



JULY 25TH, 2011

***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.
5. 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,

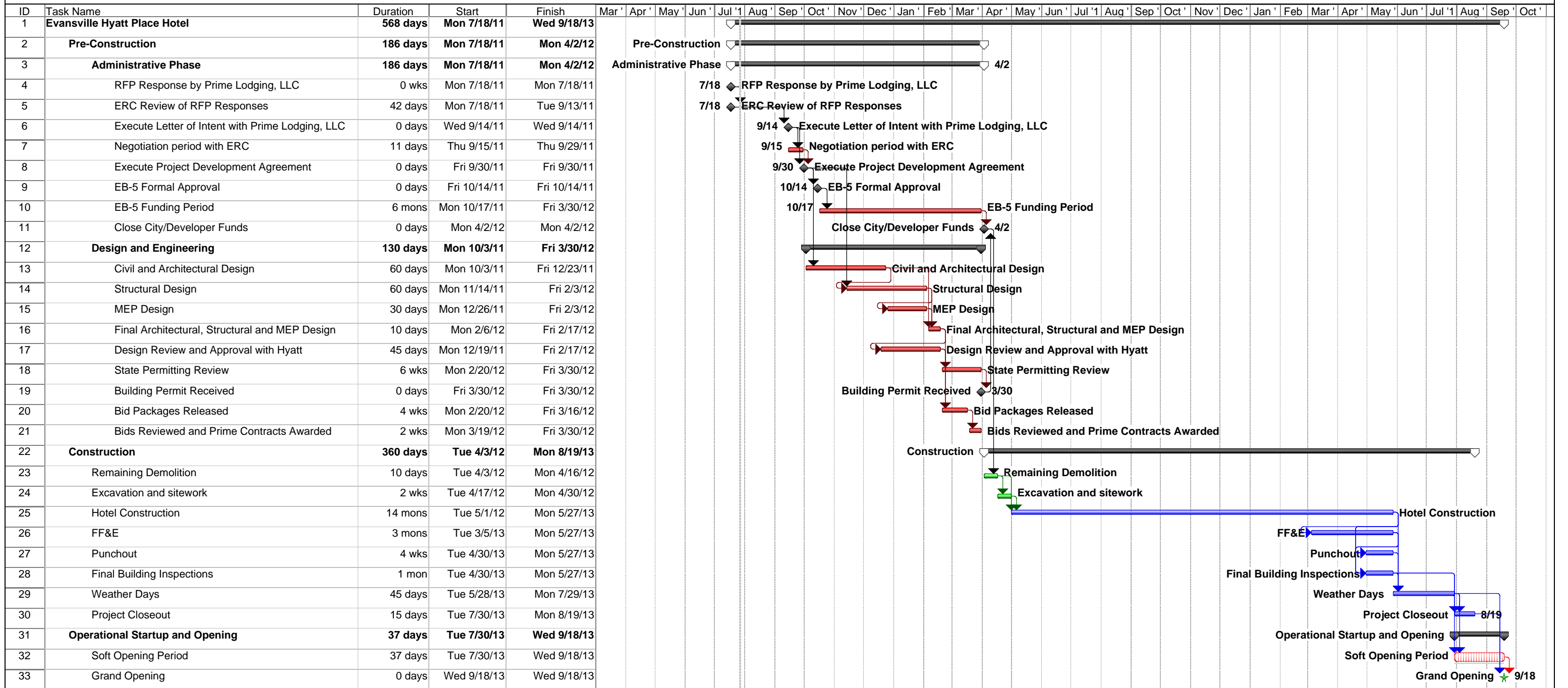
A handwritten signature in black ink, appearing to read 'Chris Verville', written over a light blue horizontal line.

Christopher T. Verville
Managing Member – Prime Lodging, LLC



Hyatt Place Downtown Hotel

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



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

	Budget	2011				2012												2013					Allocated	Contingency				
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May			Jun	Jul	Aug	
Direct Costs																												
Land	1,000,000	-	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	-	
Site Prep	1,095,000	-	-	-	-	-	-	-	-	650,000	170,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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	2,331,000	1,888,500	1,883,000	1,777,900	1,428,000	1,177,700	212,900	16,513,000	-	
FFE	2,750,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,000	550,000	600,000	750,000	500,000	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	15,280	15,280	15,280	15,280	15,280	15,280	15,280	15,280	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	74,912	74,912	74,912	74,912	74,912	74,912	74,912	74,908	1,648,500	-
Certification	400,000	-	-	-	-	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	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	2,446,192	2,003,692	2,348,192	2,518,092	2,243,192	2,142,892	828,078	28,191,250	-	
Soft 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	2,446,192	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	2,446,192	2,003,692	2,348,192	2,518,092	2,243,192	2,142,892	828,078	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	2,446,192	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	588,000	-
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	588,000
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	28,191,250	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	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	1,990,400	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	18,097,512	20,101,204	22,449,396	24,967,488	27,210,680	29,353,572	30,181,650	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	18,097,512	20,101,204	22,449,396	24,967,488	27,210,680	29,353,572	30,181,650	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	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	32,692,000	100%	-	
AVAILABLE FUNDS		-	2,537,000	2,327,000	1,979,000	1,819,000	1,659,000	1,499,000	28,436,408	27,103,216	24,950,024	23,466,832	23,013,640	22,335,448	21,322,256	20,214,064	18,813,872	17,040,680	14,594,488	12,590,796	10,242,604	7,724,512	5,481,320	3,338,428	2,510,350	2,510,350	3,098,350	