



## DOWNTOWN HOTEL DEVELOPMENT RFP RESPONSE ADDENDUM #1



PRESENTED TO:

THE EVANSVILLE REDEVELOPMENT COMMISSION

PRIME LODGING, LLC 601 E. SYCAMORE ST. EVANSVILLE, IN 47713 812.401.1644 OFFICE 812.401.1645 FAX



July 25, 2011

Evansville Redevelopment Commission 306 Civic Center Complex 1N.W. Martin Luther King, Jr. Boulevard Evansville, IN 47708

Re: RFP Response – ADDENDUM #1

Dear Commissioners,

We would like to take this opportunity to introduce an alternative funding and schedule option for your review. Please accept this correspondence as supplemental to our initial RFP response and as an option for the ERC to consider. Through several discussions with those close to the project, we felt compelled to give you an option which we feel places the least amount of monetary risk upon the City of Evansville, as well as our development group, throughout the funding phase of this project. By virtue of this approach, we feel it also affords us additional and much needed time in the Pre-Construction Phase of this project, which will ultimately benefit all involved parties.

As reference for this option, we have attached the Updated Preliminary Project Schedule dated 7/25/2011, and the updated Construction Phase Cash Flows dated 7/25/2011.

In summary, this option provides for the following:

- 1. Project commences on an assumed date of 10/1/2011 by way of Contract.
- 2. Prime Lodging, LLC begins EB-5 funding and design work immediately upon execution of contract.
- 3. Prime Lodging, LLC utilizes six (6) months of Pre-Construction time period for extensive and required design and engineering, final design approvals with Hyatt, and permitting process.
- 4. Prime Lodging, LLC will also utilize this six (6) month time frame for EB-5 funding period.
- During the EB-5 Funding and Pre-Construction Period, ALL project expenses will be paid 100% by Prime Lodging, LLC (approximately \$1.4MM). City has no monetary risk until EB-5 funding available to developer.
- 6. Projected closing on City/Developer Funds to take place on or about April 2, 2012.
- 7. Project Construction will commence on or about April 2, 2012 with project completed in Summer of 2013.

Please note that this plan of action was not included in our original response in part because we were asked to show the most expedited schedule possible in which to get the project started. While our original response shows a more expeditious route to initial groundbreaking, we feel this option shows a much more restrained, thorough, and fiscally responsible approach to the project deliverables. By taking the appropriate and required time during the Pre-Construction cycle, the Construction Period will be much more efficient, timely, and cost effective.

We hope this option meets with your expectations, and we look forward to an opportunity to discuss it in further detail.

Regards,

Christopher T. Verville

Managing Member – Prime Lodging, LLC



## **Hyatt Place Downtown Hotel**

## Preliminary Project Schedule City Funds not Released until EB-5 Funds Available

	ask Name vansville Hyatt Place Hotel	Duration 568 days	Start Mon 7/18/11	Finish   1 Wed 9/18/13	Mar'   Apr'   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun   Jul   1   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   Ap
2	Pre-Construction	186 days	Mon 7/18/11	Mon 4/2/12	Pre-Construction
3	Administrative Phase	186 days	Mon 7/18/11	Mon 4/2/12	Administrative Phase 4/2
	RFP Response by Prime Lodging, LLC	0 wks	Mon 7/18/11	Mon 7/18/11	7/18 🎓 RFP Response by Prime Lodging, LLC
	ERC Review of RFP Responses	42 days	Mon 7/18/11	Tue 9/13/11	7/18 ♠ ERC Reγiew of RFP Responses
	Execute Letter of Intent with Prime Lodging, LLC	0 days	Wed 9/14/11	Wed 9/14/11	9/14 Execute Letter of Intent with Prime Lodging, LLC
	Negotiation period with ERC	11 days	Thu 9/15/11	Thu 9/29/11	9/15 Kegotiation period with ERC
	Execute Project Development Agreement	0 days	Fri 9/30/11	Fri 9/30/11	9/30 Execute Project Development Agreement
	EB-5 Formal Approval	0 days	Fri 10/14/11	Fri 10/14/11	10/14 EB-5 Formal Approval
$\dashv$	EB-5 Funding Period	6 mons	Mon 10/17/11	Fri 3/30/12	10/17 EB-5 Funding Period
	Close City/Developer Funds	0 days	Mon 4/2/12	Mon 4/2/12	Close City/Developer Funds 🗸 4/2
2	Design and Engineering	130 days	Mon 10/3/11	Fri 3/30/12	
3	Civil and Architectural Design	60 days	Mon 10/3/11	Fri 12/23/11	Civil and Architectural Design
	Structural Design	60 days	Mon 11/14/11	Fri 2/3/12	Structural Design
	MEP Design	30 days	Mon 12/26/11	Fri 2/3/12	MEP Design
	Final Architectural, Structural and MEP Design	10 days	Mon 2/6/12	Fri 2/17/12	Final Architectural, Structural and MEP Design
	Design Review and Approval with Hyatt	45 days	Mon 12/19/11	Fri 2/17/12	Design Review and Approval with Hyatt
	State Permitting Review	6 wks	Mon 2/20/12	Fri 3/30/12	State Permitting Review
	Building Permit Received	0 days	Fri 3/30/12	Fri 3/30/12	Building Permit Received 3/30
)	Bid Packages Released	4 wks	Mon 2/20/12	Fri 3/16/12	Bid Packages Released
	Bids Reviewed and Prime Contracts Awarded	2 wks	Mon 3/19/12	Fri 3/30/12	Bids Reviewed and Prime Contracts Awarded
2	Construction	360 days	Tue 4/3/12	Mon 8/19/13	Construction ————————————————————————————————————
	Remaining Demolition	10 days	Tue 4/3/12	Mon 4/16/12	Remaining Demolition
	Excavation and sitework	2 wks	Tue 4/17/12	Mon 4/30/12	Excavation and sitework
	Hotel Construction	14 mons	Tue 5/1/12	Mon 5/27/13	Hotel Construction
3	FF&E	3 mons	Tue 3/5/13	Mon 5/27/13	FF&E
7	Punchout	4 wks	Tue 4/30/13	Mon 5/27/13	Punchout Pun
	Final Building Inspections	1 mon	Tue 4/30/13	Mon 5/27/13	Final Building Inspections
	Weather Days	45 days	Tue 5/28/13	Mon 7/29/13	Weather Days ************************************
	Project Closeout	15 days	Tue 7/30/13	Mon 8/19/13	Project Closeout 8/19
	Operational Startup and Opening	37 days	Tue 7/30/13	Wed 9/18/13	Operational Startup and Opening
	Soft Opening Period	37 days	Tue 7/30/13	Wed 9/18/13	Soft Opening Period
	Grand Opening	0 days	Wed 9/18/13	Wed 9/18/13	Grand Opening 💉 9



Last Revision Date: 7-25-11 VCC Project No.: 11-0178

## Construction Phase Cash Flow - ADDENDUM #1 (7/25/2011)

				2011		2012											2013										
	Budget	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Allocated	Contingen
Pirect Costs																											
Land	1,000,000	-	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	1,000,000	-
Site Prep	1,095,000	-	-	-	-	-	-	-	-	650,000	170,000	-	-	-	-	-	-	-		-	-	75,000	100,000	100,000	-	1,095,000	-
Parking Garage	3,725,000	-	-	-	-	-	-	-	-	500,000	1,800,000	1,300,000	125,000	-	-	-	-	-	-	-	-	-	-	-	-	3,725,000	-
Hotel Construction	16,513,000	-	-	-	-	-	-	-	-	68,000	68,000	68,000	213,000	563,000	898,000	993,000	1,285,000	1,658,000	2,331,0)00	1,888,500	1,883,000	1,777,900	1,428,000	1,177,700	212900	16,513,000	-
FFE	2,750,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	350,000	550,000	600,000	750,000	500000	2,750,000	-
Architect and Engineer Fees	1,059,750	-	150,000	150,000	200,000	100,000	100,000	100,000	15,280	15,280	15,280	15,280	15,280	15,280	15,280	15,280	15,280	15,280	15,2:80	15,280	15,280	15,280	15,280	15,280	15270	1,059,750	-
Construction Management Fees	1,648,500	-	125,000	50,000	50,000	50,000	50,000	50,000	74,912	74,912	74,912	74,912	74,912	74,912	74,912	74,912	74,912	74,912	74,9)12	74,912	74,912	74,912	74,912	74,912	74908	1,648,500	-
Certification	400,000	-	-	-	-	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,0)00	25,000	25,000	25,000	25,000	25,000	25000	400,000	-
Direct Costs - Monthly		-	275,000	200,000	250,000	150,000	150,000	150,000	1,090,192	1,333,192	2,153,192	1,483,192	453,192	678,192	1,013,192	1,108,192	1,400,192	1,773,192	2,446,1!92	2,003,692	2,348,192	2,518,092	2,243,192	2,142,892	828,078	28,191,250	
oft Costs																											
ERC Costs	50,000	-	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	50,000	-
Franchise Fee	88,000	-	-	-	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	88,000	-
Financing Costs	1,852,400	-	50,000	10,000	10,000	10,000	10,000	10,000	1,752,400	-	-	-	-	-	-	-	-	-		-	-	-	-	-		1,852,400	-
Soft Costs - Monthly		-	100,000	10,000	98,000	10,000	10,000	10,000	1,752,400	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	1,990,400	
Total Development Costs - Monthly		-	375,000	210,000	348,000	160,000	160,000	160,000	2,842,592	1,333,192	2,153,192	1,483,192	453,192	678,192	1,013,192	1,108,192	1,400,192	1,773,192	2,446,1!92	2,003,692	2,348,192	2,518,092	2,243,192	2,142,892	828,078	30,181,650	
Use of Funds																											
Developer Matching Funds	2,912,000	-	375,000	210,000	348,000	160,000	160,000	160,000	1,499,000	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	2,912,000	-
City	7,280,000	-	-	-	-	-	-	-	1,000,000	933,234	1,507,234	1,038,234	317,234	474,734	709,234	775,734	524,359	-		-	-		-	-	-	7,280,000	-
Senior Debt	19,989,650	-	-	-	-	-	-	-	343,592	399,958	645,958	444,958	135,958	203,458	303,958	332,458	875,833	1,773,192	2,446,1192	2,003,692	2,348,192	2,518,092	2,243,192	2,142,892	828078	19,989,650	-
Use of Funds - Monthly		-	375,000	210,000	348,000	160,000	160,000	160,000	2,842,592	1,333,192	2,153,192	1,483,192	453,192	678,192	1,013,192	1,108,192	1,400,192	1,773,192	2,446,1!92	2,003,692	2,348,192	2,518,092	2,243,192	2,142,892	828,078	30,181,650	
Sources of Funds																											
Developer Matching Funds	2,912,000	-	2,912,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	2,912,000	-
Developer Reserve Funds	588,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	588,00
City	7,280,000	-	-	-	-	-	-	-	7,280,000	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	7,280,000	-
Senior Debt	22,500,000	-	-	-	-	-	-	-	22,500,000	-	-	-	-	-	-	-	-	-		-	-	-	-	-		22,500,000	-
Sources of Funds - Monthly		-	2,912,000	-	-	-	-	-	29,780,000	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	32,692,000	588,00
Cumulative Summary Analysis																											
Direct Costs	28,191,250	-	275,000	475,000	725,000	875,000	1,025,000	1,175,000	2,265,192	3,598,384	5,751,576	7,234,768	7,687,960	8,366,152	9,379,344	10,487,536	11,887,728	13,660,920	16,107,112	18,110,804	20,458,996	22,977,088	25,220,280	27,363,172	28,191250	100%	
Soft Costs	1,990,400	-	100,000	110,000	208,000	218,000	228,000	238,000	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,4100	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990400	100%	
Total Development Costs	30,181,650	-	375,000	585,000	933,000	1,093,000	1,253,000	1,413,000	4,255,592	5,588,784	7,741,976	9,225,168	9,678,360	10,356,552	11,369,744	12,477,936	13,878,128	15,651,320	18,097,5;12	20,101,204	22,449,396	24,967,488	27,210,680	29,353,572	30,181650	100%	
Use of Funds	30,181,650	-	375,000	585,000	933,000	1,093,000	1,253,000	1,413,000	4,255,592	5,588,784	7,741,976	9,225,168	9,678,360	10,356,552	11,369,744	12,477,936	13,878,128	15,651,320	18,097,5;12	20,101,204	22,449,396	24,967,488	27,210,680	29,353,572	30,181650	100%	
Sources of Funds	33,280,000	-	2,912,000	2,912,000	2,912,000	2,912,000	2,912,000	2,912,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,0)00	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692000	100%	

