts*~~, and beautify buildings through revitalization efforts,~~ which will have a lasting impact on the entire NYA business community.

Program Eligibility

The intent of the NYA Market Enrichment Grant Program is to focus on those buildings and properties that need improvement due to age, a desire to improve the overall impression of the property and increase the value of buildings. Commercial structures and mixed-use commercial/rental dwellings in the C-2 General Commercial, C-3 Downtown District, and B-1 Business Industrial Districts are eligible for the Program.

All improvements must result in permanent building improvements that add to the goals above. Due to the limited amount of funds, all applications are subject to a competitive selection process which will be based on project goals, impact, and readiness of the project. All applications and plans are subject to the review and approval of the City. Submitting the application and improvement plan does not guarantee approval.

Eligible Applicants:

- The applicant must be the property owner or a tenant with written permission from the property owner to make improvements to commercial or retail buildings
- There must be no delinquent bills, charges, or taxes due to the City
- Projects must be located in the designated zoning area of eligibility
- All projects must result in permanent building improvements
- Property must have conforming uses
- Property owner or tenants are only allowed one matching grant per calendar year. If grant funds remain after the first year, additional grants may be applied for on a case-by-case basis.
- All improvements must follow the principles and guidelines of the Norwood Young America Building Code, Zoning Code and the NYA Market Enrichment Grant Program Guidelines

Eligible Improvements:

- Exterior painting
- Surface treatment (i.e. siding, stucco replacement/repair)
- Masonry repairs and tuckpointing
- Decorative awnings or canopy installation
- Window and/or door replacements or entrance modifications
- Exterior lighting
- Installation or repair of exterior signage
- Outdoor patios and decks
- Landscaping – when part of a larger project (not to exceed more than 10% of total project cost)
- Replacement of roofs
- ADA compliance improvements and/or C-2, C-3, or B-1 building code violations
- Improvements to building access for pedestrians and people with disabilities
- Mechanicals and HVAC systems
- *Parking area improvements*

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Ineligible Improvements:

- Improvements in progress or completed prior to preliminary approval
- Site furnishings, non-permanent structures or improvements, or movable equipment
- Billboards or temporary signage
- Security systems
- New construction
- Purchase of property
- ~~Parking area improvements~~
- Fencing (unless part of a landscaping project)
- Purchase or rental of tools and equipment or for labor performed by the building or business owner, family members, employees or any other person with a financial interest in the property or business. Grant funds may be used to pay for materials.
- Any renovations that are solely the result of ordinary repair and maintenance are not eligible for funding through this program. *Ordinary repair and maintenance is defined as "any work, the purpose and effect of which is to correct or prevent any deterioration or decay, or damage to, a structure, site or any part thereof and to restore the structure or site as nearly practicable, to its condition prior to such deterioration, decay, or damage using materials that are of a design, color, and outer appearance as close as practicable to the original."* Roof will be considered under extenuating circumstances.

  Exclusions to this clause may be made when a new owner purchases a structure and is renovating the structure and the deterioration has not been caused by the new owner or any affiliate or agent.

Grant Terms & Conditions

The NYA Market Enrichment Grant Program reimburses business or property owners for the following funding requirements:

1. The Program provides a one-time loan for eligible expenses. Grants range from $2,000 to $10,000 with a ~~3-year~~ 5-year deferred loan with 0% interest.
2. 80% NYA Market Enrichment Grant Program funds / 20% Owner Funds (May be non-eligible improvements)
3. If applicant is not the property owner, a signed letter of support from the property owner is required. The property must be up to date on all property taxes, utilities and assessments at the time of application submittal.
4. The applicant must maintain the property during the repayment period. Failure to do so will cause the loan to be paid back prorated~~. become payable in full.~~
5. If the benefitting property is sold within the period of the loan, the loan must be paid back prorated. ~~repaid in full.~~
6. Business owners and property owners are only allowed one matching grant per calendar year. If grant funds remain after the first year, additional grants may be applied for on a case-by-case basis.
7. This is a reimbursement program. Applicants must complete all improvements within one (1) year ~~nine (9) months~~ from the award date of the loan. All loan funds will be paid to the applicant upon receipt of evidence of paid invoices for the project along with a release of any and all mechanics or contractor's liens.

Application Process

Step 1: Ensure project eligibility

Before applying, be sure your proposed project is eligible for the program.

- The property is located within the zone areas of C-2 General Commercial, C-3 Downtown District, and B-1 Business Industrial Districts of Norwood Young America.
- The property is up to date on all property taxes, utilities and city assessments.
- All construction management is your responsibility.
- Review the Downtown Redevelopment Plan Design Guidelines.
- This is a reimbursement program; you must complete and pay for the improvement for the work before the program administrator will issue a reimbursement check

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Step 2: Meet with program administrator
Schedule a meeting with the program administrator to discuss your project.

Step 3: Complete and submit application
Submit the grant application to the program administrator, including:

- A written description of the project, including drawings, photographs of the building and other supporting materials that accurately represent scope and intent of project improvements.
- At least two contractors' bids that meet the following guidelines:
  - Evidence the contractors are licensed, bonded and/or insured.
  - Bids must be for identical scopes of work.
  - If qualified to do so, you may perform the work yourself. However, grant funds can only be used to compensate for materials, not for labor or the purchase or rental of tools and equipment. Sweat equity labor includes that of a friend, relative or anyone with a financial interest in the business or property.
  - Grant amounts are based on the lower bid; however, applicants are free to accept the higher bid.
- All complete applications are reviewed and approved by a grant committee, the makeup of which varies. Incomplete applications will be returned to the applicant.

Step 4: Grant award
The applicant will receive a signed copy of the grant application from the program administrator after the project has been approved. Before proceeding, the applicant must obtain all necessary city permits for the project or ensure your contractor pulled the necessary permits. Payment verification for permits and taxes is required prior to grant disbursements.

If the application is not approved, a meeting can be scheduled with the applicant and the program administrator to further discuss project eligibility. If other, more appropriate applications are pending, they will take precedence. However, efforts will be made to help applicants succeed.

Step 5: Submit required documents after project completion
Complete the project and submit documentation to the program administrator within one (1) year ~~nine (9) months~~ of the start date stated on the application.

Grant funds will be disbursed to the applicant by the program administrator within 30 days upon receipt of the following items:

- Proof of final inspection by the City of NYA building inspector for work requiring a city permit.
- Final invoice from the contractor clearly indicating the total project cost.
- Proof of payment paid to contractor in the form of a lien waiver and invoice of payment in full. Applicants should be totally satisfied with the work performed prior to payment.
- Before and after photos highlighting the improvement project.

Note: If more than one contractor is used, you must submit all items for each contractor.

Step 6: Grant reimbursement
Grant reimbursements will occur after the work is completed in accordance with the grant requirements. Please be aware that once work is finalized and the required documentation is submitted to the city for reimbursement, it can take up to 30 days ~~21 days~~ for reimbursement. Reimbursement may take longer if additional documentation is required.

Contact
Karen Hallquist
Economic Development Marketing Director
City of NYA
(952)467-1810
Economicdev@cityofnya.com

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NYA Market Enrichment Grant Program Guidelines

Purpose

The City of Norwood Young America is offering a grant opportunity to NYA businesses for building improvements. The purpose of this program is to provide financial assistance to property and business owners to stimulate investment in the NYA business districts. The goal of this program is to provide an incentive to businesses and property owners to enhance *the aesthetics of* ~~make permanent physical improvements to~~ *their buildings in hopes of strengthening the vitality of all NYA business districts*~~, and beautify buildings through revitalization efforts,~~ which will have a lasting impact on the entire NYA business community.

Program Eligibility

The intent of the NYA Market Enrichment Grant Program is to focus on those buildings and properties that need improvement due to age, a desire to improve the overall impression of the property and increase the value of buildings. Commercial structures and mixed-use commercial/rental dwellings in the C-2 General Commercial, C-3 Downtown District, and B-1 Business Industrial Districts are eligible for the Program.

All improvements must result in permanent building improvements that add to the goals above. Due to the limited amount of funds, all applications are subject to a competitive selection process which will be based on project goals, impact, and readiness of the project. All applications and plans are subject to the review and approval of the City. Submitting the application and improvement plan does not guarantee approval.

Eligible Applicants:

- The applicant must be the property owner or a tenant with written permission from the property owner to make improvements to commercial or retail buildings
- There must be no delinquent bills, charges, or taxes due to the City
- Projects must be located in the designated zoning area of eligibility
- All projects must result in permanent building improvements
- Property must have conforming uses
- Property owner or tenants are only allowed one matching grant per calendar year. If grant funds remain after the first year, additional grants may be applied for on a case-by-case basis.
- All improvements must follow the principles and guidelines of the Norwood Young America Building Code, Zoning Code and the NYA Market Enrichment Grant Program Guidelines

Eligible Improvements:

- Exterior painting
- Surface treatment (i.e. siding, stucco replacement/repair)
- Masonry repairs and tuckpointing
- Decorative awnings or canopy installation
- Window and/or door replacements or entrance modifications
- Exterior lighting
- Installation or repair of exterior signage
- Outdoor patios and decks
- Landscaping – when part of a larger project (not to exceed more than 10% of total project cost)
- Replacement of roofs
- ADA compliance improvements and/or C-2, C-3, or B-1 building code violations
- Improvements to building access for pedestrians and people with disabilities
- Mechanicals and HVAC systems
- *Parking area improvements*

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City of Norwood Young America * PO Box 59 * Norwood Young America, MN 55368 * www.cityofnya.com

Ineligible Improvements:

- Improvements in progress or completed prior to preliminary approval
- Site furnishings, non-permanent structures or improvements, or movable equipment
- Billboards or temporary signage
- Security systems
- New construction
- Purchase of property
- ~~Parking area improvements~~
- Fencing (unless part of a landscaping project)
- Purchase or rental of tools and equipment or for labor performed by the building or business owner, family members, employees or any other person with a financial interest in the property or business. Grant funds may be used to pay for materials.
- Any renovations that are solely the result of ordinary repair and maintenance are not eligible for funding through this program. *Ordinary repair and maintenance is defined as "any work, the purpose and effect of which is to correct or prevent any deterioration or decay, or damage to, a structure, site or any part thereof and to restore the structure or site as nearly practicable, to its condition prior to such deterioration, decay, or damage using materials that are of a design, color, and outer appearance as close as practicable to the original."* Roof will be considered under extenuating circumstances.

  Exclusions to this clause may be made when a new owner purchases a structure and is renovating the structure and the deterioration has not been caused by the new owner or any affiliate or agent.

Grant Terms & Conditions

The NYA Market Enrichment Grant Program reimburses business or property owners for the following funding requirements:

1. The Program provides a one-time loan for eligible expenses. Grants range from $2,000 to $10,000 with a ~~3-year~~ 5-year deferred loan with 0% interest.
2. 80% NYA Market Enrichment Grant Program funds/ 20% Owner Funds (May be non-eligible improvements)
3. If applicant is not the property owner, a signed letter of support from the property owner is required. The property must be up to date on all property taxes, utilities and assessments at the time of application submittal.
4. The applicant must maintain the property during the repayment period. Failure to do so will cause the loan to be paid back prorated~~. become payable in full.~~
5. If the benefitting property is sold within the period of the loan, the loan must be paid back prorated. ~~repaid in full.~~
6. Business owners and property owners are only allowed one matching grant per calendar year. If grant funds remain after the first year, additional grants may be applied for on a case-by-case basis.
7. This is a reimbursement program. Applicants must complete all improvements within one (1) year ~~nine (9) months~~ from the award date of the loan. All loan funds will be paid to the applicant upon receipt of evidence of paid invoices for the project along with a release of any and all mechanics or contractor's liens.

Application Process

Step 1: Ensure project eligibility

Before applying, be sure your proposed project is eligible for the program.

- The property is located within the zone areas of C-2 General Commercial, C-3 Downtown District, and B-1 Business Industrial Districts of Norwood Young America.
- The property is up to date on all property taxes, utilities and city assessments.
- All construction management is your responsibility.
- Review the Downtown Redevelopment Plan Design Guidelines.
- This is a reimbursement program; you must complete and pay for the improvement for the work before the program administrator will issue a reimbursement check

Step 2: Meet with program administrator
Schedule a meeting with the program administrator to discuss your project.

Step 3: Complete and submit application
Submit the grant application to the program administrator, including:

- A written description of the project, including drawings, photographs of the building and other supporting materials that accurately represent scope and intent of project improvements.
- At least two contractors' bids that meet the following guidelines:
  - Evidence the contractors are licensed, bonded and/or insured.
  - Bids must be for identical scopes of work.
  - If qualified to do so, you may perform the work yourself. However, grant funds can only be used to compensate for materials, not for labor or the purchase or rental of tools and equipment. Sweat equity labor includes that of a friend, relative or anyone with a financial interest in the business or property.
  - Grant amounts are based on the lower bid; however, applicants are free to accept the higher bid.
- All complete applications are reviewed and approved by a grant committee, the makeup of which varies. Incomplete applications will be returned to the applicant.

Step 4: Grant award
The applicant will receive a signed copy of the grant application from the program administrator after the project has been approved. Before proceeding, the applicant must obtain all necessary city permits for the project or ensure your contractor pulled the necessary permits. Payment verification for permits and taxes is required prior to grant disbursements.

If the application is not approved, a meeting can be scheduled with the applicant and the program administrator to further discuss project eligibility. If other, more appropriate applications are pending, they will take precedence. However, efforts will be made to help applicants succeed.

Step 5: Submit required documents after project completion
Complete the project and submit documentation to the program administrator within one (1) year ~~nine (9) months~~ of the start date stated on the application.

Grant funds will be disbursed to the applicant by the program administrator within 30 days upon receipt of the following items:

- Proof of final inspection by the City of NYA building inspector for work requiring a city permit.
- Final invoice from the contractor clearly indicating the total project cost.
- Proof of payment paid to contractor in the form of a lien waiver and invoice of payment in full. Applicants should be totally satisfied with the work performed prior to payment.
- Before and after photos highlighting the improvement project.

Note: If more than one contractor is used, you must submit all items for each contractor.

Step 6: Grant reimbursement
Grant reimbursements will occur after the work is completed in accordance with the grant requirements. Please be aware that once work is finalized and the required documentation is submitted to the city for reimbursement, it can take up to 30 days ~~21 days~~ for reimbursement. Reimbursement may take longer if additional documentation is required.

Contact
Karen Hallquist
Economic Development Marketing Director
City of NYA
(952)467-1810
Economicdev@cityofnya.com

DRAFT

Norwood Young America

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NYA Market Enrichment Grant Program Application

Date_____

Business Name_____

Business Owner Name_____

Property Address_____

Property Owner Name_____

Property Owner Address (if diff from applicant) _____

Home Phone_____ Mobile Phone_____

Grant Application Name_____

Type of Business_____

Business Phone_____ Mobile Phone_____

Email_____ Website_____

Lease Agreement Expiration Date (if applicant is leasing) _____

**If the applicant is NOT the property owner, the owner must sign on page 3 to approve the proposed improvements and provide letter of support. If applicant is leasing the building, indicate expiration date of current lease.)

**The property must be up to date on all property taxes and assessments

Application Requirements

- Review program terms and conditions
- Completed application form and signature(s)
- Property owner letter (if applicable)
- Description of proposed project
- Photo of current conditions
- Bid estimates

Description of Proposed Improvements

_____

_____

_____

Total Improvement Cost__$_____

Grant Request Amount__$_____ **The amount of the grant request should not exceed $10,000.

What will you contribute the 20% requirement? _____

Timeline for Completion_____

City of Norwood Young America * PO Box 59 * Norwood Young America, MN 55368 * www.cityofnya.com

Submit two written bids/estimates/quotes for the project cost

- If two bids cannot be supplied, provide evidence of that multiple bids were sought.
- Verify contractors are licensed, bonded and insured.
- Grant amounts are based on the lower bid; however, you are free to accept the higher bid.

Contractor Information

1. Contractor Name_____

Address_____Phone_____

Bid Amount__$_____

2. Contractor Name_____

Address_____Phone_____

Bid Amount__$_____

Review Terms

The grant applicant will receive a grant in the amount specified pending grant applicant's compliance with this agreement and grant program guidelines and available funding. Final determination of eligibility rests with the City of Norwood Young America.

1. The grant applicant certifies that he/she is an owner of record of the property where the funds will be used to finance repairs and/or improvements; or where not the owner of record of the property, has obtained the owner's written authorization to cause the repairs or improvements to be made. The property owner certifies that all property taxes are paid and up to date and will remain so throughout the entire project, until grant funds are disbursed.
2. Work performed at the property shall be as stated in the contractor(s) bid(s) obtained by the grant applicant and as state in this application.
3. Any contractor(s) who performs work at the property must meeting City of Norwood Young America licensing, building permit and building code requirements.
4. If the grant applicant is performing any work, the grant applicant understands that upon completion (1) all work must meet City of Norwood Young America zoning code, building permit and building code requirements, and (2) grant funds can only be used to compensate for materials, not for the purchase or rental of tools and equipment or the labor of the grant applicant, a relative or someone with financial interest in the business or property receiving the grant funds.
5. All improvements must be complete and reimbursement request documents provided to the program administrator within nine months of the grant approval date. The grant applicant is responsible for ensuring that the work has been completed satisfactorily before paying the contractor(s).
6. Grant funds will be disbursed to the grant applicant by the program administrator based upon the receipt and review of the items below. The grantee must submit the following items to the program administrator upon completion of the work. If more than one contractor is used, the items listed below must be provided for each contractor:
    a. Proof of final inspection by the City of Norwood Young America for work requiring a city permit (send a copy of the permit signed by the building inspector). For work NOT requiring a city permit, call the program administrator at 952-467-1810 to notify them work is complete.
    b. Final invoice from the contractor(s) showing the total project cost.

I hereby affirm that all information above is true and accurate to the best of my knowledge. I have read and agree to the NYA Market Enrichment Grant Program.

Applicant Signature_____Date_____

Owner Signature_____Date_____

Application Submittal

Submit application and attachments to program administrator by mail or email to:

Karen Hallquist
City of NYA
PO Box 59
Norwood Young America, MN 55368
(952)467-1810
Economicdev@cityofnya.com

Internal Use Only – to be completed by program administrator

Date application received_____

Grant amount requested_____

Private 20% match_____

Total project cost_____

Grant approval date_____

Project completion date_____

Program administration signature_____
Karen Hallquist, EDMD – Program Administrator

Norwood Young America

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TO: Economic Development Commission

FROM: Karen Hallquist, Economic Development Marketing Director

DATE: February 12, 2020

SUBJECT: NYA Event Grant Program

Background

The Downtown Redevelopment Plan identifies new financial programs that could be implemented to assist in the encouragement of redevelopment for the two downtowns. One of the new programs listed is a "Tourism mini grant." This grant would allow local organizations and groups limited financial support for the development of new events and community gatherings within the city limits of Norwood Young America.

Currently, the Economic Development Commission 2020 Budget includes $1,000 to be awarded to the annual Springfest Artisan Fair which is held the third Saturday in May. This event is organized by the NYA Area Chamber of Commerce and Economic Development Commission. This would be the second annual award for this event.

The EDC Commissioners requested staff to develop language in creating a formal "mini grant" that will encourage and support new events in Norwood Young America.

Action

The EDC is asked to provide input on the development of the NYA Event Grant Program for 2020. A draft is included. Items to be addressed include:

- Minimum and maximum amounts ($1,000 per event, $3,000 per year)
- Event criteria and covered expenses
- Who can apply? Organizations, private parties, school groups, etc.
- Requirements for receiving the award

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NYA Event Grant Program

Purpose

The Norwood Young America Event Grant Program gives local organizations and groups limited financial support for the development of new events and community gatherings within the city limits of Norwood Young America.

Program Eligibility

The intent of the NYA Event Grant Program is to assist local organizations and groups in their efforts to build and share community comradery and fellowship with residents and visitors through events that help to promote Norwood Young America and its area attractions.

Due to the limited amount of funds, all applications are subject to a competitive selection process which will be based on event goals, impact, and readiness of the project. All applications and plans are subject to the review and approval of the City. Submitting the application and improvement plan does not guarantee approval.

Event Grant Criteria

- The event will be held in a public area where a significant number of guests are expected to pass through or reside.
- Event Grant applications must be submitted 60 days before the event occurs.
- Events held as fundraisers or intended to generate revenue are not eligible for funding.
- Events cannot solicit donations or admission from attendees (event must be free to attend).

Expenses that MAY be Funded

- Travel expenses for speaker
- Advertisements for the event
- Technical Support
- Facilities Rental
- Supplies for Event
- Up to 50% of food costs

Expenses that will NOT be Funded

- Travel (other than bringing in the speaker)
- Administrative Expenses (i.e., paying an event coordinator)
- Preprinted publications
- Salaries/stipends

Uniqueness of Program

- The event allows for a high potential of interaction between the presenters and the attendees.
- If the event has been funded by an Event Grant in the past, the group must make improvements to the event and explain these improvements in the application for the grant.
- The event is accessible to all guests, free of charge, without regard to race, creed, gender, sexual orientation, nationality or ethnic origin, disability, status as a veteran, public assistance status, age, or any other distinguishing characteristic.
- Alternative or unique methods of advertising will be attempted in the promotion of the event. This also includes efforts in advertising beyond the community of Norwood Young America.

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NYA Event Grant Program

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Grant Terms & Conditions

- Grants are limited up to $1,000
- Groups/organizations may not be awarded more than $1,000 per year from the NYA Event Grant Program
- Requests must be made at least 60 days prior to the vent itself to allow time for EDC review and City Council approval.
- The first 50% of the awarded money will be given to the group prior to the event.
- The last 50% will be given upon successful completion of the audit/evaluation form. This form must be completed 30 days after the end of the event.
- Only one grant request per an event is allowed.

Application Process

Step 1: Meet with program administrator

Schedule a meeting with the program administrator to discuss your event.

- Review any potential codes/city requirements/road closure requests for the event

Step 2: Complete and submit application

Submit the grant application to the program administrator, including:

- A generalized budget statement for the event should be submitted with the application, showing anticipated total costs and the planned use of the NYA Event Grant funds and any other sponsorships or contributing funds.
- A clear description of how the event/activity will benefit the City of Norwood Young America.

All complete applications are reviewed by the Economic Development Commission and ultimately approved by the City Council. Incomplete applications will be returned to the applicant.

Step 3: Grant award

The applicant will receive a signed copy of the grant application from the program administrator after the project has been approved. If the application is not approved, a meeting can be scheduled with the applicant and the program administrator to further discuss project eligibility. If other, more appropriate applications are pending, they will take precedence. However, efforts will be made to help applicants succeed.

Step 4: Submit required documents after event completion

Complete the event and submit documentation to the program administrator within 30 days from the day of the event. Grant funds will be disbursed to the applicant by the program administrator upon receipt of the following items:

- Summary of event suitable for advertising on the City of NYA's social media outlets.
- Budget summary document detailing the actual use of the awarded funds.

Step 5: Grant reimbursement

Grant reimbursements will occur after the work is completed in accordance with the grant requirements. Please be aware that once work is finalized and the required documentation is submitted to the city for reimbursement, it can take up to 21 days for reimbursement. Reimbursement may take longer if additional documentation is required.

Contact

Karen Hallquist
Economic Development Marketing Director
City of NYA
(952)467-1810
Economicdev@cityofnya.com

DRAFT

Norwood Young America

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TO: Economic Development Commission

FROM: Karen Hallquist, Economic Development Marketing Director

DATE: February 12, 2020

SUBJECT: Hotel Study

Background

The last Hotel Feasibility Study done in Norwood Young America was in 2015 by Michael Hool of HMI, Inc. The Field Research Report shared information of current corporate/commercial demand plus the social/leisure market demands. At that time, it was found that the NYA market did not appear to offer the consistent lodging demand required on a nightly basis throughout the year to support the development of a new hotel.

During a work trial period, Community and Economic Development Associates (CEDA) was instructed to research the options and opportunities for the goal of recruiting a hotel in NYA. The report outlined strong fundamental items that would be considered by a hotel developer such as Highway 212, the Tacoma West Industrial Park, the successful school systems and increased senior housing. Some of the weaker elements in NYA included no major institutions, limited available sites, no current hotel study for potential developers and lacking financial incentive packages with the city. After much discussion, it was decided to hold off on pursuing a hotel study until there was an interested developer. Commissioners agreed that the 2020 Economic Development Budget would include funds for a hotel study should they be needed.

In October 2019, John Kennedy, President of GrandStay Hotels, introduced city staff to an interested developer. City staff and the developer have had multiple preliminary talks about potential sites and opportunities within the community. After reviewing the 2015 Hotel Study and 2016 Commercial Market Study with the developer, he has requested an updated Comprehensive Hotel Market Study. The developer has worked on projects out of state and recently in Olivia, MN.

Attached are proposals from two hotel research advisors – HMI, Inc. and Hotel & Leisure Advisors (H&LA). Both proposals include timelines of 30 days to research with an approximate 30-45 days review and report.

Action

Commissions are asked to review and discuss the two hotel research proposals.

Motion to recommend to the City Council to hire and contract with _____ for a Comprehensive Hotel Market Study (HMI, Inc.) or Market Feasibility and Financial Analysis Study (H&LA).

HMI Inc.

January 13,2020

Ms. Karen Hallquist
Economic Development Marketing Director
City of Norwood Young America
310 Elm Street
Norwood Young America, MN 55368

Sent via email: economicdev@cityofnya.com

RE: Norwood Young America, Minnesota - Hotel Market Study

Management

Research

Marketing

Gregory R. Hanis, ISHC
President

ghanis@hospitalitymarketers.com
262-490-5063

Member of

ISHC
INTERNATIONAL SOCIETY OF HOSPITALITY CONSULTANTS

Professionally Serving the United States & Canada Since 1982 with Offices in Milwaukee, Wisconsin and Fort Myers, Florida

5415 S. Majors Drive
New Berlin, WI 53146

10014 Majestic Avenue
Fort Myers, FL 33913

262-490-5063
Fax: 239-245-8161

hmi@hospitalitymarketers.com
www.hospitalitymarketers.com

Hotel Service Network

Dear Karen,

It was great talking to you on the phone on Thursday, last week. Per our conversation, I have assembled this Engagement/Proposal regarding market research for the potential development of a hotel in the Norwood Young America, Minnesota market area. We have prepared many studies for communities such as Norwood Young America and have expertise in performing research for a variety of styles of hotels. This expertise can assist with market research, brand selection, and development of the proposed hotel. Thank you for considering Hospitality Marketers International, Inc., to research this hotel project.

This letter is a proposal to engage and, upon acceptance, confirm the engagement of HMI to perform project work for this proposed hotel. For additional information about HMI and our market study services, please refer to our Web Site at www.hospitalitymarketers.com. Specifically, the project to be completed by HMI is as follows:

GENERAL PROJECT APPROACH

– The following outlines the General Approach we will take in researching this market.

– In order to expedite the completion of this project, HMI will be engaged to perform a Field Research Hotel Evaluation Report or a Comprehensive Hotel Market Study of the subject site in the City of Norwood Young America market for potential hotel development. HMI will schedule this project accordingly.

– Recommendations regarding the Style of the proposed hotel will be provided based upon demand and competitive supply factors. At this time, research will be conducted for a limited-service, upper mid-scale hotel.

– The specific Subject Site for the proposed hotel was not identified at this time. It was reported to be in the east end of the downtown area. More specific details about the site will be discussed upon commencement of this research.

– The Hotel Product Category was currently identified as limited-service. Recommendations will be provided for the Hotel Product Category based upon demand and competitive supply factors.

– The Price Category for the proposed hotel was currently identified as upper

mid-scale. Recommendations will be provided for the proposed hotel's price category based upon demand and competitive supply factors.

– The possible Brand being considered for this hotel was not identified at this time. However, a GrandStay Hotel brand was mentioned. Recommendations will be provided for the proposed hotel's brand(s) based upon demand and competitive supply factors.

– During our conversation, no specific Size for the proposed hotel was discussed. Specific size suggestions for the proposed hotel will be determined by the size of the site, the demand sources and competitive supply in the market.

– There may be the potential for the proposed hotel to have specific Amenities or Services. Some may relate to the brand chosen for this hotel. Other amenities and services may relate to the demand characteristics of the subject market. These items will be addressed accordingly based upon the research performed for this phase, and recommendations will be made as to the type, size and necessity for certain amenities at this proposed hotel.

– At this time, no potential Food and Beverage elements would be associated with the proposed hotel other than a Continental Breakfast which would be served to guests. Should the need for these amenities be identified by the research conducted, it will be addressed in this report.

(OPTION) FIELD RESEARCH HOTEL EVALUATION REPORT

The following will outline our approach for completing the Field Research Hotel Evaluation Report.

– As we discussed, the suggested approach is to conduct a Field Research Hotel Evaluation Report. This study is used by communities and developers to identify the preliminary need for the hotel in this market.

– Based on comprehensive research of the subject market, this Field Research Hotel Evaluation Report will provide a preliminary evaluation with key market factors highlighted. This report will research the proposed site being considered for hotel development including its visibility and accessibility to the proposed markets. The relationship of the site to possible lodging demand generators and existing lodging supply will be researched. General economic conditions will also be researched. A preliminary Field Research Hotel Evaluation Report will be presented with a brief overview of these elements.

-- Preliminary operational projections for Occupancy, Average Daily Room Rate and Sales Revenue will be presented. These preliminary projections will be to a stabilized year of operation. Preliminary recommendations for hotel site location, product type and size, franchise/branding recommendations, and product features and amenities will be provided.

– A preliminary Operational Proforma will be developed based upon the sales revenue projections presented in this report and national hotel industry operational expense averages for the style of hotel being considered.

-- This is not a full Comprehensive Hotel Market study. It is presented in an abbreviated format that summarizes the research performed.

FUTURE OPTIONS: This report could be expanded, upon completion and the recommendations presented, by the HMI into a Comprehensive Hotel Market

Study, by HMI, for a specific hotel development. Also, HMI could assist in assembling a detailed Operational Proforma & Investment Analysis for a specific hotel development. The following are options for expanding this Field Research Analysis Report.

(OPTION) COMPREHENSIVE HOTEL MARKET STUDY

-- This suggested approach (to conduct a Comprehensive Hotel Market Study) is used by communities and developers to support the conclusions, recommendations and multi-year projections presented in this market study.

--A Comprehensive Hotel Market Study will provide, based upon comprehensive research of the subject market, a detailed evaluation with key market factors highlighted. This report will research the proposed site being considered for hotel development including its visibility and accessibility to the proposed markets. The relationship of the site area to possible lodging demand generators and existing lodging supply will be researched. General economic conditions will also be researched.

--Comprehensive and statistical operational projections for Sales Revenue, based upon Occupancy and Average Daily Room Rates, will be presented. Also, Food & Beverage Projections will be presented. These multi-year projections will be to a stabilized year of operation. Detailed property recommendations for property site location, product type and size, franchise recommendations, and product features and amenities will be provided.

-- A preliminary Operational Proforma will be developed based upon the sales revenue projections presented in this report and national hotel industry operational expense averages for the style of hotel being considered.

(See the *Multi-Year Operational and Investment Proforma Statement Projection Report* area of this letter for information regarding expanding this preliminary Operational Proforma into a Detailed Multi-Year Operational Proforma and Investment Analysis.)

-- The format of this study should be acceptable for external lending and investing purposes. Hospitality Marketers would be available to answer any questions concerning these studies upon their completion.

(OPTION) DETAILED MULTI-YEAR OPERATIONAL PROFORMA PROJECTIONS and INVESTMENT ANALYSIS

If required by you, the investors, or the lender, HMI will assist in preparing or reviewing a Multi-Year Operational Proforma Projections & Investment Analysis for the proposed hotel project in the subject site area. Project. HMI could develop, or review, the Detailed Multi-Year Operational Proforma Projections and Investment Analysis for you.

- If developed by HMI, this report would be based upon previous market research performed by Hospitality Marketers International, Inc., and contained in its Comprehensive Hotel Market Study Report for your proposed project. A Detailed Multi-Year Operational Proforma & Investment Analysis will be prepared, using industry standards, other acceptable accounting models, and specific property information for the proposed hotel. It will be based upon the multi-year sales projections contained in the Comprehensive Hotel Market Study Report for this hotel.

Please contact HMI for more information on report expansion options.

TIMING

-- Your market study is scheduled based upon the accepted return of this Engagement Letter and receipt of the Retainer Check. An exact start and completion date will be assigned with the accepted return of this letter and Retainer Check to HMI. Should there be any unforeseen delays which would change this completion date, we will communicate with you accordingly. If we can expedite this phase, we will do so.

-- Typically, the fieldwork research stage is completed within 30 days of the commencement of the research project. This is based upon our receipt of the Signature Page and Retainer Check. However, it will be based upon our project schedule at that time.

-- Typically, the Field Research Analysis Report will be completed 30 days from our fieldwork/research. The Comprehensive Hotel Market Study stage is completed within 30 to 45 days of the completion of the field research.

-- This timing is based upon the receipt of the Signature Page and Retainer Check. However, it will be based upon our project schedule at that time.

-- To customize a report and do the necessary research takes time to complete as we do not perform "Boiler Plate" reports in order to expedite completion. Please allow ample time for the completion of our research. All of our projects depend upon your authorization to proceed and we will expedite the completion as best as our schedule allows. We have given you realistic timing for the report. We do not promise a shorter time-frame and adjust it after receiving the project.

COMPENSATION

HMI's compensation for completing this project work for a select-service hotel is as follows: (All fees quoted are valid for 90 days from the date of this letter. After that time, there may be the need to revise these fees due to changes in market conditions, especially travel expenses.)

(OPTION) FIELD RESEARCH HOTEL EVALUATION REPORT

-- The complete Field Research Hotel Evaluation Report fee is $5,900, including all associated research expenses (see below), the Field Research Stage and the Retainer received. (This is a discount, for being a previous client, from our normal fee of **$6,350**)

-- A Retainer ($4,100) is required prior to commencing work on this project.

(OPTION) COMPREHENSIVE HOTEL MARKET STUDY

-- The complete Comprehensive Hotel Market Study is $8,250, including all associated research expenses (see below), the Field Research Stage and the Retainer received. (This fee is a discount, for being a previous client, from our normal fee of **$8,825**.)

-- A Retainer of ($5,350) is required prior to commencing work on this project.

FIELD WORK STAGE

-- In the process of performing the field work portion of this report or in

conducting the preliminary research for the written report, should the feasibility of a project become questionable, we will cease the project work and discuss our findings with you accordingly. Should it be necessary to cease all further work at this point, we will adjust our fees accordingly:

--The Field Work/Preliminary Research Fee for a limited-service hotel is **$4,850**, which includes associated research expenses (see below).

--The retainer received will be applied accordingly. All other terms of this engagement letter are in effect.

(OPTION) MULTI-YEAR OPERATIONAL AND INVESTMENT PROFORMA PROJECTIONS STATEMENT

--The Multi-Year Operational and Investment Proforma Projections Statement fee is dependent upon how involved HMI is in its preparation. The fee to prepare a customized Operational Proforma Projections and Investment Analysis or to review an Operational Proforma & Investment Analysis prepared by you or a third party, will not exceed **$1,500** for a limited-service hotel. It would be billed at a pro-rated, per hour fee of **$210**.

-- An additional Retainer of **($750)** is required prior to commencing work on this project.

REPORT/PROJECT WORK FOLLOW-UP

--Upon completion of the Comprehensive Hotel Market Study, a "Pending" Version of the report will be presented for your review.

--Full payment of the final balance for this project, including expenses incurred, is required to release the Final Version of this Field Research Analysis Report or Comprehensive Hotel Market Study Report.

--HMI will be available for normal and usual follow-up on the report/project work completed which is included in the above fees at no extra charge. This will include, but is not limited to Report Review, Final Report Preparation, Basic Brand Identification, Report Consultation, etc.

--HMI is available for more in-depth consultation if required. Depending upon the scope of this consultation, there may be associated fees. This activity would need to be discussed and would depend upon the scope of HMI's involvement

EXPENSES & GENERAL

All discounts offered above will apply to this project if full and final payment is received within 30 days from the final statement date. If payment is received after 30 days, the discount will be removed and the balance on the normal project fee will be due, less any previous payments made.

Expenses – All associated normal research and travel expenses are included in the above fees. Travel expenses include: Air Fare, Auto Mileage, Fuel, Auto Rental, Hotel and Meals. At this time, no adjustment to normal travel expenses was made to the estimated transportation and lodging costs being higher than normal costs for these items.

All statements for project work submitted by HMI are due upon receipt. Any unpaid balance after 30 days is subject to an 18% (1.5% per month) finance

charge. Should it be necessary to use an outside collection agency or attorneys for payment of this project, any fees incurred by Hospitality Marketers International, Inc., will be added to the final amount owed.

We ask that you notify HMI before you solicit or hire any other hospitality consulting organization to perform this project work. This will prevent any conflict that may occur in completing this project work as defined.

HMI will be an independent contractor and will maintain its own separate legal identity and entity. There is no indication in this engagement that HMI and the Principal are business partners or have formed a joint venture to complete the project work defined.

Hospitality Marketers International, Inc. operates as a hotel service network organization. HMI staff will perform the above project work or assign it to qualified associates, within the service network, with the expertise to perform the outlined project work of this engagement. These service representatives are independent contractors who have established an exclusive representation agreement with HMI. HMI staff supervises and reviews all assigned project work. These qualified associates/consultants are service representatives acting as agents of HMI.

HMI may use your name as a previous customer reference upon completion of the project work.

All information concerning your business interests, as well as HMI's, including business data, policies, procedures, operations, and other information, are confidential and are not to be disclosed by yourself or HMI.

In the event that a dispute arises from this engagement which requires a legal remedy, it will be resolved through final and binding arbitration according to the current procedures of the American Arbitration Association and the prevailing laws and regulations of the State of Wisconsin. The arbitrator will be a knowledgeable source specializing in the area of hotel/resort marketing or real estate development. One of the arbitrators will be a member of the International Society of Hospitality Consultants. Due to the uncertainty related to future projections, any damages would be limited to the fees paid and related with this engagement. These damages would only be due to proof of gross negligence in performing the research and calculating the projections provided.

This engagement letter is in effect until the satisfactory completion of the project work and payment of the associated fees.

Karen, we appreciate this opportunity to work with you in researching this potential hotel project in Norwood Young America. After reviewing this engagement letter, please contact me if you have any questions. Otherwise, please sign the attached Signature Page and return it, along with the appropriate retainer check, to my attention as soon as possible so I can begin scheduling this project. If you scan/email or fax your signed, accepted copy to me, we will hold your position (for ten days) in our market study queue until we receive your retainer check.

Sincerely,
HOSPITALITY MARKETERS INTERNATIONAL, INC.

Gregory R. Hanis

Gregory R. Hanis, ISHC
President

Michael R Hool

Michael R Hool, CPA, ISHC
President, SHR (*An HMI Representative)*

HMI Inc.

City of Norwood Young America **January 13, 2020**
Re: Norwood Young America - Hotel Market Study

_____ Please proceed with the Field Research Hotel Evaluation Report. **(Retainer Fee - $4,100)**

_____ Please proceed with the Comprehensive Hotel Market Study. **(Retainer Fee - $5,350)**

_____ Please proceed with the Operational Proforma & Investment Analysis. **(Retainer Fee - $750)**

_____ The appropriate Retainer check is enclosed with this signed copy of the engagement letter.

_____ If Faxed, the appropriate Retainer check will be sent, via:

_____ Wire Transfer

_____ Overnight Services

_____ Regular Mail - The appropriate Retainer check is enclosed with this signed copy of the engagement letter. (HMI will hold this project in the priority position that the fax was received in for ten (10) days from the date of this signed and faxed engagement letter.)

(HMI will hold this project in the priority position the fax was received in for ten (10) days from the date of this signed and faxed engagement letter.)

--Please fax this signed signature page using the Fax number provided in the box at the bottom on this page.

***** Please send your retainer check to the following address:**
Hospitality Marketers International, Inc.
5415 S. Majors Drive
New Berlin, WI 53146

***** For Wire Transfer Information, Contact Hospitality Marketers International, Inc.**

ACCEPTED BY:_____

TITLE:_____

COMPANY NAME:_____

DATE:_____

To: Greg Hanis, Hospitality Marketers International, Inc.
Fax: 239-245-8161
Contact: 262-490-5063

From:_____

Management

Research

Marketing

Gregory R. Hanis, ISHC
President

ghanis@hospitalitymarketers.com
262-490-5063

Member of

ISHC
INTERNATIONAL SOCIETY OF HOSPITALITY CONSULTANTS

Professionally Serving the United States & Canada Since 1982 with Offices in Milwaukee, Wisconsin and Fort Myers, Florida

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www.hospitalitymarketers.com

Hotel Service Network

Proposal for a Market Feasibility and Financial Analysis Study

Proposed Grandstay Hotel
Norwood Young America, Minnesota

Our Mission

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

H&LA

HOTEL & LEISURE ADVISORS

hladvisors.com

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January 21, 2020

Ms. Karen Hallquist
Economic Development Marketing Director
City of Norwood Young America
310 Elm St W
Norwood Young America, MN 55368
Via e-mail: Economicdev@cityofnya.com

RE: Market Feasibility and Financial Analysis Study
Proposed Grandstay Hotel, Norwood Young America, Minnesota

Dear Ms. Hallquist:

Thank you for the opportunity to submit a proposal for the feasibility analysis of the proposed hotel in Norwood Young America, Minnesota. Hotel & Leisure Advisors (H&LA) has completed numerous hotel studies throughout Minnesota, including recent studies in Bloomington, and would be pleased to prepare a feasibility study for the hotel as outlined in the attached proposal.

Based on our hospitality experience and our understanding of the proposed facility concepts, I am confident that H&LA is well qualified to respond to your consulting requirements. We have developed sophisticated and innovative research techniques, resulting in thorough analyses that incorporate in-depth local, regional, and state market information. For additional information about our firm, our company qualifications are included with this proposal package. Over the years, H&LA has served more than 700 clients on a variety of projects. Upon request, we will provide you with a list of references relevant to your project whom you can contact.

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

Sincerely,

Hotel & Leisure Advisors, LLC

David J. Sangree, MAI, ISHC
President

H&LA

HOTEL & LEISURE ADVISORS

Proposal for Consulting Services for the Proposed Grandstay Hotel, Norwood Young America, Minnesota

I. Market Feasibility and Financial Analysis Study

OBJECTIVE

The objective of this engagement is to estimate the market feasibility of the development of a proposed Grandstay Hotel. It is our understanding that the estimate of feasibility will be used for decision-making purposes in determining whether to develop the hotel. We will produce a detailed financial analysis for the project and estimate its probable operating performance for an 11-year holding period.

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

- Sizing of and amenities for the overall property, including the number of guestrooms, size and type of food and beverage facilities, conference space, recreational facilities, and expansion capabilities
- Amenities the property could use to attract additional demand and revenue

SCOPE OF WORK

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

Fieldwork and Data Collection:

- Review overall business objectives for the proposed hotel development and overall development concepts such as size and level of investment. Defining the proposed scope of the concept will serve as a basis for refining the potential market for the project and provide a framework of assumptions to use in our analysis.
- Review previous market research and information developed for the concept and our previous work and relationships in the submarket
- Review subject data, such as development budget, financial forecast, architectural plans, tax & zoning information, etc.
- Travel to the subject market for a site visit, neighborhood and market tour, and meetings with the client

- Visit competitive hotel or resort properties and meet managers or owners to determine comparable facilities, planned renovations, market segmentation, fill days, and occupancy and ADR performance levels

- Interview representatives of hotel chains to determine occupancy and ADR performance of area hotels and proposed new supply additions

- Meet with representatives of and/or research data from the local convention and visitors bureau, chamber of commerce, and assessor's office, as well as city, county, and economic development officials and other knowledgeable parties with information on the site and region

- Review the development's master plan (if applicable and available) and projected development within the neighborhood

Demand Research:

- Conduct research and interview potential users to gauge interest in the proposed hotel. These interviews will focus on which facilities the interviewees currently use and what type of amenities, size of meeting space, number of rooms, and room rates would be necessary for them to consider the subject. These research techniques may include in-person meetings, phone interviews, online surveys, and other research methods as appropriate.

Analysis:

- Analyze national trends in the hotel and resort industry

- Review the local and larger region's demographics (population, household growth, employment, income, transportation, etc.) to determine the economic environment in which the subject hotel will operate and demand sources

- Analyze the proposed project site, including traffic counts, access, visibility, proximity and travel time; nearby visitor attractions; nearby current and proposed corporate and group demand generators; and access to convention and event facilities relative to competitive properties

- Identify primary leisure, group, and commercial hotel room demand generators within the market and indicate their growth, decline, and changes

- Examine current, under construction, planned, and proposed hotel supply and review the impact of any recent hotel openings on the hotel market and projections for future demand

- Determine a competitive set of properties and compare the facts and performance figures for each property to the subject

- Analyze the historical market segmentation (corporate transient, leisure transient, group, and contract demand) of the competitive properties and project the market segmentation for the proposed hotel

- Analyze the competitive advantages and disadvantages or prepare a SWOT (strengths, weaknesses, opportunities, threats) analysis of the subject site and the proposed hotel relative to competitive properties and the overall market
- Evaluate historical supply and demand trends
- Compare the projected performance of the subject to comparable properties in similar markets throughout the region and to the subject's competitive set of properties
- Analyze the historical performance of the market and make projections for the market and the subject property, considering proposed new supply, using our comprehensive hotel supply and demand model
- Analyze the proposed Grandstay franchise affiliation concerning performance metrics
- Analyze the projected range of costs for the development of the proposed hotel
- Forecast annual occupancy and ADR levels for the proposed property
- Analyze daily and monthly occupancy and ADR performance of the market, and make projections of daily and monthly occupancy performance for the subject for a stabilized year

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

- The available operating results of comparable properties in the market
- Our database of comparable hotels actual financial statements
- Hotel-related operating data from industry publications, including STR's *HOST Report* and CBRE's *Trends*
- The experience of our consultants and their daily interaction with industry contacts

This analysis will reflect the effects of estimated future inflation on revenues and expenses and will arrive at the estimated cash flow from operations. Our forecasts will provide calculations on a total revenue, per available room, per occupied room, and percentage of total revenue bases for an 11-year holding period. The financial analysis report will include detailed comparisons with actual operating statements of comparable properties and a line-by-line discussion of each of the major departments of a hotel. Based on typical discount and capitalization rates of a hotel, we will project the net present value. We will compare this to typical construction costs for a development similar to the project to determine feasibility.

Narrative Report: We will communicate our findings in a full narrative market study report. Our analysis will confirm the strength and growth of available markets, trends in occupancy patterns, and other factors important to the success of comparable hotel properties. We will estimate occupancy levels, average daily rates, and make financial projections. We will recommend the number of guestrooms, food and beverage facilities, conference facilities,

amenities, other facilities, and any expansion potential for the property. We will suggest amenity offerings that the property could use to attract additional demand.

ADDITIONAL SERVICES

Hotel & Leisure Advisors offers additional consulting services such as an economic impact study or our RFQ services that will assist you in finding a developer or management company. After the opening of the subject property, we offer an operational review to provide recommendations to enhance financial performance. We are also available to prepare a full narrative appraisal report that will conform to Uniform Standards of Professional Appraisal Practice (USPAP) and Office of the Comptroller standards.

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

PROJECT QUALIFICATIONS & EXPERIENCE

Our consultants are national experts in the analysis of all types of hotel and resort properties. We have prepared more than 3,000 studies on every hotel brand and chain scale in the United States and Canada. With your project in mind, below is a small sampling of projects we have completed over the years that are similar to yours in property type or scope of services. A complete list of all H&LA projects can be found at our website.

Proposed Holiday Inn Express – Medina, Ohio: Market Feasibility and Financial Analysis Study on a proposed 81-room hotel. Our study analyzed occupancy and ADR, and made projections for future financial performance. We also analyzed the competitive hotel market to determine existing supply and demand for the subject. The property is near Interstate 71, just south of Cleveland.

Proposed Hilton Garden Inn – Indiana, Pennsylvania: Market Feasibility and Financial Analysis Study for a select-service Hilton Garden Inn hotel in Indiana, Pennsylvania, at the southern edge of Indiana University of Pennsylvania's campus. Our study revealed that the development of a 128-key select-service hotel produced a positive return. The market area surrounding the subject site contained few hotels and none of the quality level of the proposed select-service hotel. The hotel opened in 2016.

Proposed SpringHill Suites – Lancaster, New York: Market Feasibility and Financial Analysis Study of a 94-room hotel. Our study confirmed that the development of the proposed 94-room SpringHill Suites was viable in the subject market. The market is heavily influenced by the presence of the Buffalo Niagara International Airport approximately two miles west of the subject. The airport is a strong demand driver for the region and has proven to be a favored departure point for Canadian travelers from southern Ontario. The hotel opened in 2015.

Intercontinental Hotel – Boston, Massachusetts: Appraisal and Market Analysis Report for the 424-room hotel. Our study evaluated the competitive hotel market and considered the three approaches to value to reach a value conclusion. The subject property includes restaurants, lounge, 32,000 square feet of meeting and prefunction space, gift shop/business center, spa, fitness center, and indoor pool.

The Shoreham Hotel – New York, New York: This Appraisal and Market Analysis Report evaluated the leasehold interest in the 177-room hotel. Our market study assumed a renovation of the subject and utilized the income capitalization approach and the sales comparison approach to determined market value on as is and as stabilized basis.

Great Wolf Lodge Properties – United States and Canada: Over the years, Hotel & Leisure Advisors has worked with several different clients in preparing various consulting assignments for 13 Great Wolf Lodge properties in the United States and Canada. These studies included appraisals, feasibility studies, and general consulting analyses. Great Wolf Resorts is the largest indoor waterpark company in North America, with 16 properties in the U.S. and Canada.

FEES & PAYMENT SCHEDULE

Project Fees	
Component	**Fee**
I - Market Feasibility and Financial Analysis Study	$9,000
Travel, subsistence, and out-of-pocket expenses, including STR reports and other research data	Not to exceed $2,000

These fee estimates are subject to revision if the scope of the engagement is altered. In such an event, we will discuss the matter with you so that a mutually acceptable revision can be made. Our price quote for this scope of services is valid for 90 days from the date of this

proposal. Projected expenses exclude any applicable state sales taxes. If at any point during the engagement a decision is made to discontinue our services, our professional fees will be based on the time expended through that date.

Payment Schedule
We require a 50% retainer prior to beginning the assignment.
After conclusion of our fieldwork, we will issue an invoice for 25% of the project fee. This payment is due prior to our issuing the draft report.
The final invoice (balance plus expenses) will be sent with the draft copy of the completed report. Payment of this invoice is required prior to our issuance of final reports. Hard copies of the report are available upon request for an additional fee.
Any revisions to the report made within 30 days of issuance of the draft are included in the fee. Any revisions after 30 days will require an additional 10% of the project fee. If we do not receive any revisions within 30 days, we will issue the final report, provided we have received payment of the final invoice.
Any invoice that is 60 days past due is subject to a 1.5% monthly finance charge. Client agrees to pay any fees incurred as a result of collections activity.

We will negotiate fees for any additional services when you request them. Our consulting services are available at a rate of $150-$450 per hour, depending on the staff person involved, or we will issue a specific fee quote once the scope of additional services is determined.

TIMING

We can begin work immediately and will provide you with the report documenting our conclusions within 40 to 60 days of receiving the retainer payment and the signed engagement letter. We will work with your appointed representative to ensure the required data is made available. ***The delivery date of the draft and final reports is contingent upon receiving the data requested for the property on a timely basis.***

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

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

- Issue the report in draft format within the timeframe specified in the proposal. After you review the draft, we will issue the final version of the report, including addenda items.

CONDITIONS

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

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

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

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

Hotel & Leisure Advisors, LLC

David J. Sangree, MAI, ISHC
President

By signing below, I agree to the fees and terms as described in the attached proposal. I agree to pay fees for the report in the amount of $9,000 plus expenses no greater than $2,000. I have read and understood the proposal and the attached standard conditions, and I agree to the terms and conditions therein.

_____
Signature

_____
Name (print)

_____
Title

_____
Company

_____
Date

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

1. The report is to be used in whole and not in part. The report, engagement letter and these standard conditions constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or current agreements or understandings between the parties, whether in writing or orally. The report and engagement letter may not be amended except in writing signed by the parties hereto. These standard conditions shall survive the completion of the assignment.

2. Publication of the report or engagement letter without the prior written consent of H&LA is prohibited unless otherwise stated in the letter of engagement. Neither the report nor engagement letter may be used by any person other than the party to whom they are addressed nor may they be used for purposes other than that for which they were prepared. Neither the engagement letter, nor the report, nor their contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants, or the American Institute of Architects, (or the MAI, ISHC, CPA or AIA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission, in its sole discretion. Moreover, "H&LA" is a registered trademark of Hotel & Leisure Advisors, LLC. The client agrees that in event of a breach of this Section 2, in addition to any other rights and remedies of H&LA, and hereby consents to injunctive relief.

3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.

4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.

5. The report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.

6. H&LA has not considered the presence of potentially hazardous materials and contaminants such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect or report on hazardous material contamination and H&LA urges the client to retain an expert in this field if desired.

7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not be operated in violation of any applicable government regulations, zoning, codes, ordinances, or statutes. No responsibility is assumed for architectural design and building codes. The analysis and concept drawings included in the report are not intended for technical purposes.

8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.

9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous

arrangements, and the client will be obligated to pay in advance for the standard per diem fees and travel costs.

10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.

11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over the expected period of ownership. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.

12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultants' best estimates of current market thinking on future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.

13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the 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.