

Late

Subject: Late

From: Matthew Reid <matthew.reid.ca@gmail.com>

Date: Tue, 29 Jun 2010 19:59:19 -0000

To: Greg Blodgett <>

I'm running an hour late???? Is this ok? I'm sorry.

Sent from my iPhone

Matthew Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA. 92024
858.735.1858 direct
matthew.reid.ca@gmail.com

Meeting

Subject: Meeting
From: Matthew Reid <matthew.reid.ca@gmail.com>
Date: Fri, 9 Jul 2010 14:39:28 -0000
To: Greg Blodgett <>

Greg,

Dave and I would like to come see you next week? Does Tues at 10am work for you?

Sent from my iPhone

Matthew Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA. 92024
858.735.1858 direct
matthew.reid.ca@gmail.com

RE: Meeting

Subject: RE: Meeting
From: Matthew Reid <matthew.reid.ca@gmail.com>
Date: Fri, 9 Jul 2010 18:43:50 -0000
To: Greg Blodgett <>

We'll see you then.

Matthew W. Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858 direct
Skype - matthew.reid.ca
matthew.reid.ca@gmail.com

Linkedin: <http://www.linkedin.com/in/matthewwreid>

-----Original Message-----

From: Greg Blodgett [<mailto:greg1@ci.garden-grove.ca.us>]
Sent: Friday, July 09, 2010 10:48 AM
To: Matthew Reid
Subject: RE: Meeting

yes 10 will work

----- Original Message -----

From: "Matthew Reid" <matthew.reid.ca@gmail.com>
Sent: Fri, 7/9/2010 7:39am
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
Subject: Meeting

Greg,

Dave and I would like to come see you next week? Does Tues at 10am work for you?

Sent from my iPhone

Matthew Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA. 92024
858.735.1858 direct
matthew.reid.ca@gmail.com

RE: Meeting

Subject: RE: Meeting
From: Matthew Reid <matthew.reid.ca@gmail.com>
Date: Mon, 12 Jul 2010 23:19:49 -0000
To: Greg Blodgett <>

Take a look at this. I'll see you in the morning.

Matthew W. Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858 direct
Skype - matthew.reid.ca
matthew.reid.ca@gmail.com

Linkedin: <http://www.linkedin.com/in/matthewwreid>

-----Original Message-----

From: Matthew Reid [<mailto:matthew.reid.ca@gmail.com>]
Sent: Friday, July 09, 2010 11:44 AM
To: 'Greg Blodgett'
Subject: RE: Meeting

We'll see you then.

Matthew W. Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858 direct
Skype - matthew.reid.ca
matthew.reid.ca@gmail.com

Linkedin: <http://www.linkedin.com/in/matthewwreid>

-----Original Message-----

From: Greg Blodgett [<mailto:gregl@ci.garden-grove.ca.us>]
Sent: Friday, July 09, 2010 10:48 AM
To: Matthew Reid
Subject: RE: Meeting

yes 10 will work

----- Original Message -----

From: "Matthew Reid" <matthew.reid.ca@gmail.com>
Sent: Fri, 7/9/2010 7:39am
To: "Greg Blodgett" <gregl@ci.garden-grove.ca.us>
Subject: Meeting

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Dave and I would like to come see you next week? Does Tues at 10am work for you?

Sent from my iPhone

RE: Meeting

Matthew Reid
1042 N El Camino Real
Suite B-310
Encinitas, CA. 92024
858.735.1858 direct
matthew.reid.ca@gmail.com

LAND & DESIGN, INC.

Construction and Real Estate Advisors.

SAN DIEGO

8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

ENCINITAS

1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858

Garden Grove, CA Full Service Hotel and Limited Service Hotel Deal Point Outline Memorandum of Understanding

The following includes, however are not limited to, the salient deal points and is the beginning of an understanding of the basis of a future agreement and DDA between Land and Design, Inc., E-Ticket Hospitality (LANDDESIGN), or it's assigned, and The City of Garden Grove (CITY) and/or it's development agency (AGENCY).

- LANDDESIGN agrees to develop and construct two (2) hotels; one (1) approximately 325 - 400 room upper upscale, full service type Hotel and one (1) approximately 125 room Limited Service / Extended Stay type Hotel on the property currently known as "Hotel - Site "C" of approximately 4 acres located on the North East corner of Harbor Blvd and Twintree Ave. The site must also include, in addition to above, the vacant parcel immediately North and two residential parcels at South East corner of the proposed location.
- CITY or AGENCY shall convey to LANDDESIGN fee title to the Property, which Property also includes all (i) improvements, structures and fixtures located thereon, (ii) easements, appurtenances, rights and privileges pertaining thereto, and (iii) intangible personal property now or hereafter owned by CITY or AGENCY and used in the ownership, use or operation of such real property and/or improvements. The conveyance shall occur for the sum of one thousand dollars (\$1,000.00).
- Subject to a "flag" franchise agreement and franchise approval, the description of the Hotel shall consist of approximately the following:

HOTEL 1 (Upper Upscale Hotel)

- o Approximately 14-story hotel
- o Approx 325 - 400 rooms including suites
- o Approximately 15,000 Conference and meeting space
- o Sit down restaurant/bar, full service type restaurant.
- o One outdoor pool and whirlpool spa
- o Fitness Center
- o Approximately 10,000 gsf of inline retail along Harbor Blvd.

HOTEL 2 (Limited Service / Extended Stay Hotel)

- o Approximately 5 - 7 story Hotel
- o Approximately 125 rooms including suites.
- o One outdoor pool and whirlpool spa.
- o Fitness Center
- o A multi-level parking structure to accommodate both hotels parking needs.
- o Hotel 2 shall be constructed on top of the parking structure.

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- LANDDESIGN intends to and will actively pursue a 3rd party partner/take out buyer that could assume property ownership at some point during or after the construction completion of the Hotel. LANDDESIGN in its sole and absolute discretion, shall select this 3rd party and shall disclose the identity of this entity to the City.
- CITY and/or AGENCY recognize the project of this size and quality has a significant capital shortfall for the project to be economically feasible. The CITY and/or AGENCY shall provide LANDDESIGN the sum of \$5,000,000 deposited into escrow which shall be used directly for the project. The deposit shall be released to LANDDESIGN ½ upon building permit approval and ½ released upon the building pad certification.
- Upon completion and execution of a DDA with LANDDESIGN and AGENCY and/or CITY, LANDDESIGN shall deposit into escrow all working product including feasibility studies, drawings, specifications, etc....to be used as a good faith deposit. In the event the project does not move forward, all said documents contained in escrow shall be retained by CITY and/or AGENCY.
- Along with the Capital shortfall amount, the CITY and AGENCY recognize the following economic incentives will be provided:
 - 100% of Property Real Estate Taxes shall be forgiven for a period of 20 years.
 - 80% of TOT revenues shall be deferred for a period of 15 years.
 - Execution of parking lease whereby CITY and/or AGENCY leases parking structure from LANDDESIGN.
 - City permits and fees shall be waived.
- CITY and/or AGENCY shall be responsible for completing or paying for the completion of all off-site (i.e., not located on the Project site) improvements required by any applicable governmental authority as a condition to approval of the Project and/or the issuance of any permits required in connection therewith. All such offsite improvements shall be completed in accordance with the scheduled opening of the first hotel. These improvements include but are not limited to:
 - Roadway / Boulevard improvements to Harbor Drive in accordance with the redevelopment plans to Garden Grove Blvd including intersections, traffic signals, traffic signage, landscape improvements, hardscaping, sidewalks, street lighting, and others required.
 - Signalized intersections allowing for full ingress and egress of the hotel site must be completed prior to the first hotel being open.
 - Required utilities brought and stubbed onto site to serve the proposed size of project.
 - All demolition of existing structures or requirements on site.
 - All required zero lot line variances necessary along North and East property lines.
 - A pedestrian bridge linking the "Hotel Site" and the West side of Harbor Blvd located within 200' of the Upper Upscale Hotel front door.
 - Construction of a "Disney" trolley stop or incorporation of a stop in front of the hotel(s).
- Parking for Hotel property shall be structured parking due to site constraints. CITY or AGENCY shall enter into a long term lease on a parking structure (to be built by LANDDESIGN) and used exclusively by Hotel project.

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- LANDDESIGN would also consider the establishment of a CFD for the parking structure.....additional details needed.
- CITY and AGENCY recognize that in order for an upper upscale Hotel to be successful, immediately adjacent development and within the area must be of similar quality in its rating among its trade. Therefore, zoning and/or planning of adjacent development needs to be secure prior to closing and construction of this Hotel project.

Engineering plans

Subject: Engineering plans
From: Matthew Reid <matthew.reid.ca@gmail.com>
Date: Sat, 17 Jul 2010 12:54:18 -0000
To: Greg Blodgett <

Greg,

Were you guys able to track down those engineering plans for the hotel site?

Matthew W. Reid

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

Skype - matthew.reid.ca

matthew.reid.ca@gmail.com

Linkedin: <http://www.linkedin.com/in/matthewwreid>

Subject: Site C
From: Paul Guerrero <>
Date: Wed, 21 Jul 2010 22:05:40 -0000
To: "matt.reid@landanddesign.com" <matt.reid@landanddesign.com>
CC: Greg Blodgett <>

Matt,
 Attached is a spreadsheet that provides the property information for your proforma (preliminary estimates).
 Attached is link to site plan overlay. We do not have an engineer or CAD drawing. The link to the PDF is:
http://gis.ci.garden-grove.ca.us/public/EconomicDevelopment/poster_07142010.pdf

Thanks
 Paul

Entire Site "C" with Sunbelt (Matt Reid)

Agency Owned	APN	Site Acres	Acquisition	Property Taxes	Rounded
-	231-491-12	0.28	\$375,000	\$	2,000.00
-	231-491-13	0.28	\$375,000	\$	2,300.00
-	231-491-14	0.15	\$375,000	\$	2,500.00
-	231-491-15	0.16	\$375,000	\$	2,300.00
-	231-491-16	0.02	\$10,000	\$	100.00
-	231-491-17	0.06	\$15,000	\$	100.00
-	231-491-18	0.08	\$20,000	\$	100.00
-	231-491-19	0.10	\$25,000	\$	100.00
Agency	231-491-20	0.83	\$2,154,320	\$	5,500.00
-	231-491-21	0.83	\$2,100,000	\$	5,700.00
Agency	231-521-01	0.09	\$2,856,420	\$	200.00
Agency	231-521-02	0.92	\$0	\$	3,100.00
	1.01		\$2,856,420		
-	231-521-03	0.00	\$0	\$	3,300.00
-	231-521-04	0.55	\$0	\$	5,000.00
-	231-521-05	0.65	\$5,000,000	\$	7,300.00
	1.20		\$5,000,000		
-	231-521-06	0.12	\$950,000	\$	1,100.00
-	231-521-07	0.16	\$375,000	\$	1,000.00
-	231-521-08	0.16	\$375,000	\$	1,000.00
-	231-521-09	0.16	\$375,000	\$	1,895.32
-	231-521-10	0.16	\$375,000	\$	802.16
	4.93		\$ 14,030,740	\$	45,397.48

Note: Preliminary Estimates

Subject: RE: Site C
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Wed, 21 Jul 2010 22:24:56 -0000
To: 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>
CC: Greg Blodgett <>

Thanks Paul!

Matthew W. Reid
LAND & DESIGN, Inc.
 Sustainability, Construction and Real Estate Advisors
 Sustainable Strategies | Sustainable Integration

NORTH COUNTY OFFICE

1042 N El Camino Real
 Suite B-310
 Encinitas, CA 92024
 858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd
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Skype - matthew.reid.ca
 matt.reid@landanddesign.com

From: Paul Guerrero [mailto:paulg@ci.garden-grove.ca.us]
Sent: Wednesday, July 21, 2010 3:06 PM
To: matt.reid
Cc: Greg Blodgett
Subject: Site C

Matt,
 Attached is a spreadsheet that provides the property information for your proforma (preliminary estimates).
 Attached is link to site plan overlay. We do not have an engineer or CAD drawing. The link to the PDF is:
http://gis.ci.garden-grove.ca.us/public/EconomicDevelopment/poster_07142010.pdf

Thanks
 Paul

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Agency	231-521-02	0.92	\$0	\$ 3,100.00
		1.01	\$2,856,420	
-	231-521-03	0.00	\$0	\$ 3,300.00
-	231-521-04	0.55	\$0	\$ 5,000.00
-	231-521-05	0.65	\$5,000,000	\$ 7,300.00
		1.20	\$5,000,000	
-	231-521-06	0.12	\$950,000	\$ 1,100.00
-	231-521-07	0.16	\$375,000	\$ 1,000.00
-	231-521-08	0.16	\$375,000	\$ 1,000.00
-	231-521-09	0.16	\$375,000	\$ 1,895.32
-	231-521-10	0.16	\$375,000	\$ 802.16
		4.93	\$ 14,030,740	\$ 45,397.48
Note: Preliminary Estimates				

Subject: Meeting Tomorrow
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Wed, 28 Jul 2010 23:31:39 -0000
To: Greg Blodgett <>
CC: "drose3@charter.net" <drose3@charter.net>

Greg,

We look forward to seeing you tomorrow at the Crown Plaza, 10am. We'll meet you in the front lobby and can go somewhere quiet for our meeting.

Would you be able to send me the landscaping plans for the Sheraton across the street?

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

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Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

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La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

from [Matthew Reid <matt.reid@landanddesign.com>](mailto:matt.reid@landanddesign.com) ☆

subject **today**

to [Greg Blodgett](#) ☆

7/29/2010 7:44 AM

[other actions](#) ▾

Greg,

This is what we'll be discussing today.

See you at 10am.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

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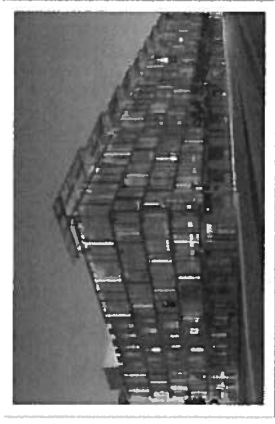
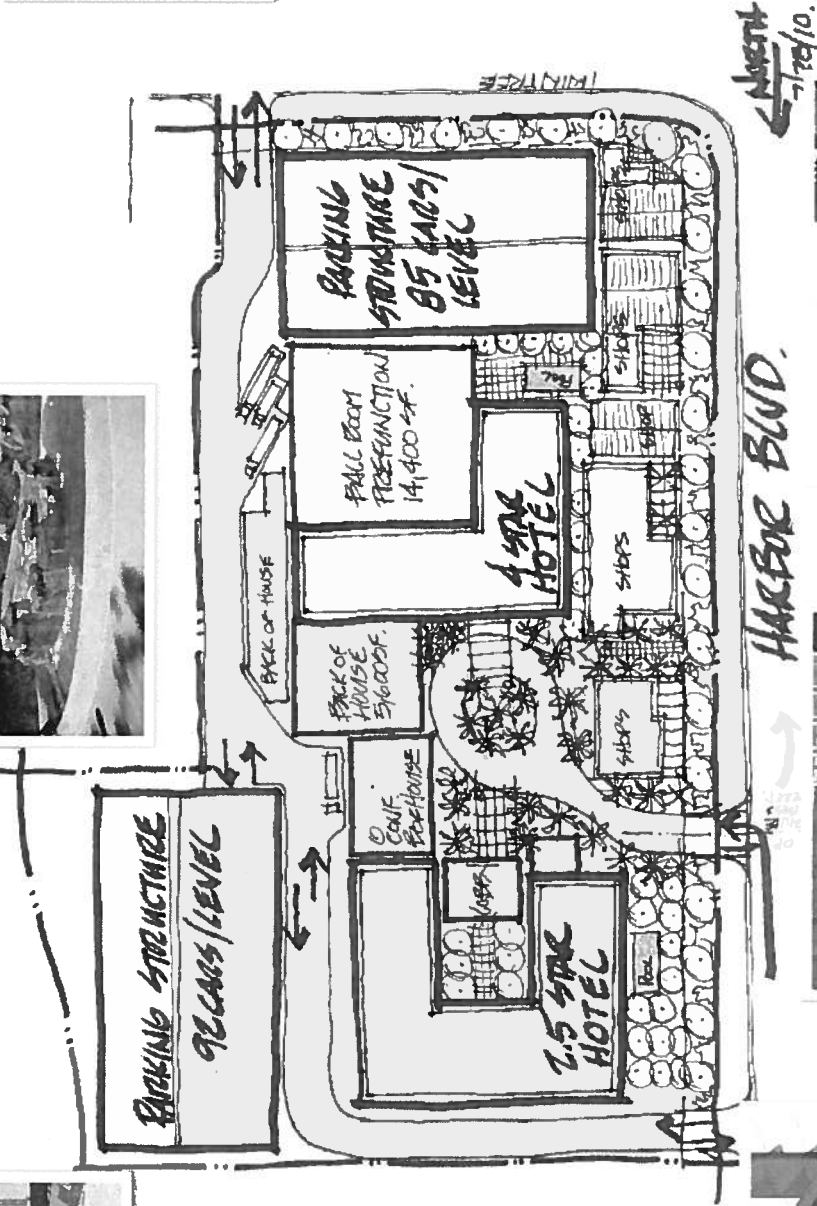
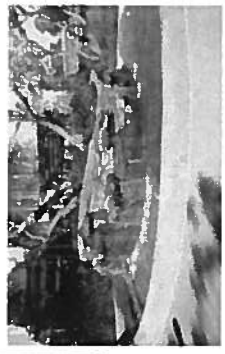
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619.462.4144 f

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matt.reid@landanddesign.com



UPPER UPSCALE HOTEL

Garden Grove, California

July 29, 2010

Land and Design, Inc.

E Ticket Hospitality, LLC

HOTEL SPACE SUMMARY

PUBLIC SPACE	NSF	GROSS SF SUMMARY	sf	#	GUESTROOMS
Lobby	3,200	Level 1.....	59,441	165	King Room.....
Bar and Lounge	3,700	Level 2.....	15,540	38	Executive King Room.....
Restaurant	2,945	Level 3.....	15,540	172	Queen/Queen Room.....
Private Dining Rooms (2)	1,632	Level 4-13 (15,540 x 10).....	155,400	25	Suite.....
Public Restrooms	1,660	TOTAL.....	245,921		Guestroom NSF.....
Main Ballroom	14,400				Stairs, Elevators, Shafts, HK, Storage.....
Junior Ballroom	0				Total GSF Guestroom.....
Meeting Rooms (3)	0				
Board Room	390				Guestroom NSF/Key.....
Prefunction	0				
Fitness	1,312				
Pool / Whirlpool (outdoor)	0	GUESTROOMS PER FLOOR.....		30	
Pool/Toilets/Mechanical	330	TOTAL GUESTROOMS.....		400	
Spa	0				
Subtotal Public Space.....	29,569				
BACK OF HOUSE AREAS					
Front Desk (in lobby)	0				
Front Office / Administration	1,800				
Luggage Storage	250				
Bar Back of House	425				
Kitchen	3,393				
Pantry	200				
Function Storage	1,894				
Recycling	456				
Receiving	1,150				
Employee Facilities / Dining	1,420				
Maintenance	660				
General Storage	330				
Housekeeping/Linen	840				
Dirty Linen	360				
Loading Dock (outdoor)	0				
Receiving Office	182				
Uniforms	300				
Mechanical / Electrical	994				
Subtotal BOH.....	14,654				
Circulation and net to gross	15,218				
TOTAL GSF - Public/BOH.....	59,441				

	GSF	GSF/KEY
Hotel Public / Back of House	59,441	149
Hotel Guestrooms	202,020	505
TOTAL HOTEL	261,461	654

	CARS	10/1000 for Ballrooms.....
0.8 cars./room.....	320	144
TOTAL	464	

UPPER UPSCALE HOTEL
Garden Grove, California

July 29, 2010



Land and Design, Inc.
E Ticket Hospitality, LLC

FOUR-STAR HOTEL PROJECT BUDGET

UPPER UPSCALE HOTEL

Garden Grove, California

July 29, 2010



RJC ARCHITECTS

Upper / Upscale Hotel / Garden Grove, CA		No. of Keys	No. of Mods	Total Sq. Ft.
Total Project Cost Budget		400	400	261,481
400-key full-service hotel				
Construction Costs				
Subtotal Site Construction		\$ 4,811	\$ 7.36	\$ 1,924,349
Parking Structure - by city CFD	0.00%	\$ -	\$ -	\$ -
Subtotal Building Shell		\$ 44,808	\$ 68.55	\$ 17,923,117
Subtotal Building Finishes		\$ 27,368	\$ 41.87	\$ 10,947,351
Subtotal Building Systems		\$ 41,834	\$ 64.00	\$ 16,733,472
Subtotal Project Indirect Costs		\$ 20,590	\$ 31.50	\$ 8,236,006
TOTAL CONSTRUCTION COSTS		\$ 139,411	\$ 213.28	\$ 55,764,295
FF&E and OS&E				
TOTAL FFE & OSE COSTS		\$ 36,753	\$ 56.23	\$ 14,701,319
Soft Costs				
Pre-Opening Expenses (Excluded)		\$ -	\$ -	\$ -
Design Costs / Consultant Fees	6.85%	\$ 9,543	\$ 14.60	\$ 3,817,323
Hospitality Consultant	1.08%	\$ 1,503	\$ 2.30	\$ 601,359
Permits/Fees (Waived by GG)	3.28%	\$ 4,576	\$ 7.00	\$ 1,830,224
Appraisal / Market Study		\$ 50	\$ 0.08	\$ 20,000
General Expenses		\$ 63	\$ 0.10	\$ 25,000
Environmental Consultants		\$ 50	\$ 0.08	\$ 20,000
Legal Fees		\$ 250	\$ 0.38	\$ 100,000
Survey for Title		\$ 38	\$ 0.06	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 25	\$ 0.04	\$ 10,000
Legal (Lender)		\$ 188	\$ 0.29	\$ 75,000
Deed Tax		\$ 25	\$ 0.04	\$ 10,000
Mortgage Registration		\$ 188	\$ 0.29	\$ 75,000
Title Insurance		\$ 63	\$ 0.10	\$ 25,000
Recording Fees		\$ 25	\$ 0.04	\$ 10,000
Inspection		\$ 113	\$ 0.17	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 3,750	\$ 5.74	\$ 1,500,000
Development Fee	2.92%	\$ 6,000	\$ 9.18	\$ 2,400,000
Development Contingency	1.52%	\$ 3,125	\$ 4.78	\$ 1,250,000
Land Cost		Contributed by Garden Grove	\$ -	\$ -
Off-site improvements		Contributed by Garden Grove	\$ -	\$ -
TOTAL SOFT COSTS		\$ 29,572	\$ 45.24	\$ 11,828,906
Total Development Costs		\$ 205,736	\$ 314.75	\$ 82,294,520

Land and Design, Inc.

E Ticket Hospitality, LLC

PROFORMA OPERATIONS

UPPER UPSCALE HOTEL Garden Grove, California

July 29, 2010



RJC ARCHITECTS

	2013 YR1			2014 YR2			2015 YR3		
	\$ Amount	%	\$ PAR	\$ Amount	%	\$ PAR	\$ Amount	%	\$ PAR
Assumptions:									
Days open	365			365			365		
No. of rooms	400			400			400		
Room Nights available	146,000			146,000			146,000		
Occupancy	64%			68%			75%		
Room Nights Sold	93,440			99,280			109,500		
Average Daily Rate	147.50			153.50			160.00		
RevPAR	94.40			104.38			120.00		
Revenues									
Rooms	13,782,400	66.0%	34,456	15,239,480	65.9%	38,099	17,520,000	66.0%	43,800
F&B	5,793,280	27.7%	14,483	6,453,200	27.5%	16,133	7,446,000	28.1%	18,615
Telecommunications	327,040	1.6%	818	347,480	1.5%	869	383,250	1.4%	958
Spa	420,000	2.0%	1,050	450,000	1.9%	1,125	480,000	1.8%	1,200
Other	560,640	2.7%	1,402	620,500	2.7%	1,551	711,750	2.7%	1,779
Total Revenues	20,883,360	100.0%	52,208	23,110,660	100.0%	57,777	26,541,000	100.0%	66,353
Direct Expenses									
Rooms	3,721,248	27.0%	9,303	3,809,870	25.0%	9,525	4,029,600	23.0%	10,074
F&B	4,750,490	82.0%	11,876	5,162,560	80.0%	12,906	5,807,880	78.0%	14,520
Telecommunications	369,555	113.0%	924	357,904	103.0%	895	387,083	101.0%	968
Spa	399,000	95.0%	998	360,000	80.0%	900	360,000	75.0%	900
Other	263,501	47.0%	659	273,020	44.0%	683	306,053	43.0%	765
Total Direct Expenses	9,503,794	45.5%	23,759	9,963,354	43.1%	24,908	10,890,615	41.0%	27,227
HOTEL PROFIT	11,379,566	54.5%	28,449	13,147,306	56.9%	32,868	15,650,385	59.0%	39,126
Undistributed Operating Expenses									
Administrative and General	1,670,669	8.0%	4,177	1,733,300	7.5%	4,333	1,857,870	7.0%	4,645
Marketing	1,399,185	6.7%	3,498	1,432,861	6.2%	3,582	1,592,460	6.0%	3,981
Franchise Fees	877,101	4.2%	2,193	1,155,533	5.0%	2,889	1,539,378	5.8%	3,848
Banquet Sales	208,834	1.0%	522	231,107	1.0%	578	265,410	1.0%	664
Property Ops & Maintenance	730,918	3.5%	1,827	785,762	3.4%	1,964	982,017	3.7%	2,455
Utilities	793,568	3.8%	1,984	831,984	3.6%	2,080	928,935	3.5%	2,322
Total Undistributed Operating Expenses	5,880,274	27.2%	14,201	6,170,546	26.7%	15,426	7,166,070	27.0%	17,915
Gross Operating Profit	5,699,292	27.3%	14,248	6,976,759	30.2%	17,442	8,484,315	32.0%	21,211
Fixed Expense									
Management Fee	626,501	3.0%	1,566	693,320	3.0%	1,733	796,230	3.0%	1,991
Property Taxes (1.01% of Improvements)	750,000	3.6%	1,875	750,000	3.2%	1,875	750,000	2.8%	1,875
FF&E & Capital Reserve	527,084	2.5%	1,305	577,767	2.5%	1,444	663,525	2.5%	1,659
Insurance	271,484	1.3%	679	300,439	1.3%	751	345,033	1.3%	863
Total Fixed Expenses	2,176,069	10.4%	5,425	2,321,525	10.0%	5,804	2,554,788	9.6%	6,387
NET OPERATING INCOME	3,523,224	16.9%	8,823	4,655,235	20.1%	11,638	5,929,527	22.3%	14,824
Restaurant Rent (NET)	350,000			360,500			371,315		
Hotel Tax Rebate 80%	1,433,370			1,584,906			1,822,080		
Property Tax Rebate 100%	750,000			750,000			750,000		
CASH FLOW FROM OPERATIONS	5,862,594	25.7%	13,406	6,629,640	28.7%	15,574	8,130,292	30.6%	20,376
Debt Service	4,776,092	22.9%	11,940	4,776,092	20.7%	11,940	4,776,092	18.0%	11,940
NOI AFTER DEBT SERVICE	886,502	2.8%	1,466	1,853,549	8.0%	4,634	3,354,200	12.6%	8,386
Debt Coverage Ratio	1.12			1.39			1.70		

Land and Design, Inc.

E Ticket Hospitality, LLC

from Matthew Reid <matthew.reid.ca@gmail.com> ☆

subject Revised plan

to Greg Blodgett ☆

7/30/2010 10:35 AM

other actions ▾

Greg,

Per our conversation this morning, here is the REVISED plan we talked about. I'll be in touch early next week.

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

Suite 808

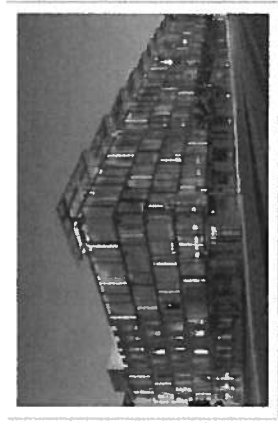
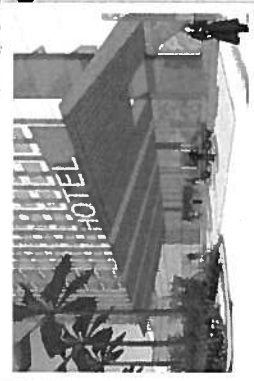
La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

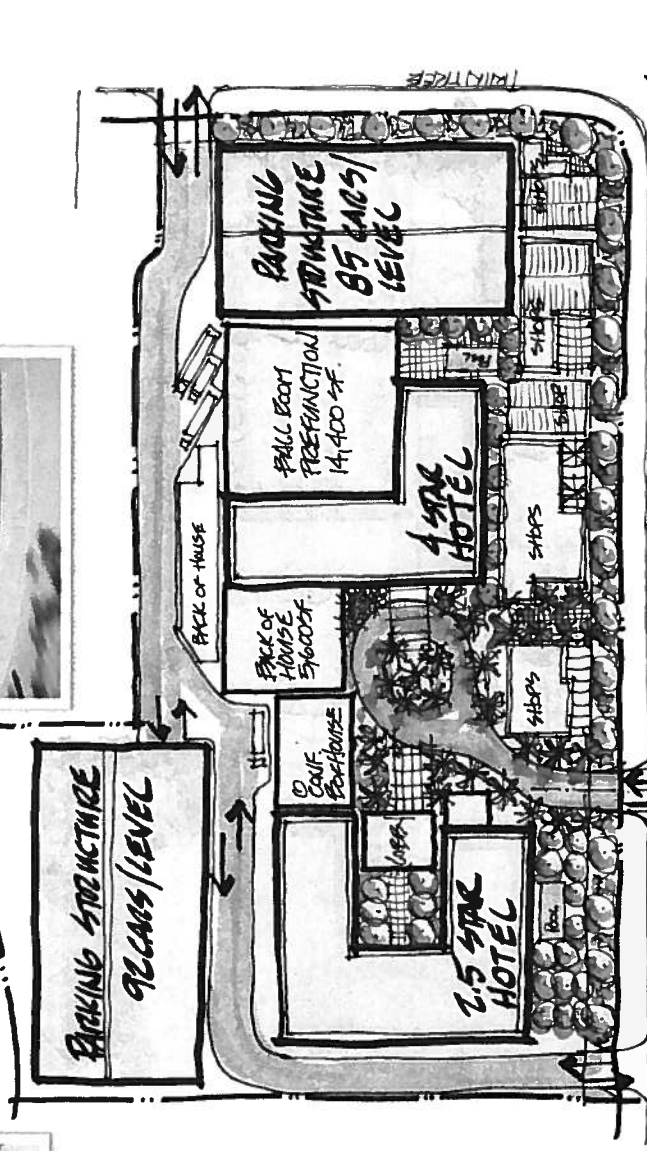
matt.reid@landanddesign.com



UPPER UPSCALE HOTEL

Garden Grove, California

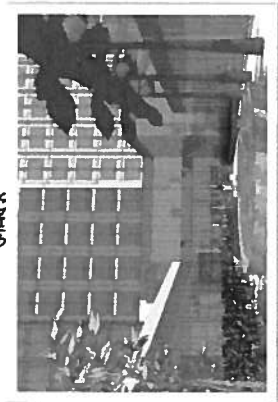
July 29, 2010



NORTH
7/29/10

HARBOR BLVD.

CHINATOWN



Land and Design, Inc.

E Ticket Hospitality, LLC

HOTEL SPACE SUMMARY

PUBLIC SPACE	NSF	GROSS SF SUMMARY	sf	#	GUESTROOMS	GSF/KEY
Lobby	3,200	Level 1	59,441	165	King Room	60,143
Bar and Lounge	3,700	Level 2	15,540	38	Executive King Room	19,950
Restaurant	2,945	Level 3	15,540	172	Queen/Queen Room	69,660
Private Dining Rooms (2)	1,632	Level 4-13 (15,540 x 10)	155,400	25	Suite	19,000
Public Restrooms	1,660	TOTAL	245,921		Guestroom NSF	168,753
Main Ballroom	14,400				Stairs, Elevators, Shafts, HK, Storage	33267
Junior Ballroom	0				Total GSF Guestroom	202,020
Meeting Rooms (3)	0				Guestroom NSF/key	422
Board Room	390					
Prefunction	0					
Fitness	1,312	GUESTROOMS PER FLOOR	30			
Pool / Whirlpool (outdoor)	0	TOTAL GUESTROOMS	400			
Pool/Toilets/Mechanical	330					
Spa	0					
Subtotal Public Space	29,569					
BACK OF HOUSE AREAS	NSF	PARKING	CARS			
Front Desk (in lobby)	0	0.8 cars/room	320			
Front Office / Administration	1,800	10/1000 for Ballrooms	144			
Luggage Storage	250		464			
Bar Back of House	425					
Kitchen	3,393					
Pantry	200					
Function Storage	1,894					
Recycling	456					
Receiving	1,150					
Employee Facilities / Dining	1,420					
Maintenance	660					
General Storage	330					
Housekeeping/Linen	840					
Dirty Linen	360					
Loading Dock (outdoor)	0					
Receiving Office	182					
Uniforms	300					
Mechanical / Electrical	994					
Subtotal BOH	14,654					
Circulation and net to gross	15,218					
TOTAL GSF - Public/BOH	59,441					

UPPER UPSCALE HOTEL
Garden Grove, California

July 29, 2010



Land and Design, Inc.
E Ticket Hospitality, LLC

FOUR-STAR HOTEL PROJECT BUDGET

UPPER UPSCALE HOTEL

Garden Grove, California

July 29, 2010



Upper / Upscale Hotel / Garden Grove, CA		No. of Keys	No. of Mods	Total Sq. Ft.
Total Project Cost Budget		400	400	281,461
400-key full-service hotel				
Construction Costs				
Subtotal Site Construction	\$ 4,811	\$ 7.36	\$ 1,924,349	\$ -
Parking Structure - by city CFD	\$ -	\$ -	\$ -	\$ -
Subtotal Building Shell	\$ 44,808	\$ 68.55	\$ 17,923,117	\$ -
Subtotal Building Finishes	\$ 27,368	\$ 41.87	\$ 10,947,351	\$ -
Subtotal Building Systems	\$ 41,834	\$ 64.00	\$ 16,733,472	\$ -
Subtotal Project Indirect Costs	\$ 20,590	\$ 31.50	\$ 8,236,006	\$ -
TOTAL CONSTRUCTION COSTS	\$ 139,411	\$ 213.28	\$ 55,764,295	\$ -
FF&E and OS&E				
TOTAL FFE & OSE COSTS	\$ 36,753	\$ 56.23	\$ 14,701,319	\$ -
Soft Costs				
Pre-Opening Expenses (Excluded)	\$ -	\$ -	\$ -	\$ -
Design Costs / Consultant Fees	6.85%	\$ 9,543	\$ 14.60	\$ 3,817,323
Hospitality Consultant	1.08%	\$ 1,503	\$ 2.30	\$ 601,359
Permits/Fees (Waived by GG)	3.28%	\$ 4,576	\$ 7.00	\$ 1,830,224
Appraisal / Market Study		\$ 50	\$ 0.08	\$ 20,000
General Expenses		\$ 63	\$ 0.10	\$ 25,000
Environmental Consultants		\$ 50	\$ 0.08	\$ 20,000
Legal Fees		\$ 250	\$ 0.38	\$ 100,000
Survey for Title		\$ 38	\$ 0.06	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 25	\$ 0.04	\$ 10,000
Legal (Lender)		\$ 188	\$ 0.29	\$ 75,000
Deed Tax		\$ 25	\$ 0.04	\$ 10,000
Mortgage Registration		\$ 188	\$ 0.29	\$ 75,000
Title Insurance		\$ 63	\$ 0.10	\$ 25,000
Recording Fees		\$ 25	\$ 0.04	\$ 10,000
Inspection		\$ 113	\$ 0.17	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 3,750	\$ 5.74	\$ 1,500,000
Development Fee	2.92%	\$ 6,000	\$ 9.18	\$ 2,400,000
Development Contingency	1.52%	\$ 3,125	\$ 4.78	\$ 1,250,000
Land Cost		\$ -	\$ -	\$ -
Off-site improvements		\$ -	\$ -	\$ -
Contributed by Garden Grove		\$ -	\$ -	\$ -
Contributed by Garden Grove		\$ -	\$ -	\$ -
TOTAL SOFT COSTS	\$ 29,572	\$ 45.24	\$ 11,828,906	\$ -
Total Development Costs	\$ 205,736	\$ 314.75	\$ 82,294,520	\$ -

Land and Design, Inc.

E Ticket Hospitality, LLC

PROFORMA OPERATIONS

	2013 YR1			2014 YR2			2015 YR3					
	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
Assumptions:												
Days open	365				365				365			
No. of rooms	400				400				400			
Room Nights available	146,000				146,000				146,000			
Occupancy	64%				68%				75%			
Room Nights Sold	93,440				99,280				109,500			
Average Daily Rate	147.50				153.50				160.00			
RevPAR	94.40				104.38				120.00			
Revenue												
Rooms	13,782,400	66.0%	34,456	147.50	15,239,480	65.9%	38,099	153.50	17,520,000	66.0%	43,800	160.00
F&B	5,793,280	27.7%	14,483	62.00	6,453,200	27.9%	16,133	65.00	7,446,000	28.1%	18,615	68.00
Telecommunications	327,040	1.6%	818	3.50	347,480	1.5%	869	3.50	383,250	1.4%	958	3.50
Spa	420,000	2.0%	1,050	4.49	450,000	1.9%	1,125	4.53	480,000	1.8%	1,200	4.38
Other	560,640	2.7%	1,402	6.00	620,500	2.7%	1,551	6.25	711,750	2.7%	1,779	6.50
Total Revenue	20,883,360	100.0%	52,208	223.49	23,110,660	100.0%	57,777	232.78	26,541,000	100.0%	66,353	242.38
Direct Expenses												
Rooms	3,721,248	27.0%	9,303	39.83	3,809,870	25.0%	9,525	40.77	4,029,600	23.0%	10,074	43.13
F&B	4,750,490	82.0%	11,876	50.84	5,162,560	80.0%	12,906	55.25	5,807,880	78.0%	14,520	62.16
Telecommunications	369,555	11.3%	924	3.96	357,804	10.3%	895	3.83	387,083	10.1%	968	4.14
Spa	399,000	95.0%	998	4.27	360,000	80.0%	900	3.85	360,000	75.0%	900	3.85
Other	263,501	47.0%	659	2.82	273,020	44.0%	683	2.92	306,053	43.0%	765	3.28
Total Direct Expenses	9,503,794	45.5%	23,759	101.71	9,963,354	43.1%	24,908	106.63	10,890,615	41.0%	27,227	116.55
HOTEL PROFIT	11,379,566	54.5%	28,449	121.78	13,147,306	56.9%	32,868	126.15	15,650,385	59.0%	39,126	125.83
Undistributed Operating Expenses												
Administrative and General	1,670,669	8.0%	4,177	17.88	1,733,300	7.5%	4,333	17.46	1,857,870	7.0%	4,645	16.97
Marketing	1,399,185	6.7%	3,498	14.97	1,432,861	6.2%	3,582	14.43	1,592,460	6.0%	3,981	14.54
Franchise Fees	877,101	4.2%	2,193	9.39	1,155,533	5.0%	2,889	11.64	1,539,378	5.8%	3,848	14.06
Banquet Sales	208,834	1.0%	522	2.23	231,107	1.0%	578	2.33	265,410	1.0%	664	2.42
Property Op & Maintenance	730,918	3.5%	1,827	7.82	785,762	3.4%	1,964	7.91	982,017	3.7%	2,455	8.97
Utilities	793,568	3.8%	1,984	8.49	831,984	3.6%	2,080	8.38	928,935	3.5%	2,322	8.48
Total Undistributed Operating Expenses	5,680,274	27.2%	14,201	60.79	6,170,546	26.7%	15,426	62.15	7,166,070	27.0%	17,915	65.44
Gross Operating Profit	5,699,292	27.3%	14,248	60.99	6,976,759	30.2%	17,442	70.27	8,484,315	32.0%	21,211	77.48
Fixed Expense												
Management Fee	626,501	3.0%	1,566	6.70	693,320	3.0%	1,733	6.98	796,230	3.0%	1,991	7.27
Property Taxes (1.01% of Improvements)	750,000	3.6%	1,875	8.03	750,000	3.2%	1,875	7.55	750,000	2.8%	1,875	6.85
FF&E & Capital Reserve	522,084	2.5%	1,305	5.59	577,767	2.5%	1,444	5.82	663,525	2.5%	1,659	6.06
Insurance	271,484	1.3%	679	2.91	300,439	1.3%	751	3.03	345,033	1.3%	863	3.15
Total Fixed Expenses	2,170,068	10.4%	5,425	23.22	2,321,525	10.0%	5,804	23.38	2,554,788	9.6%	6,387	23.33
NET OPERATING INCOME	3,529,224	16.9%	8,823	37.77	4,655,235	20.1%	11,638	46.89	5,929,527	22.3%	14,824	54.15
Restaurant Rent (NET)	350,000				360,500				371,315			
Hotel Tax Rebate 80%	1,433,370				1,584,906				1,822,080			
Property Tax Rebate 100%	750,000				750,000				750,000			
CASH FLOW FROM OPERATIONS	5,862,594	25.7%	13,406	57.39	6,629,640	28.7%	16,574	66.78	8,130,292	30.6%	20,326	74.25
Debt Service	4,776,092	22.9%	11,940	51.11	4,776,092	20.7%	11,940	51.11	4,776,092	18.0%	11,940	51.11
NOI AFTER DEBT SERVICE	586,502	2.8%	1,466	6.28	1,853,549	8.0%	4,634	19.84	3,354,200	12.6%	8,386	35.90
Debt Coverage Ratio	1.12				1.39				1.70			

Land and Design, Inc.

E Ticket Hospitality, LLC

UPPER UPSCALE HOTEL
Garden Grove, California

July 29, 2010



Call

Subject: Call
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Thu, 5 Aug 2010 16:05:41 -0000
To: Greg Blodgett <>

Greg,
I'm in meetings this morning and couldn't take your call. I'll call you later this morning.

Sent from my iPhone

Matthew Reid
Land & Design, Inc.
Sustainable Strategies | Sustainable Integration
1042 N El Camino Real
Suite B-310
Encinitas, CA. 92024
858.735.1858 direct
matthew.reid.ca@gmail.com
Skype: matthew.reid.ca

from [Matthew Reid <matt.reid@landanddesign.com>](mailto:matt.reid@landanddesign.com) ☆

subject **New numbers**

to [Greg Blodgett](mailto:Greg.Blodgett) ☆

cc drose3@charter.net <drose3@charter.net> ☆

8/6/2010 2:55 PM

[other actions](#) ▾

Greg,

Here are new numbers for the two hotels.

Call with questions. I should have a new sketch for you later today.

Let's get on a phone call next week to discuss.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

Suite 808

La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

HOTEL SPACE SUMMARY UPPER/UPSCALE FULL SERVICE HOTEL

PUBLIC SPACE	NSF
Lobby	3,200
Bar and Lounge	3,700
Restaurant	2,945
Private Dining Rooms (2)	1,632
Public Restrooms	1,660
Main Ballroom	14,400
Junior Ballroom	0
Meeting Rooms (3)	0
Board Room	390
Prefunction	0
Fitness	1,312
Pool / Whirlpool (outdoor)	0
Pool/Toilets/Mechanical	330
Spa	0
Subtotal Public Space	29,569

GROSS SF SUMMARY	
Level 1	59,441
Level 2	15,540
Level 3	15,540
Level 4-13 (15,540 x 10)	155,400
TOTAL	245,921

GUESTROOMS PER FLOOR	
	30
TOTAL GUESTROOMS	400

GUESTROOMS	sf	#
King Room	364.5	165
Executive King Room	525	38
Queen/Queen Room	405	172
Suite	760	25
TOTAL	168,753	0

Guestroom NSF/Key..... 422

Guestroom NSF	168,753
Stairs, Elevators, Shafts, HK, Storage	33267
Total GSF Guestroom	202,020

BACK OF HOUSE AREAS	NSF
Front Desk (in lobby)	0
Front Office / Administration	1,800
Luggage Storage	250
Bar Back of House	425
Kitchen	3,393
Pantry	200
Function Storage	1,894
Recycling	456
Receiving	1,150
Employee Facilities / Dining	1,420
Maintenance	660
General Storage	330
Housekeeping/Linen	840
Dirty Linen	360
Loading Dock (outdoor)	0
Receiving Office	182
Uniforms	300
Mechanical / Electrical	994
Subtotal BOH	14,654
Circulation and net to gross	15,218
TOTAL GSF - Public/BOH	59,441

PARKING	CARS
0.8 cars/room	320
10/1000 for Ballrooms	144
TOTAL	464

TOTAL RETAIL SUMMARY	
Total SF Retail	21,000

	GSF	GSFI/KEY
Hotel Public / Back of House	59,441	149
Hotel Guestrooms	202,020	505
TOTAL HOTEL	261,461	654

HOTEL SPACE SUMMARY LIMITED/SELECT SERVICE HOTEL

PUBLIC SPACE	NSF
Lobby	1,800
Bar and Lounge	0
Restaurant	1,000
Private Dining Rooms (2)	0
Public Restrooms	1,500
Main Ballroom	0
Junior Ballroom	0
Meeting Rooms (3)	0
Board Room	40
Prefunction	0
Fitness	1,300
Pool / Whirlpool (outdoor)	0
Pool/Toilets/Mechanical	330
Spa	0
Subtotal Public Space.....	5,970

GROSS SF SUMMARY	
Level 1.....	28,074
Level 2.....	20,700
Level 3.....	20,700
Level 4.....	20,700
TOTAL.....	90,174

GUESTROOMS PER FLOOR.....	30
TOTAL GUESTROOMS.....	180
	3

GUESTROOMS	sf	#	
King Room.....	364.5	165	60,143
Executive King Room.....	499	38	18,962
Queen/Queen Room.....	398	172	68,456
Suite.....	650	5	3,250
Guestroom NSF.....			150,811
Stairs, Elevators, Shafts, HK, Storage.....			33267
Total GSF Guestroom.....			184,078

Guestroom NSF/Key..... 838

BACK OF HOUSE AREAS	NSF
Front Desk (in lobby)	0
Front Office / Administration	500
Luggage Storage	250
Bar Back of House	0
Kitchen	1,000
Pantry	200
Function Storage	1,500
Recycling	0
Receiving	500
Employee Facilities / Dining	0
Maintenance	300
General Storage	300
Housekeeping/Linen	500
Dirty Linen	360
Loading Dock (outdoor)	0
Receiving Office	182
Uniforms	300
Mechanical / Electrical	994
Subtotal BOH.....	6,886
Circulation and net to gross	15,218

TOTAL GSF - Public/BOH..... 28,074

	GSF	GSF/KEY
Hotel Public / Back of House	28,074	166
Hotel Guestrooms	62,100	345
TOTAL HOTEL	90,174	501

PARKING	CARS
0.8 cars/room.....	144
10/2000 for Public.....	20
	164

Project Name UPPER UPSCALE HOTEL / GARDEN GROVE, CA
Location GARDEN GROVE, CA
 Construction Start Q2, 2011
 Construction Completion Q4, 2012

Investment Summary:
 No. of rooms (Upper/Upscale) 400
 No. of rooms (Limited Serve) 180
 Total GSF (Upper/Upscale) 261,461
 Total GSF (Limited Serve) 90,174

Base Assumptions

Development Cost Budgets (upper/upscale)		per key	per sq. ft	
Land Cost / City contribution	0	-	-	0%
Off-site improvements	0	-	-	0%
Parking Structures (by city)	0	-	-	0%
Construction Costs	55,700,421	139,251	213.04	68%
FF&E OS&E IT Signage	14,701,319	36,753	56.23	18%
Soft Costs	6,678,906	16,697	25.54	8%
Financing Costs	1,500,000	3,750	5.74	2%
Development Contingency	820,000	2,050	3.14	1%
Development Fee	2,455,000	6,138	9.39	3%
UPPER UPSCALE HOTEL COST	81,855,646	204,639	313.07	100%

Development Cost Budgets (Limited/Select)		per key	per sq. ft	
Land Cost / City contribution	0	-	-	0%
Off-site improvements	0	-	-	0%
Parking Structures (by city)	0	-	-	0%
Construction Costs	15,861,336	39,653	60.66	69%
FF&E OS&E IT Signage	3,228,000	8,070	12.35	14%
Soft Costs	2,440,880	6,102	9.34	11%
Financing Costs	400,000	1,000	1.53	2%
Development Contingency	250,000	625	0.96	1%
Development Fee	700,000	1,750	2.68	3%
LIMITED/SELECT SERVICE HOTEL COST	22,880,217	127,112	253.73	100%

TOTAL BUDGETED DEVELOPMENT COST 104,735,862

Upper / Upscale Hotel / Garden Grove, CA
Total Project Cost Budget
324-key full-service hotel

No. of Keys	No. of Mods	Total Sq. Ft.
400	400	261,461

Construction Costs	% of Total	Per Key	Per SF	
Subtotal Site Construction		\$ 4,811	\$ 7.36	\$ 1,924,349
	0.00%	\$ -	\$ -	\$ -
Parking Structure (331 Stalls) - by city CFD	0.00%	\$ -	\$ -	\$ -
Subtotal Building Shell		\$ 64,091	\$ 98.05	\$ 15,736,183
Subtotal Building Finishes		\$ 32,022	\$ 48.99	\$ 12,808,950
Subtotal Building Systems		\$ 41,834	\$ 64.00	\$ 16,733,472
Subtotal Project Indirect Costs		\$ 21,244	\$ 32.50	\$ 8,497,466
TOTAL CONSTRUCTION COSTS.....		\$ 139,251	\$ 213.04	\$ 55,700,421

FF&E and OS&E	% of Total	Per Key	Per SF	
FF&E		\$ 20,000	\$ 30.60	\$ 8,000,000
OS&E		\$ 4,500	\$ 6.88	\$ 1,800,000
FF&E Restaurant (in Allow below)				
OS&E Restaurant (in Allow below)				
IT/Telephone, Point of Sales, etc. (No, Security)		\$ 4,000	\$ 6.12	\$ 1,600,000
Rest/Bar/Lounge TI Allow		\$ 3,595	\$ 5.50	\$ 1,438,033
Spa TI Allowance		\$ 1,471	\$ 2.25	\$ 588,286
Kitchen Equipment- Excludes Restaurant		\$ 2,500	\$ 3.82	\$ 1,000,000
Laundry Equipment		\$ 163	\$ 0.25	\$ 65,000
		\$ 313	\$ 0.48	\$ 125,000
Model Guestroom Model Allowance		\$ 213	\$ 0.33	\$ 85,000
TOTAL FFE & OSE COSTS.....		\$ 36,753	\$ 56.23	\$ 14,701,319

Soft Costs	% of Total	Per Key	Per SF	
Pre-Opening Expenses (Excluded)		\$ -	\$ -	\$ -
Design Costs / Consultant Fees	6.85%	\$ 9,543	\$ 14.60	\$ 3,817,323
Hospitality Consultant	1.08%	\$ 1,503	\$ 2.30	\$ 601,359
Permits/Fees (Waived by GG)	3.29%	\$ 4,576	\$ 7.00	\$ 1,830,224
Appraisal / Market Study		\$ 50	\$ 0.08	\$ 20,000
General Expenses		\$ 63	\$ 0.10	\$ 25,000
Environmental Consultants		\$ 50	\$ 0.08	\$ 20,000
Legal Fees		\$ 250	\$ 0.38	\$ 100,000
Survey for Title		\$ 38	\$ 0.06	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 25	\$ 0.04	\$ 10,000
Legal (Lender)		\$ 188	\$ 0.29	\$ 75,000
Deed Tax		\$ 25	\$ 0.04	\$ 10,000
Mortgage Registration		\$ 188	\$ 0.29	\$ 75,000
Title Insurance		\$ 63	\$ 0.10	\$ 25,000
Recording Fees		\$ 25	\$ 0.04	\$ 10,000
Inspection		\$ 113	\$ 0.17	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 3,750	\$ 5.74	\$ 1,500,000
Development Fee	3.00%	\$ 6,138	\$ 9.39	\$ 2,455,000
Development Contingency	1.00%	\$ 2,050	\$ 3.14	\$ 820,000
Land Cost	Contributed by Garden Grove	\$ -	\$ -	\$ -
Off-site improvements	Contributed by Garden Grove	\$ -	\$ -	\$ -
TOTAL SOFT COSTS.....		\$ 28,635	\$ 43.81	\$ 11,453,906
Total Development Costs		\$ 204,639	\$ 313.07	\$ 81,855,646

Limited Service Hotel / Garden Grove, CA
Total Project Cost Budget
180-key limited service hotel

No. of Keys	No. of Mods	Total Sq. Ft.
180	180	90,174

Construction Costs	% of Total	Per Key	Per SF	
Subtotal Site Construction		\$ 2,435	\$ 4.86	\$ 438,246
Parking Structure (164 Stalls) - by city CFD	0.00%	\$ -	\$ -	\$ -
Subtotal Building Shell		\$ 19,172	\$ 38.27	\$ 3,813,188
Subtotal Building Finishes		\$ 17,910	\$ 35.75	\$ 3,223,721
Subtotal Building Systems		\$ 30,809	\$ 61.50	\$ 5,545,701
Subtotal Project Indirect Costs		\$ 15,780	\$ 31.50	\$ 2,840,481
TOTAL CONSTRUCTION COSTS.....		\$ 88,119	\$ 175.90	\$ 15,861,336

FF&E and OS&E	% of Total	Per Key	Per SF	
FF&E		\$ 11,000	\$ 21.96	\$ 1,980,000
OS&E		\$ 2,800	\$ 5.59	\$ 504,000
FF&E Restaurant (in Allow below)				
OS&E Restaurant (in Allow below)				
IT/Telephone, Point of Sales, etc. (No, Security)		\$ 2,800	\$ 5.59	\$ 504,000
Rest/Bar/Lounge TI Allow		\$ -	\$ -	\$ -
Spa TI Allowance		\$ -	\$ -	\$ -
Kitchen Equipment- Excludes Restaurant		\$ -	\$ -	\$ -
Laundry Equipment		\$ 361	\$ 0.72	\$ 65,000
		\$ 694	\$ 1.39	\$ 125,000
Model Guestroom Model Allowance		\$ 278	\$ 0.55	\$ 50,000
TOTAL FFE & OSE COSTS.....		\$ 17,933	\$ 35.80	\$ 3,228,000

Soft Costs	% of Total	Per Key	Per SF	
Pre-Opening Expenses (Excluded)		\$ -	\$ -	\$ -
Design Costs / Consultant Fees	7.39%	\$ 6,513	\$ 13.00	\$ 1,172,262
Hospitality Consultant	1.31%	\$ 1,152	\$ 2.30	\$ 207,400
Permits/Fees (Waived by GG)	3.98%	\$ 3,507	\$ 7.00	\$ 631,218
Appraisal / Market Study		\$ 111	\$ 0.22	\$ 20,000
General Expenses		\$ 139	\$ 0.28	\$ 25,000
Environmental Consultants		\$ 111	\$ 0.22	\$ 20,000
Legal Fees		\$ 556	\$ 1.11	\$ 100,000
Survey for Title		\$ 83	\$ 0.17	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 56	\$ 0.11	\$ 10,000
Legal (Lender)		\$ 417	\$ 0.83	\$ 75,000
Deed Tax		\$ 56	\$ 0.11	\$ 10,000
Mortgage Registration		\$ 417	\$ 0.83	\$ 75,000
Title Insurance		\$ 139	\$ 0.28	\$ 25,000
Recording Fees		\$ 56	\$ 0.11	\$ 10,000
Inspection		\$ 250	\$ 0.50	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 2,222	\$ 4.44	\$ 400,000
Development Fee	3.06%	\$ 3,889	\$ 7.76	\$ 700,000
Development Contingency	1.09%	\$ 1,389	\$ 2.77	\$ 250,000
Land Cost	Contributed by Garden Grove	\$ -	\$ -	\$ -
Off-site improvements	Contributed by Garden Grove	\$ -	\$ -	\$ -
TOTAL SOFT COSTS.....		\$ 21,060	\$ 42.04	\$ 3,790,880
Total Development Costs		\$ 127,112	\$ 253.73	\$ 22,880,217

UPPER UPSCALE HOTEL

Assumptions:

	2013 YR1	2014 YR 2	2015 YR 3	2016 YR 4
Days open	365	365	365	365
No. of rooms	400	400	400	400
Room Nights available	146,000	146,000	146,000	146,000
Occupancy	64%	68%	71%	71%
Room Nights Sold	93,440	99,280	103,660	103,660
Average Daily Rate	147.50	153.50	160.00	164.80
RevPAR	94.40	104.38	113.60	117.01

	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
Revenues												
Rooms	13,782,400	66.0%	34,456	147.50	15,239,480	65.9%	38,099	153.50	17,083,168	65.9%	41,464	160.00
F&B	5,793,280	27.7%	14,483	62.00	6,453,200	27.9%	16,133	65.00	7,048,880	28.0%	17,622	68.00
Telecommunications	327,040	1.6%	818	3.50	347,480	1.5%	869	3.50	362,810	1.4%	907	3.50
Spa	420,000	2.0%	1,050	4.49	450,000	1.9%	1,125	4.53	480,000	1.9%	1,200	4.63
Other	560,640	2.7%	1,402	6.00	620,500	2.7%	1,551	6.25	673,790	2.7%	1,684	6.50
Total Revenues	20,883,360	100.0%	52,208	223.49	23,110,660	100.0%	57,777	232.78	25,151,080	100.0%	62,878	242.63
Direct Expenses												
Rooms	3,721,248	27.0%	9,303	39.83	3,809,870	25.0%	9,525	40.77	3,814,688	23.0%	9,537	40.83
F&B	4,750,490	82.0%	11,876	50.84	5,162,560	80.0%	12,906	55.25	5,498,126	78.0%	13,745	58.84
Telecommunications	369,555	113.0%	924	3.96	357,904	103.0%	895	3.83	366,438	101.0%	916	3.92
Spa	399,000	95.0%	998	4.27	360,000	80.0%	900	3.85	360,000	75.0%	900	3.85
Other	263,501	47.0%	659	2.82	273,020	44.0%	683	2.92	289,730	43.0%	724	3.10
Total Direct Expenses	9,503,794	45.5%	23,759	101.71	9,963,354	43.1%	24,908	106.63	10,328,982	41.1%	25,922	110.54
HOTEL PROFIT	11,379,566	54.5%	28,449	121.78	13,147,306	56.9%	32,868	126.15	14,822,098	58.9%	37,055	132.09

Undistributed Operating Expenses

Administrative and General	1,670,669	8.0%	4,177	17.88	1,733,300	7.5%	4,333	17.46	1,760,576	7.0%	4,401	16.98
Marketing	1,399,185	6.7%	3,498	14.97	1,432,861	6.2%	3,582	14.43	1,509,065	6.0%	3,773	14.56
Franchise Fees	877,101	4.2%	2,193	9.39	1,155,533	5.0%	2,889	11.64	1,458,763	5.8%	3,647	14.07
Banquet Sales	208,834	1.0%	522	2.23	231,107	1.0%	578	2.33	251,511	1.0%	629	2.43
Property Ops & Maintenance	730,918	3.5%	1,827	7.82	785,762	3.4%	1,964	7.91	830,590	3.7%	2,326	8.98
Utilities	793,568	3.8%	1,984	8.49	831,984	3.6%	2,080	8.38	880,288	3.5%	2,201	8.49
Total Undistributed Operating Expenses	5,680,274	27.2%	14,201	60.79	6,170,546	26.7%	15,426	62.15	6,790,792	27.0%	16,977	65.51
Gross Operating Profit	5,699,292	27.3%	14,248	60.99	6,976,759	30.2%	17,442	70.27	8,031,306	31.9%	20,078	77.48

Fixed Expense

Management Fee	626,501	3.0%	1,566	6.70	693,320	3.0%	1,733	6.98	754,532	3.0%	1,886	7.28
Property Taxes (1.01% of improvements)	826,742	4.0%	2,067	8.85	826,742	3.3%	2,067	8.33	826,742	3.3%	2,067	7.98
FFE & Capital Reserve	522,084	2.5%	1,305	5.59	577,767	2.5%	1,444	5.82	628,777	2.5%	1,572	6.07
Insurance	271,484	1.3%	679	2.91	300,439	1.3%	751	3.03	326,964	1.3%	817	3.15
Total Fixed Expenses	2,245,810	10.8%	5,617	24.05	2,398,267	10.4%	5,996	24.16	2,537,015	10.1%	6,343	24.47

NET OPERATING INCOME

	3,452,482	16.5%	8,631	36.95	4,578,492	19.8%	11,446	46.12	5,683,922	21.9%	14,210	54.83
Restaurant Rent (NET)	360,000				360,500				371,315			
Hotel Tax Rebate 80% thru Yr5, tapered to 50%	1,433,370				1,584,906				1,724,902			
Property Tax Rebate 100% of 75% city por	620,057				620,057				620,057			
CASH FLOW FROM OPERATIONS	5,155,908	24.7%	12,890	55.16	6,422,955	27.8%	16,057	64.70	7,467,935	29.7%	18,670	72.04

Debt Service

	4,750,621	22.7%	11,877	50.84	4,750,621	20.6%	11,877	50.84	4,750,621	18.3%	11,877	50.84
NOI AFTER DEBT SERVICE	405,287	1.9%	1,013	4.34	1,672,334	7.2%	4,181	17.90	2,717,314	10.8%	6,793	29.08

NOI AFTER DEBT SERVICE

	2,947,553	11.4%	7,369	31.54	2,947,553	11.4%	7,369	31.54	2,947,553	11.4%	7,369	31.54
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UPPER UPSCALE HOTEL

	2021 YR 9			2022 YR 10			2023 YR 11		
	\$ Amount	%	\$ PAR	\$ Amount	%	\$ PAR	\$ Amount	%	\$ PAR
Assumptions									
Days open	365			365			365		
No. of rooms	400			400			400		
Room Nights available	146,000			146,000			146,000		
Occupancy	71%			71%			71%		
Room Nights Sold	103,660			103,660			103,660		
Average Daily Rate	191.05			196.78			202.68		
RevPAR	135.64			139.71			143.91		
Revenues									
Rooms	19,804,074	65.9%	49,510	20,398,196	65.9%	50,995	21,010,142	65.9%	52,525
F&B	8,416,731	28.0%	21,042	8,689,233	28.0%	21,673	8,929,310	28.0%	22,323
Telecommunications	433,214	1.4%	1,083	446,211	1.4%	1,116	459,597	1.4%	1,149
Spa	573,145	1.9%	1,433	590,339	1.9%	1,476	608,050	1.9%	1,520
Other	804,540	2.7%	2,011	828,677	2.7%	2,072	853,537	2.7%	2,134
Total Revenues	30,031,705	100.0%	75,079	30,932,656	100.0%	77,332	31,860,636	100.0%	79,652
Direct Expenses									
Rooms	4,554,937	23.0%	11,387	4,691,585	23.0%	11,729	4,832,333	23.0%	12,081
F&B	6,565,050	78.0%	16,413	6,762,002	78.0%	16,905	6,964,862	78.0%	17,412
Telecommunications	437,546	101.0%	1,094	450,673	101.0%	1,127	464,193	101.0%	1,160
Spa	429,859	75.0%	1,075	442,755	75.0%	1,107	456,037	75.0%	1,140
Other	345,952	43.0%	865	356,331	43.0%	891	367,021	43.0%	918
Total Direct Expenses	12,333,345	41.1%	30,833	12,703,345	41.1%	31,758	13,084,446	41.1%	32,711
HOTEL PROFIT	17,698,360	58.9%	44,246	18,229,311	58.9%	45,573	18,776,190	58.9%	46,940
Undistributed Operating Expenses									
Administrative and General	2,102,219	7.0%	5,256	2,165,286	7.0%	5,413	2,230,244	7.0%	5,576
Marketing	1,801,902	6.0%	4,505	1,855,959	6.0%	4,640	1,911,638	6.0%	4,779
Franchise Fees	1,741,839	5.8%	4,355	1,794,094	5.8%	4,485	1,847,917	5.8%	4,620
Banquet Sales	300,317	1.0%	751	309,327	1.0%	773	318,606	1.0%	797
Property Ops & Maintenance	1,111,173	3.7%	2,778	1,144,508	3.7%	2,861	1,178,844	3.7%	2,947
Utilities	1,051,110	3.5%	2,628	1,082,643	3.5%	2,707	1,115,122	3.5%	2,768
Total Undistributed Operating Expenses	8,108,560	27.0%	20,271	8,351,817	27.0%	20,980	8,602,372	27.0%	21,506
Gross Operating Profit	9,589,800	31.9%	23,974	9,877,494	31.9%	24,594	10,173,818	31.9%	25,435
Fixed Expense									
Management Fee	900,951	3.0%	2,252	927,980	3.0%	2,320	955,819	3.0%	2,390
Property Taxes (1.01% of improvements)	903,403	3.0%	2,259	930,505	3.0%	2,326	958,421	3.0%	2,396
FFE & Capital Reserve	750,793	2.5%	1,877	773,316	2.5%	1,933	796,516	2.5%	1,991
Insurance	390,412	1.3%	976	402,125	1.3%	1,005	414,188	1.3%	1,035
Total Fixed Expenses	2,945,559	9.8%	7,364	3,033,926	9.8%	7,585	3,124,944	9.8%	7,812
NET OPERATING INCOME	6,644,240	22.1%	16,611	6,843,568	22.1%	17,109	7,048,875	22.1%	17,622
Restaurant Rent (NET)	443,370			456,671			470,371		
Hotel Tax Rebate 80% thru Y15, tapered to 50%	1,287,265			1,325,883			1,365,659		
Property Tax Rebate 100% of 75% city por	677,552			697,879			718,815		
CASH FLOW FROM OPERATIONS	8,165,688	27.2%	20,414	8,410,659	27.2%	21,027	8,662,979	27.2%	21,657
Debt Service	4,750,621	15.8%	11,877	4,750,621	15.4%	11,877	4,750,621	14.9%	11,877
NOI AFTER DEBT SERVICE	3,415,067	11.4%	8,538	3,660,038	11.8%	9,150	3,912,358	12.3%	9,781

LIMITED/SELECT SERVICE HOTEL

Assumptions:

	2013 YR1	2014 YR2	2015 YR3
Days open	365	365	365
No. of rooms	180	180	180
Room Nights available	65,700	65,700	65,700
Occupancy	62%	64%	72%
Room Nights Sold	40,734	42,048	47,304
Average Daily Rate	95.00	100.00	105.00
RevPAR	58.90	64.00	75.60

Stabilized

	2015 YR3
Days open	365
No. of rooms	180
Room Nights available	65,700
Occupancy	72%
Room Nights Sold	47,304
Average Daily Rate	105.00
RevPAR	75.60

	2013 YR1	2014 YR2	2015 YR3
Revenues			
Rooms	3,869,730	4,204,800	4,966,920
F&B	407,340	504,576	614,952
Telecommunications	81,468	94,608	118,260
Spa	0	0	0
Other	101,835	115,632	141,912
Total Revenues	4,460,373	4,919,616	5,842,044
Direct Expenses			
Rooms	890,038	925,056	993,384
F&B	317,725	393,569	467,364
Telecommunications	92,059	97,446	119,443
Spa	0	0	0
Other	47,862	50,878	56,765
Total Direct Expenses	1,347,684	1,466,950	1,636,955
HOTEL PROFIT	3,112,689	3,452,666	4,205,089
Undistributed Operating Expenses			
Administrative and General	379,132	403,409	467,364
Marketing	298,845	305,016	350,523
Franchise Fees	187,336	245,981	338,839
Banquet Sales	0	0	0
Property Ops & Maintenance	156,113	167,267	216,156
Utilities	169,494	177,106	204,472
Total Undistributed Operating Expenses	1,190,920	1,298,779	1,577,352
Gross Operating Profit	1,921,769	2,153,888	2,627,737
Fixed Expense			
Management Fee	133,811	147,588	175,261
Property Taxes (1.01% of improvements)	231,090	231,090	231,090
FFE & Capital Reserve	111,509	122,990	146,051
Insurance	57,985	63,955	75,947
Total Fixed Expenses	534,396	565,624	628,349
NET OPERATING INCOME	1,387,373	1,588,264	1,999,388
Restaurant Rent (NET)	250,000	257,500	265,225
Hotel Tax Rebate 50% - 10 years	251,532	437,299	516,560
Property Tax Rebate 100%	231,090	231,090	231,090
CASH FLOW FROM OPERATIONS	1,619,996	1,999,153	2,481,813
Debt Service	1,327,889	1,327,889	1,327,889
	29.8%	27.0%	22.7%
	7,377	7,377	7,377
	32.60	32.60	32.60
	9,000	11,106	13,788
	39.77	47.54	52.47
	47.18	51.22	55.55
	3.29	3.51	3.71
	5.67	5.50	4.89
	2.74	2.93	3.09
	1.42	1.52	1.61
	13.12	13.45	13.28
	34.06	37.77	42.27
	50.0%	50.0%	50.0%
	36.3%	40.6%	42.5%
	29.8%	27.0%	22.7%
	7,377	7,377	7,377
	32.60	32.60	32.60
	9,000	11,106	13,788
	39.77	47.54	52.47

LIMITED/SELECT SERVICE HOTEL

Assumptions:

Days open	365	2016	2017	2018
No. of rooms	180	YR 4	YR 5	YR 6
Room Nights available	65,700			
Occupancy	72%			
Room Nights Sold	47,304			
Average Daily Rate	108.15			
RevPAR	77.87			

	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
Revenues												
Rooms	5,115,928	85.0%	28,422	108.15	5,269,405	85.0%	29,274	111.39	5,427,488	85.0%	30,153	114.74
F&B	633,401	10.5%	3,519	13.39	652,403	10.5%	3,624	13.79	671,975	10.5%	3,733	14.21
Telecommunications	121,808	2.0%	677	2.58	125,462	2.0%	697	2.65	129,226	2.0%	718	2.73
Spa	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Other	146,169	2.4%	812	3.09	150,554	2.4%	836	3.18	155,071	2.4%	862	3.28
Total Revenues	6,017,305	100.0%	33,429	127.21	6,197,824	100.0%	34,432	131.02	6,383,759	100.0%	35,465	134.95
Direct Expenses												
Rooms	1,023,186	20.0%	5,684	25.12	1,053,881	20.0%	5,855	25.87	1,085,498	20.0%	6,031	26.65
F&B	481,384	76.0%	2,674	11.82	495,826	76.0%	2,755	12.17	510,701	76.0%	2,837	12.54
Telecommunications	123,026	101.0%	683	3.02	126,717	101.0%	704	3.11	130,518	101.0%	725	3.20
Spa	0	75.0%	0	0.00	0	75.0%	0	0.00	0	75.0%	0	0.00
Other	58,468	40.0%	325	1.44	60,222	40.0%	335	1.48	62,028	40.0%	345	1.52
Total Direct Expenses	1,686,064	28.0%	9,367	41.39	1,736,645	28.0%	9,648	42.63	1,788,745	28.0%	9,937	43.91
HOTEL PROFIT	4,331,242	72.0%	24,062	85.81	4,461,179	72.0%	24,784	88.39	4,595,014	72.0%	25,528	91.04
Undistributed Operating Expenses												
Administrative and General	481,384	8.0%	2,674	10.18	495,826	8.0%	2,755	10.48	510,701	8.0%	2,837	10.80
Marketing	361,038	6.0%	2,006	7.63	371,869	6.0%	2,066	7.86	383,026	6.0%	2,128	8.10
Franchise Fees	349,004	5.8%	1,939	7.38	359,474	5.8%	1,997	7.60	370,258	5.8%	2,057	7.83
Banquet Sales	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Property Ops & Maintenance	222,640	3.7%	1,237	4.71	229,320	3.7%	1,274	4.85	236,199	3.7%	1,312	4.99
Utilities	210,606	3.5%	1,170	4.45	216,924	3.5%	1,205	4.59	223,432	3.5%	1,241	4.72
Total Undistributed Operating Expenses	1,624,672	27.0%	9,026	34.35	1,673,413	27.0%	9,297	35.38	1,723,615	27.0%	9,576	36.44
Gross Operating Profit	2,706,569	45.0%	15,036	57.22	2,787,766	45.0%	15,488	58.93	2,871,399	45.0%	15,952	60.70
Fixed Expense												
Management Fee	180,519	3.0%	1,003	3.82	185,935	3.0%	1,033	3.93	191,513	3.0%	1,064	4.05
Property Taxes (1.01% of improvements)	231,090	3.8%	1,284	4.89	231,090	3.7%	1,284	4.89	231,090	3.6%	1,284	4.89
FFE & Capital Reserve	150,433	2.5%	836	3.18	154,946	2.5%	861	3.28	159,594	2.5%	887	3.37
Insurance	78,225	1.3%	435	1.65	80,572	1.3%	448	1.70	82,989	1.3%	461	1.75
Total Fixed Expenses	640,267	10.6%	3,557	13.54	652,542	10.5%	3,625	13.79	665,186	10.4%	3,695	14.06
NET OPERATING INCOME	2,066,302	34.3%	11,479	43.68	2,135,224	34.5%	11,862	45.14	2,206,214	34.6%	12,257	46.64
Restaurant Rent (NET)	273,182				281,377				289,819			
Hotel Tax Rebate 50% - 10 years	532,056	50.0%			548,018	50.0%			564,459	50.0%		
Property Tax Rebate 100%	231,090				231,090				231,090			
CASH FLOW FROM OPERATIONS	2,556,267	42.5%	14,201	54.04	2,632,955	42.5%	14,628	55.66	2,711,944	42.5%	15,066	57.33
Debt Service	1,327,889	22.1%	7,377	32.60	1,327,889	21.4%	7,377	32.60	1,327,889	20.8%	7,377	32.60

LIMITED/SELECT SERVICE HOTEL

Assumptions:

Days open	365
No. of rooms	180
Room Nights available	65,700
Occupancy	72%
Room Nights Sold	47,304
Average Daily Rate	118.18
RevPAR	85.09

	2019 YR 7	2020 YR 8	2021 YR 9
365	365	365	365
180	180	180	180
65,700	65,700	65,700	65,700
72%	72%	72%	72%
47,304	47,304	47,304	47,304
118.18	121.72	125.38	125.38
85.09	87.64	90.27	90.27

	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
Revenues												
Rooms	5,590,312	85.0%	31,057	118.18	5,758,022	85.0%	31,989	121.72	5,930,762	85.0%	32,949	125.38
F&B	692,134	10.5%	3,845	14.63	712,898	10.5%	3,961	15.07	734,285	10.5%	4,079	15.52
Telecommunications	133,103	2.0%	739	2.81	137,096	2.0%	762	2.90	141,209	2.0%	784	2.99
Spa	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Other	159,723	2.4%	887	3.38	164,515	2.4%	914	3.48	169,450	2.4%	941	3.58
Total Revenues	6,575,272	100.0%	36,529	139.00	6,772,530	100.0%	37,625	143.17	6,975,706	100.0%	38,754	147.47
Direct Expenses												
Rooms	1,118,062	20.0%	6,211	27.45	1,151,604	20.0%	6,398	28.27	1,186,152	20.0%	6,590	28.12
F&B	526,022	7.6%	2,922	12.91	541,802	7.6%	3,010	13.30	558,056	7.6%	3,100	13.70
Telecommunications	134,434	101.0%	747	3.30	138,467	101.0%	769	3.40	142,621	101.0%	792	3.50
Spa	0	75.0%	0	0.00	0	75.0%	0	0.00	0	75.0%	0	0.00
Other	63,889	40.0%	355	1.57	65,806	40.0%	366	1.62	67,780	40.0%	377	1.66
Total Direct Expenses	1,842,407	28.0%	10,236	45.23	1,897,679	28.0%	10,543	46.59	1,954,610	28.0%	10,859	47.98
HOTEL PROFIT	4,732,865	72.0%	26,294	93.77	4,874,851	72.0%	27,083	96.58	5,021,096	72.0%	27,895	99.48
Undistributed Operating Expenses												
Administrative and General	526,022	8.0%	2,922	11.12	541,802	8.0%	3,010	11.45	558,056	8.0%	3,100	11.80
Marketing	394,516	6.0%	2,192	8.34	406,352	6.0%	2,258	8.59	418,542	6.0%	2,325	8.85
Franchise Fees	381,366	5.8%	2,119	8.06	392,807	5.8%	2,182	8.30	404,591	5.8%	2,248	8.55
Banquet Sales	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Property Ops & Maintenance	243,285	3.7%	1,352	5.14	250,584	3.7%	1,392	5.30	258,101	3.7%	1,434	5.46
Utilities	230,135	3.5%	1,279	4.87	237,039	3.5%	1,317	5.01	244,150	3.5%	1,356	5.16
Total Undistributed Operating Expenses	1,775,323	27.0%	9,863	37.53	1,828,583	27.0%	10,159	38.66	1,883,441	27.0%	10,464	39.82
Gross Operating Profit	2,957,541	45.0%	16,431	62.52	3,046,268	45.0%	16,924	64.40	3,137,656	45.0%	17,431	66.33
Fixed Expense												
Management Fee	197,258	3.0%	1,096	4.84	203,176	3.0%	1,129	4.99	209,271	3.0%	1,163	5.14
Property Taxes (1.01% of improvements)	231,090	3.5%	1,284	5.67	231,090	3.4%	1,284	5.67	231,090	3.3%	1,284	5.67
FFE & Capital Reserve	164,382	2.5%	913	3.48	169,313	2.5%	941	3.58	174,393	2.5%	969	3.69
Insurance	85,479	1.3%	475	1.81	88,043	1.3%	489	1.86	90,684	1.3%	504	1.92
Total Fixed Expenses	678,209	10.3%	3,768	14.34	691,622	10.2%	3,842	14.62	705,438	10.1%	3,919	14.91
NET OPERATING INCOME	2,279,333	34.7%	12,663	48.18	2,354,645	34.8%	13,081	49.78	2,432,217	34.9%	13,512	51.42
Restaurant Rent (NET)	298,513				307,468				316,693			
Hotel Tax Rebate 50% - 10 years	581,392	50.0%			598,834	50.0%			616,799	50.0%		
Property Tax Rebate 100%	231,090				231,090				231,090			
CASH FLOW FROM OPERATIONS	2,793,302	42.5%	15,518	59.05	2,877,101	42.5%	15,984	60.82	2,963,414	42.5%	16,463	62.65
Debt Service	1,327,889	20.2%	7,377	32.60	1,327,889	19.6%	7,377	32.60	1,327,889	19.0%	7,377	32.60

LIMITED/SELECT SERVICE HOTEL

Assumptions:

Days open	365	2023	365
No. of rooms	180	YR 11	180
Room Nights available	65,700		65,700
Occupancy	72%		72%
Room Nights Sold	47,304		47,304
Average Daily Rate	129.14		133.01
RevPAR	92.98		95.77

	2022	2023	%	\$ Amount	\$ PAR	%	\$ Amount	\$ PAR	\$ POR
	YR 10	YR 11							
Revenues									
Rooms	6,108,685	85.0%	33,937	129.14	6,291,946	85.0%	34,955	133.01	
F&B	756,313	10.5%	4,202	15.99	779,003	10.5%	4,328	16.47	
Telecommunications	145,445	2.0%	808	3.07	149,808	2.0%	832	3.17	
Spa	0	0.0%	0	0.00	0	0.0%	0	0.00	
Other	174,534	2.4%	970	3.69	179,770	2.4%	999	3.80	
Total Revenues	7,184,977	100.0%	39,917	151.89	7,400,527	100.0%	41,114	156.45	
Direct Expenses									
Rooms	1,221,737	20.0%	6,787	29.99	1,258,389	20.0%	6,991	30.89	
F&B	574,798	76.0%	3,193	14.11	592,042	76.0%	3,289	14.53	
Telecommunications	146,899	101.0%	816	3.61	151,306	101.0%	841	3.71	
Spa	0	75.0%	0	0.00	0	75.0%	0	0.00	
Other	69,814	40.0%	388	1.71	71,908	40.0%	399	1.77	
Total Direct Expenses	2,013,248	28.0%	11,185	49.42	2,073,646	28.0%	11,520	50.91	
HOTEL PROFIT	5,171,729	72.0%	28,732	102.47	5,326,881	72.0%	29,594	105.54	
Undistributed Operating Expenses									
Administrative and General	574,798	8.0%	3,193	12.15	592,042	8.0%	3,289	12.52	
Marketing	431,099	6.0%	2,395	9.11	444,032	6.0%	2,467	9.39	
Franchise Fees	416,729	5.8%	2,315	8.81	429,231	5.8%	2,385	9.07	
Banquet Sales	0	0.0%	0	0.00	0	0.0%	0	0.00	
Property Ops & Maintenance	265,844	3.7%	1,477	5.62	273,819	3.7%	1,521	5.79	
Utilities	251,474	3.5%	1,397	5.32	259,018	3.5%	1,439	5.48	
Total Undistributed-Operating Expenses	1,939,944	27.0%	10,777	41.01	1,998,142	27.0%	11,101	42.24	
Gross Operating Profit	3,231,785	45.0%	17,954	68.32	3,328,739	45.0%	18,493	70.37	
Fixed Expense									
Management Fee	215,549	3.0%	1,197	5.29	222,016	3.0%	1,233	5.45	
Property Taxes (1.01% of improvements)	231,090	3.2%	1,284	5.67	231,090	3.1%	1,284	5.67	
FFE & Capital Reserve	179,624	2.5%	998	3.80	185,013	2.5%	1,028	3.91	
Insurance	93,405	1.3%	519	1.97	96,207	1.3%	534	2.03	
Total Fixed Expenses	719,669	10.0%	3,998	15.21	734,326	9.9%	4,080	15.52	
NET OPERATING INCOME	2,512,117	35.0%	13,956	53.11	2,594,413	35.1%	14,413	54.85	
Restaurant Rent (NET)	326,193				335,979				
Hotel Tax Rebate 50% - 10 years	635,303	50.0%			654,362	50.0%			
Property Tax Rebate 100%	231,090				231,090				
CASH FLOW FROM OPERATIONS	3,052,317	42.5%	16,957	64.53	3,143,885	42.5%	17,466	66.46	
Debt Service	1,327,889	18.5%	7,377	32.60	1,327,889	17.9%	7,377	32.60	

Subject: AutoCad
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 9 Aug 2010 17:15:16 -0000
To: Greg Blodgett <>

Greg,
Have you been able to find those AutoCad files for the additional development areas?
When do you want to talk about the hotel proforma?

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINBLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE
1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858 direct

CENTRAL COUNTY OFFICE
8130 La Mesa Blvd
Suite 808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

Skype - matthew.reid.ca
matt.reid@landanddesign.com

Subject: AutoCAD Files for Additional Development Area
From: Paul Guerrero <>
Date: Mon, 9 Aug 2010 22:36:58 -0000
To: "matt.reid@landanddesign.com" <matt.reid@landanddesign.com>
CC: Greg Blodgett <>

Matt,
The AutoCAD files will be ready on friday, if its ready earlier, we will send it out.
Paul

Subject: RE: AutoCAD Files for Additional Development Area
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 9 Aug 2010 23:23:28 -0000
To: 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>
CC: Greg Blodgett <>

Thanks!

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINBLE STRATEGIES | SUSTAINABLE INTEGRATION

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858.735.1858 direct

CENTRAL COUNTY OFFICE
8130 La Mesa Blvd
Suite 808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

Skype - matthew.reid.ca
matt.reid@landanddesign.com

From: Paul Guerrero [mailto:paulg@ci.garden-grove.ca.us]
Sent: Monday, August 09, 2010 3:37 PM
To: matt.reid
Cc: Greg Blodgett
Subject: AutoCAD Files for Additional Development Area

Matt,
The AutoCAD files will be ready on friday, if its ready earlier, we will send it out.
Paul

Subject: Re: Drawings and Proforma
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 17 Aug 2010 04:34:04 -0000
To: Greg Blodgett <>

Ok thanks.

Sent from my iPhone

Matthew Reid
Land & Design, Inc.
Sustainable Strategies | Sustainable Integration
1042 N El Camino Real
Suite B-310
Encinitas, CA. 92024
858.735.1858 direct
matthew.reid.ca@gmail.com
Skype: [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

On Aug 16, 2010, at 3:03 PM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

Yes just got back in town from Nashville Will get them to you tommorow.

From: "Matthew Reid" <matt.reid@landanddesign.com>
Sent: Mon, 8/16/2010 7:21am
To: "'Greg Blodgett'" <greg1@ci.garden-grove.ca.us>
Subject: Drawings and Proforma

Greg,

Are you available to discuss the proforma today? Also, didn't receive any docs last week? Just wondering if they are coming.

Let me know.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability. Construction and Real Estate Advisors

SUSTAINBLE STRATEGIES | SUSTAINABLE INTEGRATION

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Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

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619.462.4060 o

619.462.4144 f

Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

matt.reid@landanddesign.com

from Paul Guerrero ☆

subject **Agency's Revised Proposal regarding Site C**

to matt.reid@landanddesign.com <matt.reid@landanddesign.com> ☆

cc Greg Blodgett ☆

8/17/2010 3:14 PM

other actions ▾

Matt,

Attached is the Agency's revised proposal regarding Site C.

Paul

<<...>>

REVENUE SHARE FOR FULL-SERVICE HOTEL

ADR	\$180		
ROOMS	400	TOTAL DEVELOPMENT VALUE	TOTAL SALES FOR FOOD & BEVERAGE
OCC	70%	\$81,000,000	\$7,530,000

TOTAL LAND COST FOR FULL SERVICE HOTEL	\$7,200,000
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Year	Total TOT Revenues	Total Increment Revenues (70%)	Tax	Total for Food & Beverage Revenues	Grand Total Revenue (TOT + TI + F&B)
1	\$2,391,480	\$567,000	1.02	\$75,300	\$3,033,780
2	\$2,463,224	\$584,010		\$77,559	\$3,124,793
3	\$2,537,121	\$601,530		\$79,886	\$3,218,537
4	\$2,613,235	\$619,576		\$82,282	\$3,315,093
5	\$2,691,632	\$638,163		\$84,751	\$3,414,546
6	\$2,772,381	\$657,308		\$87,293	\$3,516,983
7	\$2,855,552	\$677,028		\$89,912	\$3,622,492
8	\$2,941,219	\$697,338		\$92,610	\$3,731,167
9	\$3,029,455	\$718,259		\$95,388	\$3,843,102
10	\$3,120,339	\$739,806		\$98,249	\$3,958,395
11	\$3,213,949	\$762,001		\$101,197	\$4,077,147
12	\$3,310,368	\$784,861		\$104,233	\$4,199,461

Developer Payback (50% TOT)	Agency Payback (\$12M*60%=\$7.2M)	Remainder of Total Revenues	50/50 Split of Remainder	Total City Share	Total Developer Share
\$1,195,740	\$720,000	\$1,118,040	\$559,020	\$1,279,020	\$1,754,760
\$1,231,612	\$720,000	\$1,173,181	\$586,591	\$1,951,612	\$1,818,203
\$1,268,561	\$720,000	\$1,229,977	\$614,988	\$1,988,561	\$1,883,549
\$1,306,617	\$720,000	\$1,288,476	\$644,238	\$2,026,617	\$1,950,855
\$1,345,816	\$720,000	\$1,348,730	\$674,365	\$2,065,816	\$2,020,181
\$1,386,190	\$720,000	\$1,410,792	\$705,396	\$2,106,190	\$2,091,586
\$1,427,776	\$720,000	\$1,474,716	\$737,358	\$2,147,776	\$2,165,134
\$1,470,609	\$720,000	\$1,540,557	\$770,279	\$2,190,609	\$2,240,888
\$1,514,728	\$720,000	\$1,608,374	\$804,187	\$2,234,728	\$2,318,915
\$1,560,169	\$720,000	\$1,678,225	\$839,113	\$2,280,169	\$2,399,282
\$1,606,975	\$0	\$2,470,172	\$1,235,086	\$1,606,975	\$2,842,061
\$1,655,184	\$0	\$2,544,277	\$1,272,139	\$1,655,184	\$2,927,322

NPV **\$11,367,662** **\$12,238,042**

REVENUE SHARE FOR LIMITED-SERVICE HOTEL

ADR	\$120	TOTAL DEVELOPMENT VALUE	\$22,000,000	TOTAL SALES FOR FOOD & BEVERAGE	\$7,530,000
ROOMS	180				
OCC	70%				

TOTAL LAND COST FOR FULL SERVICE HOTEL \$4,800,000

Year	Total TOT Revenues	Total Increment Revenues (70%)	Tax	Total for Food & Beverage Revenues	Grand Total Revenue (TOT + TI + F&B)
	1.03	1.02	1.02	1.02	
1	\$717,444	\$154,000	\$75,300	\$946,744	\$946,744
2	\$738,967	\$158,620	\$77,559	\$975,146	\$975,146
3	\$761,136	\$163,379	\$79,886	\$1,004,401	\$1,004,401
4	\$783,970	\$168,280	\$82,282	\$1,034,533	\$1,034,533
5	\$807,490	\$173,328	\$84,751	\$1,065,569	\$1,065,569
6	\$831,714	\$178,528	\$87,293	\$1,097,536	\$1,097,536
7	\$856,666	\$183,884	\$89,912	\$1,130,462	\$1,130,462
8	\$882,366	\$189,401	\$92,610	\$1,164,376	\$1,164,376
9	\$908,837	\$195,083	\$95,388	\$1,199,307	\$1,199,307
10	\$936,102	\$200,935	\$98,249	\$1,235,286	\$1,235,286
NPV					

Developer Payback (50% TOT)	Agency Payback (\$12M*40%=\$7.2M)	Remainder of Grand Total Revenues	50/50 Split of Remainder	Total City Share	Total Developer Share
\$358,722	\$480,000	\$108,022	\$54,011	\$534,011	\$412,733
\$369,484	\$480,000	\$125,663	\$62,831	\$849,484	\$432,315
\$380,568	\$480,000	\$143,833	\$71,916	\$860,568	\$452,484
\$391,985	\$480,000	\$162,548	\$81,274	\$871,985	\$473,259
\$403,745	\$480,000	\$181,824	\$90,912	\$883,745	\$494,657
\$415,857	\$480,000	\$201,679	\$100,839	\$895,857	\$516,696
\$428,333	\$480,000	\$222,129	\$111,065	\$908,333	\$539,397
\$441,183	\$480,000	\$243,193	\$121,596	\$921,183	\$562,779
\$454,418	\$480,000	\$264,889	\$132,444	\$934,418	\$586,863
\$468,051	\$480,000	\$287,235	\$143,618	\$948,051	\$611,669
				\$4,501,973	\$2,640,848

TOTAL REVENUE SHARE FOR FULL AND LIMITED-SERVICE HOTEL

Year	Total			Grand Total Revenue (TOT + TI + F&B)
	Total TOT Revenues	Total Increment Revenues	Tax for Food & Beverage Revenues	
1	\$3,108,924	\$721,000	\$150,600	\$3,980,524
2	\$3,202,192	\$742,630	\$155,118	\$4,099,940
3	\$3,298,257	\$764,909	\$159,772	\$4,222,938
4	\$3,397,205	\$787,856	\$164,565	\$4,349,626
5	\$3,499,121	\$811,492	\$169,502	\$4,480,115
6	\$3,604,095	\$835,837	\$174,587	\$4,614,518
7	\$3,712,218	\$860,912	\$179,824	\$4,752,954
8	\$3,823,584	\$886,739	\$185,219	\$4,895,542
9	\$3,938,292	\$913,341	\$190,776	\$5,042,409
10	\$4,056,441	\$940,741	\$196,499	\$5,193,681
11	\$3,213,949	\$762,001	\$101,197	\$4,077,147
12	\$3,310,368	\$784,861	\$104,233	\$4,199,461

Year	Developer Payback (50% TOT)	Agency Payback (\$12M*40%=\$7.2M)	Remainder of Grand Total Revenues	50/50 Split of Remainder	Total City Share	Total Developer Share
2	\$1,601,096	\$1,200,000	\$1,298,844	\$649,422	\$2,801,096	\$2,250,518
3	\$1,649,129	\$1,200,000	\$1,373,809	\$686,905	\$2,849,129	\$2,336,033
4	\$1,698,603	\$1,200,000	\$1,451,023	\$725,512	\$2,898,603	\$2,424,114
5	\$1,749,561	\$1,200,000	\$1,530,554	\$765,277	\$2,949,561	\$2,514,838
6	\$1,802,047	\$1,200,000	\$1,612,471	\$806,235	\$3,002,047	\$2,608,283
7	\$1,856,109	\$1,200,000	\$1,696,845	\$848,422	\$3,056,109	\$2,704,531
8	\$1,911,792	\$1,200,000	\$1,783,750	\$891,875	\$3,111,792	\$2,803,667
9	\$1,969,146	\$1,200,000	\$1,873,263	\$936,631	\$3,169,146	\$2,905,777
10	\$2,028,220	\$1,200,000	\$1,965,461	\$982,730	\$3,228,220	\$3,010,951
11	\$1,606,975	\$0	\$2,470,172	\$1,235,086	\$1,606,975	\$2,842,061
12	\$1,655,184	\$0	\$2,544,277	\$1,272,139	\$1,655,184	\$2,927,322

\$15,869,635 \$14,878,890

Subject: City Contribution
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Wed, 18 Aug 2010 00:55:55 -0000
To: Greg Blodgett <>

Greg,

So I want to understand these numbers....

The column to the far right would be the amount the City would FORGIVE the hotel on an annual basis? This would include TOT, RETaxes and F&B Revenues...right?

The total on the bottom is the NPV of those items?

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

Suite 808

La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

something back to you

Subject: something back to you
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 30 Aug 2010 17:39:42 -0000
To: Greg Blodgett <>

Greg,

I was away last week and wanted you to know I'll have something back to you by mid-week.

Matthew W. Reid

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CENTRAL COUNTY OFFICE

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619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

RE:

Subject: RE:

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Tue, 31 Aug 2010 04:19:05 -0000

To: Greg Blodgett <>

How about Friday 10am?

Matthew W. Reid

LAND & DESIGN, Inc.

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619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

From: Greg Blodgett [mailto:greg1@ci.garden-grove.ca.us]

Sent: Monday, August 30, 2010 9:07 PM

To: Matthew Reid

Subject:

did you you want to meet us this week

from Matthew Reid <matt.reid@landanddesign.com> ☆

subject MOU

to Greg Blodgett ☆, 'Paul Guerrero' <paulg@ci.garden-grove.ca.us> ☆

cc drose3@charter.net <drose3@charter.net> ☆, bryan.underwood@landanddesign.com <bryan.underwood@landanddesign.com> ☆

9/2/2010 8:51 PM

other actions ▾

Greg and Paul,

Thanks for our meeting today. Attached please find the revised MOU as discussed. You'll find a REDLINED and a CLEAN version for your review.

We look forward to seeing revised information from you early next week along with a draft DDA for our review as well.

Have a great holiday weekend.

Matthew W. Reid
LAND & DESIGN, Inc.
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SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE
1042 N El Camino Real
Suite 8-310
Encinitas, CA 92024
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8130 La Mesa Blvd
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8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

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Suite B-310
Encinitas, CA 92024
858.735.1858

Garden Grove, CA **Full Service Hotel and Limited Service Hotel** **Deal Point Outline** **Memorandum of Understanding**

The following includes, however are not limited to, the salient deal points and is the beginning of an understanding of the basis of a future agreement and DDA between Land and Design, Inc., E-Ticket Hospitality (LANDDESIGN), or its assigned, and The City of Garden Grove (CITY) and/or its development agency (AGENCY).

- LANDDESIGN agrees to develop and construct two (2) hotels; one (1) approximately 325 - 400 room upper upscale, full service type Hotel and one (1) approximately 125 - 225 room Limited Service / Extended Stay type Hotel on the property currently known as "Hotel – Site "C" of approximately 4 acres located on the North East corner of Harbor Blvd and Twintree Ave. The site must also include, in addition to above, the vacant parcel immediately North and two residential parcels at South East corner of the proposed location.
- CITY or AGENCY shall convey to LANDDESIGN fee title to the Property, which Property also includes all (i) improvements, structures and fixtures located thereon, (ii) all entitlements, necessary to develop and build such a project, (iii) easements, appurtenances, rights and privileges pertaining thereto, and (iv) intangible personal property now or hereafter owned by CITY or AGENCY and used in the ownership, use or operation of such real property and/or improvements. The conveyance shall occur for the sum of one thousand dollars (\$1,000.00).
- Subject to a "flag" franchise agreement and franchise approval, the description of the Hotel shall consist of approximately the following:

HOTEL 1 (Upper Upscale Hotel)

- Approximately 14-story hotel
- Approx 325 - 400 rooms including suites
- Approximately 15,000 Conference and meeting space
- Sit down restaurant/bar, full service type restaurant.
- One outdoor pool and whirlpool spa
- Fitness Center
- Approximately 20,000 gsf of inline entertainment retail/restaurants along Harbor Blvd.

HOTEL 2 (Limited Service / Extended Stay Hotel)

- Approximately 4 - 5 story Hotel
- Approximately 125 - 225 rooms including suites.
- One outdoor pool and whirlpool spa.
- Fitness Center
- This hotel or portions of this hotel, shall be constructed on top of the parking structure.

LAND & DESIGN, INC.

Construction and Real Estate Advisors.

SAN DIEGO

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La Mesa, CA 91942
619.462.4060 o
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- LANDDESIGN intends to and will actively pursue a 3rd party partner(s)/take out buyer that could assume property ownership (or portions of property ownership) at some point during or after the construction completion of the project. LANDDESIGN in its sole and absolute discretion, shall select this 3rd party(s) and shall disclose the identity of this entity to the City.
- Upon completion and execution of a DDA with LANDDESIGN and AGENCY and/or CITY, LANDDESIGN shall deposit into escrow all working product including feasibility studies, drawings, specifications, etc....to be used as a good faith deposit. In the event the project does not move forward, all said documents contained in escrow shall be retained by CITY and/or AGENCY.
- Along with the Capital shortfall amount, the CITY and AGENCY recognize the following economic incentives will be provided:
 - CITY or AGENCY shall make annual contributions of TOT, TIF and F&B Taxes in accordance with the attached schedule of rebates.
 - Establish a CFD for public parking structures to be built onsite..
 - City permits and fees shall be waived.
- CITY and/or AGENCY shall be responsible for completing or paying for the completion of all off-site (i.e., not located on the Project site) improvements required by any applicable governmental authority as a condition to approval of the Project and/or the issuance of any permits required in connection therewith. All such offsite improvements shall be completed in accordance with the scheduled opening of the first hotel. These improvements include but are not limited to:
 - Roadway / Boulevard improvements to Harbor Drive in accordance with the redevelopment plans to Garden Grove Blvd including intersections, traffic signals, traffic signage, landscape improvements, hardscaping, sidewalks, street lighting, and others required.
 - Signalized intersections allowing for full ingress and egress of the hotel site must be completed prior to the first hotel being open.
 - Required utilities brought and stubbed onto site to serve the proposed size of project.
 - All demolition of existing structures or requirements on site.
 - All required zero lot line variances necessary along North and East property lines.
 - A pedestrian bridge linking the "Hotel Site" and the West side of Harbor Blvd located within 200' of the Upper Upscale Hotel front door.
 - Construction of a "Disney" trolley stop or incorporation of a stop in front of the hotel(s).
- Parking for Hotel property shall be structured parking due to site constraints. CITY or AGENCY shall enter into a long term lease on a parking structure (to be built by LANDDESIGN) and used exclusively by Hotel project.
- LANDDESIGN would also consider the establishment of a CFD for the parking structure.....additional details needed.
- CITY and AGENCY recognize that in order for an upper upscale Hotel to be successful, immediately adjacent development and within the area must be of similar quality in its rating among its trade. Therefore, zoning and/or planning of adjacent development needs to be secure prior to closing and construction of this Hotel project.

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Garden Grove, CA Full Service Hotel and Limited Service Hotel Deal Point Outline Memorandum of Understanding

The following includes, however are not limited to, the salient deal points and is the beginning of an understanding of the basis of a future agreement and DDA between Land and Design, Inc., E-Ticket Hospitality (LANDDESIGN), or its assigned, and The City of Garden Grove (CITY) and/or its development agency (AGENCY).

- LANDDESIGN agrees to develop and construct two (2) hotels; one (1) approximately 325 - 400 room upper upscale, full service type Hotel and one (1) approximately 125 - 225 room Limited Service / Extended Stay type Hotel on the property currently known as "Hotel – Site "C" of approximately 4 acres located on the North East corner of Harbor Blvd and Twintree Ave. The site must also include, in addition to above, the vacant parcel immediately North and two residential parcels at South East corner of the proposed location.
- CITY or AGENCY shall convey to LANDDESIGN fee title to the Property, which Property also includes all (i) improvements, structures and fixtures located thereon, (ii) all entitlements, necessary to develop and build such a project, (iii) easements, appurtenances, rights and privileges pertaining thereto, and (iv) intangible personal property now or hereafter owned by CITY or AGENCY and used in the ownership, use or operation of such real property and/or improvements. The conveyance shall occur for the sum of one thousand dollars (\$1,000.00).
- Subject to a "flag" franchise agreement and franchise approval, the description of the Hotel shall consist of approximately the following:

HOTEL 1 (Upper Upscale Hotel)

- Approximately 14-story hotel
- Approx 325 - 400 rooms including suites
- Approximately 15,000 Conference and meeting space
- Sit down restaurant/bar, full service type restaurant.
- One outdoor pool and whirlpool spa
- Fitness Center
- Approximately 200,000 gsf of inline entertainment retail/restaurants along Harbor Blvd.

HOTEL 2 (Limited Service / Extended Stay Hotel)

- Approximately 4 - 5~~5~~—7 story Hotel
- Approximately 125 - 225 rooms including suites.
- One outdoor pool and whirlpool spa.
- Fitness Center
- ~~A multi-level parking structure to accommodate both hotels parking needs.~~
- This hotel or portions of this hotel, 2 shall be constructed on top of the parking structure.

LAND & DESIGN, INC.

Construction and Real Estate Advisors.

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8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

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- LANDDESIGN intends to and will actively pursue a 3rd party partner(s)/take out buyer that could assume property ownership (or portions of property ownership) at some point during or after the construction completion of the project Hotel. LANDDESIGN in its sole and absolute discretion, select this 3rd party(s) and shall disclose the identity of this entity to the City.
- ~~CITY and/or AGENCY recognize the project of this size and quality has a significant capital~~
- Upon completion and execution of a DDA with LANDDESIGN and AGENCY and/or CITY, LANDDESIGN shall deposit into escrow all working product including feasibility studies, drawings, specifications, etc....to be used as a good faith deposit. In the event the project does not move forward, all said documents contained in escrow shall be retained by CITY and/or AGENCY.
- Along with the Capital shortfall amount, the CITY and AGENCY recognize the following economic incentives will be provided:
 - CITY or AGENCY shall make annual contributions of TOT, TIF and P&B Taxes in accordance with the attached schedule of rebates.
 - ~~100% of Property Real Estate Taxes shall be forgiven for a period of 20 years.~~
 - ~~80% of TOT revenues shall be deferred for a period of 15 years.~~
 - Establish a CFD for public parking structures to be built onsite. ~~Execution of parking lease~~
 - City permits and fees shall be waived.
- CITY and/or AGENCY shall be responsible for completing or paying for the completion of all off-site (i.e., not located on the Project site) improvements required by any applicable governmental authority as a condition to approval of the Project and/or the issuance of any permits required in connection therewith. All such offsite improvements shall be completed in accordance with the scheduled opening of the first hotel. These improvements include but are not limited to:
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 - Signalized intersections allowing for full ingress and egress of the hotel site must be completed prior to the first hotel being open.
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- LANDDESIGN would also consider the establishment of a CFD for the parking structure.....additional details needed.

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- CITY and AGENCY recognize that in order for an upper upscale Hotel to be successful, immediately adjacent development and within the area must be of similar quality in its rating among its trade. Therefore, zoning and/or planning of adjacent development needs to be secure prior to closing and construction of this Hotel project.

RE: MOU

Subject: RE: MOU

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Sat, 4 Sep 2010 06:23:57 -0000

To: "drose3@charter.net" <drose3@charter.net>, 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>, Greg Blodgett <>

CC: "bryan.underwood@landanddesign.com" <bryan.underwood@landanddesign.com>

I'll make the revision and send out again.

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

Suite 808

La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

-----Original Message-----

From: drose3@charter.net [mailto:drose3@charter.net]

Sent: Friday, September 03, 2010 5:12 PM

To: 'Paul Guerrero'; 'Greg Blodgett'; Matthew Reid

Cc: bryan.underwood@landanddesign.com

Subject: Re: MOU

In addition to the item(s) listed on the proposed MOU, please also add the need for the four (4) residential properties directly East and adjacent to the Sunbelt property.

Thanks.

Dave

--

David A. Rose III

(951) 413-1907

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please contact the sender by reply e-mail and destroy all copies of the original message.

This communication does not reflect an intention by the sender or the sender's client or principal to conduct a transaction or make any agreement by electronic means. Nothing contained in this message or in any attachment shall satisfy the requirements for a writing, and nothing contained herein shall constitute a contract or electronic signature under the electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act or any other statute governing electronic transactions.

----- Matthew Reid <matt.reid@landanddesign.com> wrote:

> Greg and Paul,

>

>

>

> Thanks for our meeting today. Attached please find the revised MOU as
> discussed. You'll find a REDLINED and a CLEAN version for your review.

>

>

>

> We look forward to seeing revised information from you early next week along
> with a draft DDA for our review as well.

>

>

>

> Have a great holiday weekend.

>

>

>

> Matthew W. Reid

>

> LAND & DESIGN, Inc.

>

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> Encinitas, CA 92024

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> 858.735.1858 direct

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> CENTRAL COUNTY OFFICE

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> 8130 La Mesa Blvd

RE: MOU

- >
- > Suite 808
- >
- > La Mesa, CA 91942
- >
- > 619.462.4060 o
- >
- > 619.462.4144 f
- >
- >
- >
- > Skype - matthew.reid.ca
- >
- >
- > matt.reid@landanddesign.com
- >
- >
- >
- >
- >

Retail site(s)

Subject: Retail site(s)

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Tue, 7 Sep 2010 23:48:07 -0000

To: Greg Blodgett <>

CC: 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>, "drose3@charter.net" <drose3@charter.net>

Greg,

As a reminder please send me the detail of the potential retail property we are interested in for the restaurants and specialty retail South of Twintree.

Background engineering documents are best.....AutoCAD is preferred.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

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Skype - matthew.reid.ca

matt.reid@landanddesign.com

RE: Revenues Sharing Concept and DDA Example

Subject: RE: Revenues Sharing Concept and DDA Example
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Fri, 10 Sep 2010 22:10:58 -0000
To: 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>
CC: Greg Blodgett <>, "drose3@charter.net" <drose3@charter.net>

Do you have any comments on our MOU?

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

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619.462.4144 f

Skype - matthew.reid.ca
matt.reid@landanddesign.com

From: Paul Guerrero [mailto:paulg@ci.garden-grove.ca.us]
Sent: Thursday, September 09, 2010 1:14 PM
To: matt.reid
Cc: Greg Blodgett
Subject: Revenues Sharing Concept and DDA Example

Matt,

Please find attached the Excel spreadsheet with the last discussed revenue sharing concept and an example of a DDA.

Thanks

Paul

matt.reid@landanddesign.com

from Matthew Reid <matt.reid@landanddesign.com>

subject **MOU/Exhibit**

to Greg Blodgett, 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>

cc drose3@charter.net <drose3@charter.net>

9/13/2010 8:04 AM

other actions

Greg and Paul,

I think we have an agreement and can move forward to DDA with your approval.

Here (hopefully) is the final version of the MOU with your revenue sharing model attached as an exhibit for incorporation into a DDA.

For complete transparency, I've also attached the REDLINE version of the MOU so you can see the changes that were made in the final version. I believe we talked about all of them, except however, the VOR – VACATION OWNERSHIP RESORT/Units. We did mention these at the last meeting, however didn't have the language in the MOU as we do today. I don't think you'll have any problems with the language. They are treated exactly the same as a hotel room with respect to TOT.

We are looking forward to getting this DDA completed so we can begin to have conversations, in earnest, with the various hotel flags....

Call with questions....

Matthew W. Reid
LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors
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Garden Grove, CA Full Service Hotel and Limited Service Hotel Deal Point Outline Memorandum of Understanding

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- CITY or AGENCY shall convey to LANDDESIGN fee title to the Property, which Property also includes all (i) improvements, structures and fixtures located thereon, (ii) all entitlements, necessary to develop and build such a project, (iii) easements, appurtenances, rights and privileges pertaining thereto, and (iv) intangible personal property now or hereafter owned by CITY or AGENCY and used in the ownership, use or operation of such real property and/or improvements. The conveyance shall occur for the sum of one thousand dollars (\$1,000.00).
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- Approximately 14-story hotel
- Approx 325 - 400 rooms including suites
- At Developers option, VOR (Vacation Ownership Resort) units may be added.
- Approximately 15,000 Conference and meeting space
- Sit down restaurant/bar, full service type restaurant.
- One outdoor pool and whirlpool spa
- Fitness Center
- Approximately 20,000 gsf of inline entertainment retail/restaurants along Harbor Blvd.

HOTEL 2 (Limited Service / Extended Stay Hotel)

- Approximately 4 - 5 story Hotel
- Approximately 125 - 225 rooms including suites.
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- One outdoor pool and whirlpool spa.
- Fitness Center
- This hotel or portions of this hotel shall be constructed on top of the parking structure(s).

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- VOR-Vacation Ownership Resort Units are subject to Transient Occupancy Tax. All vacation ownership resort units shall be subject to the payment of the transient occupancy tax (Transient Occupancy Tax). No vacation ownership resort shall be established as a conditional use unless the property owner/developer establishes and implements a method of ownership acceptable to the city which guarantees the city's collection of Transient Occupancy Tax for all vacation ownership units as if they were hotel rooms.
- LANDDESIGN intends to and will actively pursue a 3rd party partner(s)/take out buyer that could assume property ownership (or portions of property ownership) at some point during or after the construction completion of the project. LANDDESIGN in its sole and absolute discretion, shall select this 3rd party(s) and shall disclose the identity of this entity to the City.
- Upon completion and execution of a DDA with LANDDESIGN and AGENCY and/or CITY, LANDDESIGN shall deposit into escrow all working product including feasibility studies, drawings, specifications, etc....to be used as a good faith deposit. In the event the project does not move forward, all said documents contained in escrow shall be retained by CITY and/or AGENCY.
- Along with the Capital shortfall amount, the CITY and AGENCY recognize the following economic incentives will be provided:
 - CITY or AGENCY shall make annual contributions of TOT, TIF and F&B Taxes in accordance with the attached revenue sharing agreement. The revenue sharing shall be calculated utilizing the attached spreadsheet and the values shown in the attached document are for example only. Calculations of actual revenue sharing shall be based upon actual revenues of the actual hotel(s).
 - Establish a CFD for public parking structures to be built onsite..
 - City permits and fees shall be waived.
- CITY and/or AGENCY shall be responsible for completing or paying for the completion of all off-site (i.e., not located on the Project site) improvements required by any applicable governmental authority as a condition to approval of the Project and/or the issuance of any permits required in connection therewith. All such offsite improvements shall be completed in accordance with the scheduled opening of the first hotel. These improvements include but are not limited to:
 - Roadway / Boulevard improvements to Harbor Drive in accordance with the redevelopment plans to Garden Grove Blvd including intersections, traffic signals, traffic signage, landscape improvements, hardscaping, sidewalks, street lighting, and others required.
 - Signalized intersections allowing for full ingress and egress of the hotel site must be completed prior to the first hotel being open.
 - Required utilities brought and stubbed onto site to serve the proposed size of project.
 - All demolition of existing structures or requirements on site.
 - All required zero lot line variances necessary along North and East property lines.
 - A pedestrian bridge linking the "Hotel Site" and the West side of Harbor Blvd located within 200' of the Upper Upscale Hotel front door.
 - Construction of a "Disney" trolley stop or incorporation of a stop in front of the hotel(s).
- Parking for Hotel property and other public areas of the property shall be structured parking . CITY or AGENCY shall for CFD for the financing and construction of the required parking for the project. All parking structures shall be constructed by LANDDESIGN.

LAND & DESIGN, INC.

Construction and Real Estate Advisors.

SAN DIEGO

8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

ENCINITAS

1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858

- CITY and AGENCY recognize that in order for an upper upscale Hotel to be successful, immediately adjacent development and within the area must be of similar quality in its rating among its trade. Therefore, zoning and/or planning of adjacent development needs to be secure prior to closing and construction of this Hotel project.

EXHIBIT TO
MEMORANDUM OF UNDERSTANDING BETWEEN
LAND DESIGN AND AGENCY OF GARDEN GROVE, CA

SITE C
LAND DESIGN INC. PROPOSAL
REVENUE SHARE FOR UPPER UPSCALE FULL-SERVICE HOTEL FOR 12 YEARS
(75% TOT Share, 50/50 Split of Remainder Revenues, and Agency Land Payback in 10 Years)

12-Sep-10

ADR	\$180	Total Sales for Food & Beverage	\$7,530,000
Rooms	400	Total Development Value	\$81,000,000
Occupancy	70%	Total Land Cost is for 60% of Site	\$9,480,000
		Total Land Cost	\$15,800,000

Year	Total Revenues		Total Tax Incremental Revenues (70%)	Total for Food & Beverage Revenues	Grand Total Revenues (TOT + TI + F&B)	Remainder of Grand Total Revenues			Total Developer Share
	TOT Revenues	TOT				Developer Payback (75% TOT)	Agency Payback	50/50 Split of Remainder	
1	\$2,391,480	1.02	\$567,000	\$75,300	\$3,033,780	\$948,000	\$292,170	\$146,085	\$1,939,695
2	\$2,463,224	1.02	\$578,340	\$76,806	\$3,118,370	\$948,000	\$322,952	\$161,476	\$2,008,894
3	\$2,537,121	1.02	\$589,907	\$78,342	\$3,205,370	\$948,000	\$354,529	\$177,265	\$2,080,105
4	\$2,613,235	1.02	\$601,705	\$79,909	\$3,294,849	\$948,000	\$386,923	\$193,461	\$2,153,387
5	\$2,691,632	1.02	\$613,739	\$81,507	\$3,386,878	\$948,000	\$420,154	\$210,077	\$2,228,801
6	\$2,772,381	1.02	\$626,014	\$83,137	\$3,481,532	\$948,000	\$454,246	\$227,123	\$2,306,409
7	\$2,855,552	1.02	\$638,534	\$84,800	\$3,578,886	\$948,000	\$489,222	\$244,611	\$2,386,275
8	\$2,941,219	1.02	\$651,305	\$86,496	\$3,679,020	\$948,000	\$525,105	\$262,553	\$2,468,467
9	\$3,029,455	1.02	\$664,331	\$88,226	\$3,782,012	\$948,000	\$561,921	\$280,960	\$2,553,052
10	\$3,120,339	1.02	\$677,617	\$89,990	\$3,887,947	\$948,000	\$599,693	\$299,846	\$2,640,101
11	\$3,213,949	1.02	\$691,170	\$91,790	\$3,996,909	\$0	\$1,586,447	\$793,224	\$3,203,686
12	\$3,310,368	1.02	\$704,993	\$93,626	\$4,108,987	\$0	\$1,626,211	\$813,106	\$3,295,881

Values shown in this spreadsheet are for example and explanation only. Actual revenue sharing amounts shall be based upon ACTUAL performance of Hotel(s).

EXHIBIT TO
MEMORANDUM OF UNDERSTANDING BETWEEN
LAND DESIGN AND AGENCY OF GARDEN GROVE, CA

SITE C

LAND DESIGN INC. PROPOSAL
REVENUE SHARE FOR LIMITED SERVICE/EXTENDED STAY TYPE HOTEL FOR 12 YEARS
(50% TOT Share, 50/50 Split of Remainder Revenues, and Agency Land Payback in 10 Years)

12-Sep-10

ADR	\$120	Total Development Value	Total Sales for Food & Beverage
Rooms	200		
Occupancy	70%	\$48,000,000	\$7,530,000

Total Land Cost	Total Land Cost is for 40% of Site
\$15,800,000	\$6,320,000

Year	Total TOT Revenues		Total Tax Increment Revenues (70%)		Total for Food & Beverage Revenues		Grand Total Revenues (TOT + TI + F&B)		Developer Payback (50% TOT)	Agency Payback	Remainder of Grand Total Revenues	50/50 Split of Remainder	Total Developer Share
	1.03	1.02	1.02	1.02	1.02	1.02	1.02	1.02					
1	\$797,160	\$336,000	\$75,300	\$1,208,460	\$398,580	\$632,000	\$177,880	\$88,940	\$487,520				
2	\$821,075	\$342,720	\$76,806	\$1,240,601	\$410,537	\$632,000	\$198,063	\$99,032	\$509,569				
3	\$845,707	\$349,574	\$78,342	\$1,273,624	\$422,854	\$632,000	\$218,770	\$109,385	\$532,239				
4	\$871,078	\$356,566	\$79,909	\$1,307,553	\$435,539	\$632,000	\$240,014	\$120,007	\$555,546				
5	\$897,211	\$363,697	\$81,507	\$1,342,415	\$448,605	\$632,000	\$261,810	\$130,905	\$579,510				
6	\$924,127	\$370,971	\$83,137	\$1,378,235	\$462,063	\$632,000	\$284,172	\$142,086	\$604,149				
7	\$951,851	\$378,391	\$84,800	\$1,415,041	\$475,925	\$632,000	\$307,116	\$153,558	\$629,483				
8	\$980,406	\$385,958	\$86,496	\$1,452,861	\$490,203	\$632,000	\$330,658	\$165,329	\$655,532				
9	\$1,009,818	\$393,678	\$88,226	\$1,491,722	\$504,909	\$632,000	\$354,813	\$177,406	\$682,316				
10	\$1,040,113	\$401,551	\$89,990	\$1,531,655	\$520,056	\$632,000	\$379,598	\$189,799	\$709,856				
11	\$1,071,316	\$409,582	\$91,790	\$1,572,689	\$535,658	\$0	\$1,037,031	\$518,515	\$1,054,173				
12	\$1,103,456	\$417,774	\$93,626	\$1,614,856	\$551,728	\$0	\$1,063,128	\$531,564	\$1,083,292				

Values shown in this spreadsheet are for example and explanation only. Actual revenue sharing amounts shall be based upon ACTUAL performance of Hotel(s).

EXHIBIT TO
MEMORANDUM OF UNDERSTANDING BETWEEN
LANDDESIGN AND AGENCY OF GARDEN GROVE, CA

SITE C
LAND DESIGN INC. PROPOSAL
TOTAL REVENUE SHARE FOR UPPER UPSCALE FULL SERVICE (12 YEARS) AND LIMITED SERVE/EXTENDED STAY TYPE HOTEL (12 YEARS)
(75% TOT Share for Upper Upscale Full-Service and 50% TOT Share for Limited Serve/Extended Stay type, 50/50 Split of Remainder Revenues, and Agency Land Payback in 10 Years)

12-Sep-10

Year	Total TOT Revenues	Total Tax Increment Revenues	Total for Food & Beverage Revenues	Grand Total Revenues (TOT + TI + F&B)	Developer Payback (75%Upscale) & (50%Limited Serve)	Agency Payback	Remainder of Grand Total Revenues	50/50 Split of Remainder	Total Developer Share
1	\$3,188,640	\$903,000	\$150,600	\$4,242,240	\$2,192,190	\$1,580,000	\$470,050	\$235,025	\$2,427,215
2	\$3,284,299	\$921,060	\$153,612	\$4,358,971	\$2,257,956	\$1,580,000	\$521,016	\$260,508	\$2,518,463
3	\$3,382,828	\$939,481	\$156,684	\$4,478,994	\$2,325,694	\$1,580,000	\$573,299	\$286,650	\$2,612,344
4	\$3,484,313	\$958,271	\$159,818	\$4,602,402	\$2,395,465	\$1,580,000	\$626,937	\$313,468	\$2,708,933
5	\$3,588,842	\$977,436	\$163,014	\$4,729,293	\$2,467,329	\$1,580,000	\$681,964	\$340,982	\$2,808,311
6	\$3,696,508	\$996,985	\$166,275	\$4,859,767	\$2,541,349	\$1,580,000	\$738,418	\$369,209	\$2,910,558
7	\$3,807,403	\$1,016,925	\$169,600	\$4,993,928	\$2,617,590	\$1,580,000	\$796,338	\$398,169	\$3,015,759
8	\$3,921,625	\$1,037,263	\$172,992	\$5,131,880	\$2,696,117	\$1,580,000	\$855,763	\$427,882	\$3,123,999
9	\$4,039,274	\$1,058,008	\$176,452	\$5,273,734	\$2,777,001	\$1,580,000	\$916,733	\$458,367	\$3,235,367
10	\$4,160,452	\$1,079,169	\$179,981	\$5,419,601	\$2,860,311	\$1,580,000	\$979,291	\$489,645	\$3,349,956
11	\$3,213,949	\$691,170	\$91,790	\$3,996,909	\$2,410,462	\$0	\$1,586,447	\$793,224	\$3,203,686
12	\$3,310,368	\$704,993	\$93,626	\$4,108,987	\$2,482,776	\$0	\$1,626,211	\$813,106	\$3,295,881

Values shown in this spreadsheet are for example and explanation only. Actual revenue sharing amounts shall be based upon ACTUAL performance of Hotel(s).

LAND & DESIGN, INC.

Construction and Real Estate Advisors.

SAN DIEGO

8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

ENCINITAS

1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858

Garden Grove, CA Full Service Hotel and Limited Service Hotel Deal Point Outline Memorandum of Understanding

The following includes, however are not limited to, the salient deal points and is the beginning of an understanding of the basis of a future agreement and DDA between Land and Design, Inc., E-Ticket Hospitality (LANDDESIGN), or its assigned, and The City of Garden Grove (CITY) and/or its development agency (AGENCY).

- LANDDESIGN agrees to develop and construct two (2) hotels; one (1) approximately 325 - 400 room upper upscale, full service type Hotel and one (1) approximately 125 - 225 room Limited Service / Extended Stay type Hotel on the property currently known as "Hotel - Site "C" of approximately 4 acres located on the North East corner of Harbor Blvd and Twintree Ave. The site must also include, in addition to above, the vacant parcel immediately North and two residential parcels at South East corner and 8 parcels immediately to the East of the proposed location. The hotel room count is approximate and may be adjusted with AGENCY approval.
- CITY or AGENCY shall convey to LANDDESIGN fee title to the Property, which Property also includes all (i) improvements, structures and fixtures located thereon, (ii) all entitlements, necessary to develop and build such a project, (iii) easements, appurtenances, rights and privileges pertaining thereto, and (iv) intangible personal property now or hereafter owned by CITY or AGENCY and used in the ownership, use or operation of such real property and/or improvements. The conveyance shall occur for the sum of one thousand dollars (\$1,000.00).
- Subject to a "flag" franchise agreement and franchise approval, the description of the Hotel shall consist of approximately the following:

HOTEL 1 (Upper Upscale Hotel)

- Approximately 14-story hotel
- Approx 325 - 400 rooms including suites
- At Developers option, VOR (Vacation Ownership Resort) units may be added.
- Approximately 15,000 Conference and meeting space
- Sit down restaurant/bar, full service type restaurant.
- One outdoor pool and whirlpool spa
- Fitness Center
- Approximately 200,000 gsf of inline entertainment retail/restaurants along Harbor Blvd.

HOTEL 2 (Limited Service / Extended Stay Hotel)

- Approximately 4 - 5 - 7 story Hotel
- Approximately 125 - 225 rooms including suites.
- At Developers option, VOR (Vacation Ownership Resort) units may be added.
- One outdoor pool and whirlpool spa.
- Fitness Center
- A multi-level parking structure to accommodate both hotels parking needs.

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619.462.4060 o
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- This ~~Hotel~~ or portions of this hotel, ~~±~~ shall be constructed on top of the parking structure.
- Vacation Ownership Resort Subject to Transient Occupancy Tax. All vacation ownership resort units shall be subject to the payment of the transient occupancy tax (Transient Occupancy Tax). No vacation ownership resort shall be established as a conditional use unless the property owner/developer establishes and implements a method of ownership acceptable to the city which guarantees the city's collection of Transient Occupancy Tax for all vacation ownership units as if they were hotel rooms.
- LANDDESIGN intends to and will actively pursue a 3rd party partner(s)/take out buyer that could assume property ownership (or portions of property ownership) at some point during or after the construction completion of the project~~Hotel~~. LANDDESIGN in its sole and absolute discretion, select this 3rd party(s) and shall disclose the identity of this entity to the City.
- ~~CITY and/or AGENCY recognize the project of this size and quality has a significant capital~~
- Upon completion and execution of a DDA with LANDDESIGN and AGENCY and/or CITY, LANDDESIGN shall deposit into escrow all working product including feasibility studies, drawings, specifications, etc....to be used as a good faith deposit. In the event the project does not move forward, all said documents contained in escrow shall be retained by CITY and/or AGENCY.
- Along with the Capital shortfall amount, the CITY and AGENCY recognize the following economic incentives will be provided:
 - CITY or AGENCY shall make annual contributions of TOT, TIT, and F&B Taxes in accordance with the attached revenue sharing agreement. The revenue sharing shall be calculated utilizing the attached spreadsheet and the values shown in the attached document are for example only. Calculations of actual revenue sharing shall be based upon actual revenues of the actual hotel(s).
 - ~~100% of Property Real Estate Taxes shall be forgiven for a period of 20 years.~~
 - ~~80% of TOT revenues shall be deferred for a period of 15 years.~~
 - ~~Establish a CFD for public parking structures to be built onsite.~~ Execution of parking lease
 - City permits and fees shall be waived.
- CITY and/or AGENCY shall be responsible for completing or paying for the completion of all off-site (i.e., not located on the Project site) improvements required by any applicable governmental authority as a condition to approval of the Project and/or the issuance of any permits required in connection therewith. All such offsite improvements shall be completed in accordance with the scheduled opening of the first hotel. These improvements include but are not limited to:
 - Roadway / Boulevard improvements to Harbor Drive in accordance with the redevelopment plans to Garden Grove Blvd including intersections, traffic signals, traffic signage, landscape improvements, hardscaping, sidewalks, street lighting, and others required.
 - Signalized intersections allowing for full ingress and egress of the hotel site must be completed prior to the first hotel being open.
 - Required utilities brought and stubbed onto site to serve the proposed size of project.
 - All demolition of existing structures or requirements on site.
 - All required zero lot line variances necessary along North and East property lines.

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-
- A pedestrian bridge linking the “Hotel Site” and the West side of Harbor Blvd located within 200’ of the Upper Upscale Hotel front door.
 - Construction of a “Disney” trolley stop or incorporation of a stop in front of the hotel(s).
 - ~~Parking for Hotel property and other public areas of the property shall be structured parking due to site constraints. CITY or AGENCY shall for CFD for the financing and construction of the required parking for the project. All parking structures shall be constructed by LANDDESIGN enter into a long term lease on a parking structure (to be built by LANDDESIGN) and used exclusively by Hotel project.~~
 - ~~LANDDESIGN would also consider the establishment of a CFD for the parking structure.additional details needed.~~
 - CITY and AGENCY recognize that in order for an upper upscale Hotel to be successful, immediately adjacent development and within the area must be of similar quality in its rating among its trade. Therefore, zoning and/or planning of adjacent development needs to be secure prior to closing and construction of this Hotel project.

Subject: South of Twintree
From: Matthew Reid <matthew.reid.ca@gmail.com>
Date: Mon, 20 Sep 2010 18:21:56 -0000
To: Greg Blodgett <>

Greg,

Please provide us with some additional detail on the potential land area available South of Twintree on the West side of Harbor.

Thanks.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Subject: RE: Map for Site C

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Tue, 21 Sep 2010 15:31:30 -0000

To: "drose3@charter.net" <drose3@charter.net>, 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>, Greg Blodgett <>

Friday 10am right?

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

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619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

From: drose3@charter.net [mailto:drose3@charter.net]

Sent: Monday, September 20, 2010 1:31 PM

To: Paul Guerrero; 'Greg Blodgett'; matt.reid

Subject: Re: Map for Site C

Are we still on for Thursday morning?

Please advise.

Thanks.

Dave

Sent via BlackBerry by AT&T

From: Paul Guerrero <paulg@ci.garden-grove.ca.us>

Date: Mon, 20 Sep 2010 09:41:20 -0700

To: 'Greg Blodgett' <greg1@ci.garden-grove.ca.us>; matt.reid <matt.reid@landanddesign.com>;

paulg <paulg@ci.garden-grove.ca.us>

Cc: drose3 <drose3@charter.net>

Subject: RE: Map for Site C

Matt,

Per the email sent on September 16, 2010, and your conversation with Greg on September 17, 2010, attached is the map that includes all the proposed parcels for Site "C".

Thanks

Paul

-----Original Message-----

From: Matthew Reid [mailto:matt.reid@landanddesign.com]

Sent: Friday, September 17, 2010 8:49 AM

To: 'Paul Guerrero'; Greg Blodgett
Cc: 'drose3'
Subject: RE: MOU/Exhibit

COMMENTS IN RED BELOW....

LET US KNOW IF YOU ARE AVAILABLE FOR A CONFERENCE CALL TODAY AT 3PM

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

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619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

From: Paul Guerrero [mailto:paulg@ci.garden-grove.ca.us]

Sent: Thursday, September 16, 2010 3:37 PM

To: 'Greg Blodgett'; matt.reid; paulg

Cc: drose3

Subject: RE: MOU/Exhibit

September 16, 2010

Matt Reid

Land & Design, Inc

8130 La Mesa Blvd, #808

La Mesa, CA 91942

**RE: FULL-SERVICE HOTEL AND LIMITED SERVICE HOTEL, DEAL POINT
OUTLINE, MEMORANDUM OF UNDERSTANDING**

Dear Mr. Reid:

The Garden Grove Agency for Community Development (Agency) received Land & Design, Inc. Memorandum of Understanding dated September 13, 2010. The Agency has the following current comments:

1. The project site known as hotel "Site C" will not include the following parcels:
 - 231-491-21
 - 231-491-14
 - 231-491-17
 - 231-491-15
 - 231-491-16
 - 231-491-13
 - 231-491-18
 - 231-491-19
 - 231-491-12
 - 231-521-11

231-521-12
231-521-13
231-521-14
231-521-15
231-521-16
231-521-17

WHAT ARE THESE PARCELS THAT ARE NOT INCLUDED?

2. As per Land & Design, Inc direction, the description of the hotels ARE BASED ON AMENITIES AND NOT STARS. ~~would be referred to as stars versus scale.~~
3. As it pertains to the CFD, the City and/or Agency is not obligated to provide a CFD. WE NEED TO DISCUSS FURTHER
4. As it pertains to the City permits and fees, the City will not waive the City's permits and fees, however, the City is willing to entertain a payment plan that would allow all permits and fees be paid over a five (5) year period. OK
5. As it pertains to the pedestrian bridge linking the "Hotel Site" to the West side of Harbor Boulevard, the City and/or Agency is not obligated to fund or construct the pedestrian bridge. However, the Agency will assist in locating possible funding sources to complete the pedestrian bride. WE'D LIKE TO DISCUSS FURTHER
6. As it pertains to the construction of a "Disney" trolley stop or incorporation of a stop in front of the hotel(s), the City and/or Agency will not fund or construct a "Disney" trolley stop. OK

Greg Blodgett

-----Original Message-----

From: Matthew Reid [mailto:matt.reid@landanddesign.com]

Sent: Monday, September 13, 2010 8:05 AM

To: Greg Blodgett; 'Paul Guerrero'

Cc: drose3@charter.net

Subject: MOU/Exhibit

Importance: High

Greg and Paul,

I think we have an agreement and can move forward to DDA with your approval.

Here (hopefully) is the final version of the MOU with your revenue sharing model attached as an exhibit for incorporation into a DDA.

For complete transparency, I've also attached the REDLINE version of the MOU so you can see the changes that were made in the final version. I believe we talked about all of them, except however, the VOR – VACATION OWNERSHIP RESORT/Units. We did mention these at the last meeting, however didn't have the language in the MOU as we do today. I don't think you'll have any problems with the language. They are treated exactly the same as a hotel room with respect

to TOT.

We are looking forward to getting this DDA completed so we can begin to have conversations, in earnest, with the various hotel flags....

Call with questions....

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

Suite 808

La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Re: Map for Site C

Subject: Re: Map for Site C
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 21 Sep 2010 20:05:48 -0000
To: Greg Blodgett <>
CC: Dave Rose <drose3@charter.net>

Send us date a time that works for you.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

On Sep 21, 2010, at 12:07 PM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

This friday doesnt work can we reschedle early next week

From: Matthew Reid <matt.reid@landanddesign.com>
To: drose3@charter.net <drose3@charter.net>; 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>; Greg Blodgett <greg1@ci.garden-grove.ca.us>
Sent: Tue Sep 21 08:31:30 2010
Subject: RE: Map for Site C

Friday 10am right?

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

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Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

matt.reid@landanddesign.com

From: drose3@charter.net [mailto:drose3@charter.net]

Sent: Monday, September 20, 2010 1:31 PM
To: Paul Guerrero; 'Greg Blodgett'; matt.reid
Subject: Re: Map for Site C

Are we still on for Thursday morning?

Please advise.

Thanks.

Dave

Sent via BlackBerry by AT&T

From: Paul Guerrero <paulg@ci.garden-grove.ca.us>

Date: Mon, 20 Sep 2010 09:41:20 -0700

To: 'Greg Blodgett' <greg1@ci.garden-grove.ca.us>; matt.reid <matt.reid@landanddesign.com>; paulg <paulg@ci.garden-grove.ca.us>

Cc: drose3 <drose3@charter.net>

Subject: RE: Map for Site C

Matt,

Per the email sent on September 16, 2010, and your conversation with Greg on September 17, 2010, attached is the map that includes all the proposed parcels for Site "C".

Thanks

Paul

-----Original Message-----

From: Matthew Reid [<mailto:matt.reid@landanddesign.com>]

Sent: Friday, September 17, 2010 8:49 AM

To: 'Paul Guerrero'; Greg Blodgett

Cc: 'drose3'

Subject: RE: MOU/Exhibit

COMMENTS IN RED BELOW....

LET US KNOW IF YOU ARE AVAILABLE FOR A CONFERENCE CALL TODAY AT 3PM

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

matt.reid@landanddesign.com

From: Paul Guerrero [mailto:paulg@ci.garden-grove.ca.us]

Sent: Thursday, September 16, 2010 3:37 PM

To: 'Greg Blodgett'; matt.reid; paulg

Cc: drose3

Subject: RE: MOU/Exhibit

September 16, 2010

Matt Reid

Land & Design, Inc

8130 La Mesa Blvd, #808

La Mesa, CA 91942

**RE: FULL-SERVICE HOTEL AND LIMITED SERVICE HOTEL, DEAL POINT
OUTLINE, MEMORANDUM OF UNDERSTANDING**

Dear Mr. Reid:

The Garden Grove Agency for Community Development (Agency) received Land & Design, Inc. Memorandum of Understanding dated September 13, 2010. The Agency has the following current comments:

1. The project site known as hotel "Site C" will not include the following parcels:

231-491-21

231-491-14

231-491-17

231-491-15

231-491-16

231-491-13

231-491-18

231-491-19

231-491-12

231-521-11

231-521-12

231-521-13

231-521-14

231-521-15

231-521-16

231-521-17

WHAT ARE THESE PARCELS THAT ARE NOT INCLUDED?

2. As per Land & Design, Inc direction, the description of the hotels ARE BASED ON AMENITIES AND NOT STARS. ~~would be referred to as stars versus scale.~~

3. As it pertains to the CFD, the City and/or Agency is not obligated to provide

a CFD. WE NEED TO DISCUSS FURTHER

4. As it pertains to the City permits and fees, the City will not waive the City's permits and fees, however, the City is willing to entertain a payment plan that would allow all permits and fees be paid over a five (5) year period. OK

5. As it pertains to the pedestrian bridge linking the "Hotel Site" to the West side of Harbor Boulevard, the City and/or Agency is not obligated to fund or construct the pedestrian bridge. However, the Agency will assist in locating possible funding sources to complete the pedestrian bride. WE'D LIKE TO DISCUSS FURTHER

6. As it pertains to the construction of a "Disney" trolley stop or incorporation of a stop in front of the hotel(s), the City and/or Agency will not fund or construct a "Disney" trolley stop. OK

Greg Blodgett

-----Original Message-----

From: Matthew Reid [mailto:matt.reid@landanddesign.com]

Sent: Monday, September 13, 2010 8:05 AM

To: Greg Blodgett; 'Paul Guerrero'

Cc: drose3@charter.net

Subject: MOU/Exhibit

Importance: High

Greg and Paul,

I think we have an agreement and can move forward to DDA with your approval.

Here (hopefully) is the final version of the MOU with your revenue sharing model attached as an exhibit for incorporation into a DDA.

For complete transparency, I've also attached the REDLINE version of the MOU so you can see the changes that were made in the final version. I believe we talked about all of them, except however, the VOR – VACATION OWNERSHIP RESORT/Units. We did

mention these at the last meeting, however didn't have the language in the MOU as we do today. I don't think you'll have any problems with the language. They are treated exactly the same as a hotel room with respect to TOT.

We are looking forward to getting this DDA completed so we can begin to have conversations, in earnest, with the various hotel flags....

Call with questions....

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability. Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

NORTH COUNTY OFFICE

1042 N El Camino Real

Suite B-310

Encinitas, CA 92024

858.735.1858 direct

CENTRAL COUNTY OFFICE

8130 La Mesa Blvd

Suite 808

La Mesa, CA 91942

619.462.4060 o

619.462.4144 f

Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

matt.reid@landanddesign.com

|

from Paul Guerrero ☆

subject Parcel Map and Smart Street Harbor Drawings

to matt.reid@landanddesign.com <matt.reid@landanddesign.com> ☆

cc Greg Blodgett ☆

9/30/2010 12:02 PM

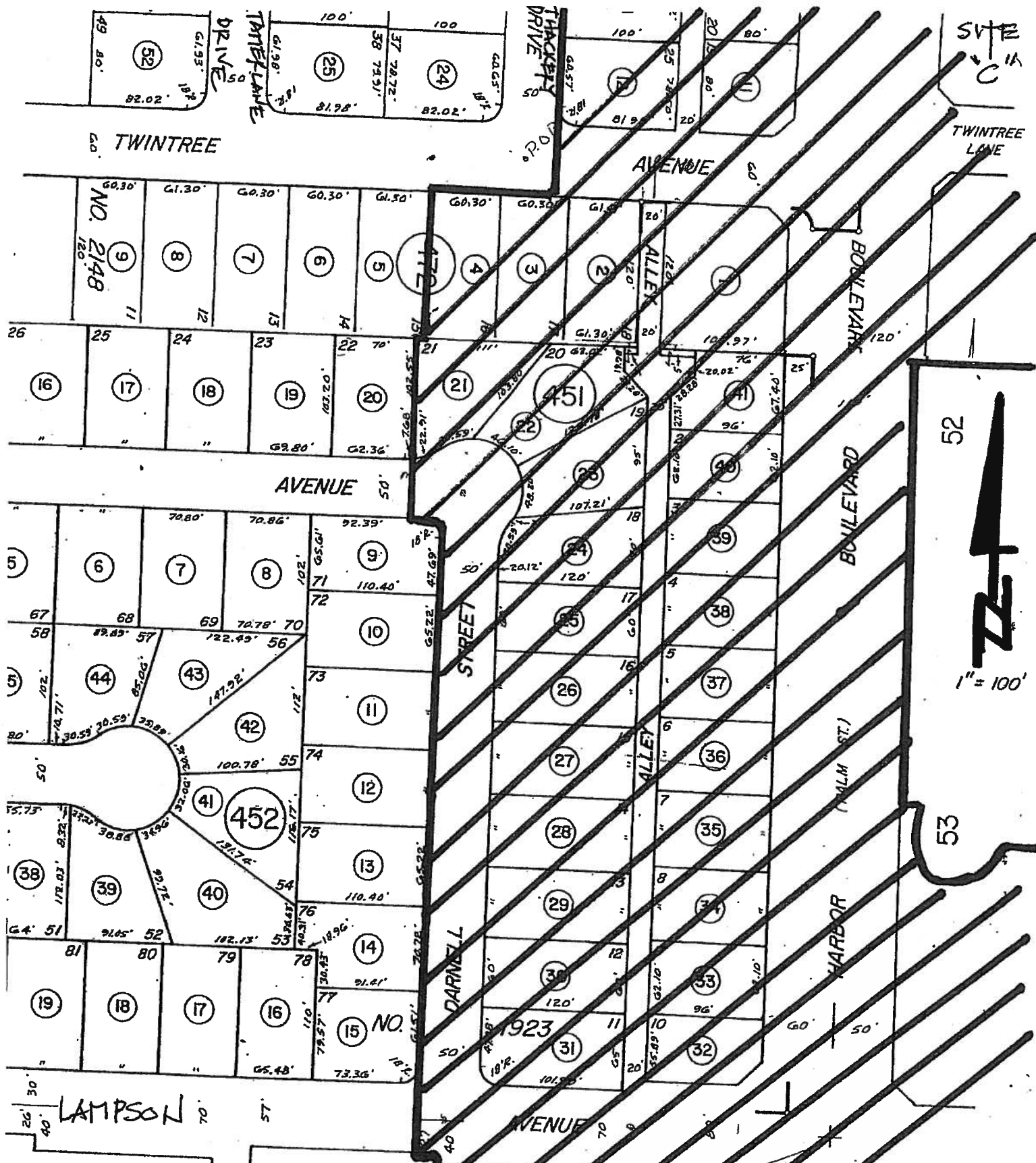
other actions ▾

Matt,

Attached is the parcel map for the area requested and smart steet drawings for the area adjacent to the area off Harbor Blvd.

Paul

<< >> << >> << >> << >>



SITE C

52

1" = 100'

53



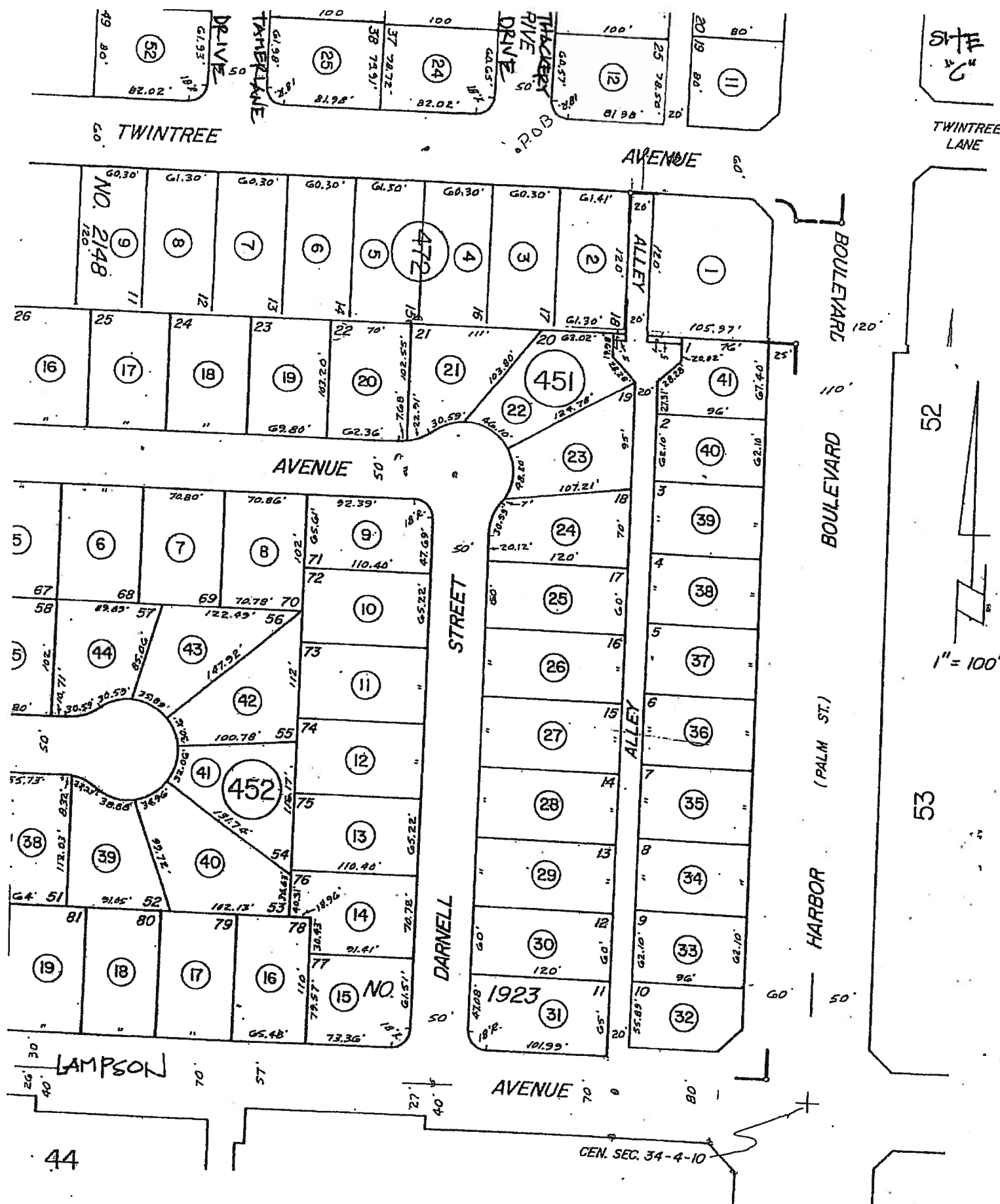
REDEVELOPMENT AREA

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 231 PAGE 45 COUNTY OF ORANGE

C

Sheet
 TWINTREE LANE



NOTE - ASSESSOR'S BLOCK &
 PARCEL NUMBERS
 SHOWN IN CIRCLES

ASSESSOR'S MAP
 BOOK 231 PAGE 45
 COUNTY OF ORANGE

C

from Matthew Reid <matt.reid@landanddesign.com> ☆

subject **Hotel Ratings**

to Greg Blodgett ☆

10/7/2010 7:13 AM

other actions ▾

Greg,

Here is that information we promised you on Hotels and Ratings....

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

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matt.reid@landanddesign.com

Approval Requirements &

Diamond Rating Guidelines

LODGING



AAA Publishing

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Revised 11/2007

LODGING

Approval Requirements &

Diamond Rating Guidelines

Introduction

Dear Hospitality Professional,

On behalf of AAA, I am pleased to introduce to you the latest edition of the *Lodging Approval Requirements & Diamond Rating Guidelines*. This year marks the 30th anniversary of the AAA Diamond Ratings, as well as the 20th anniversary of the *Diamond Rating Guidelines*.

Since its inception in 1902 as a federation of independent motor clubs, AAA has existed to provide information, safety, security, and peace of mind to its now more than 50 million members. AAA's services have evolved to encompass roadside assistance, insurance and financial services, safety education, and public affairs. AAA is also an undisputed leader in travel information and services.

In 1937, the first AAA field representatives were hired to inspect lodgings and restaurants, and in 1963, AAA began assigning lodging ratings from 'good' to 'outstanding'. In 1977 — AAA's 75th (diamond) anniversary — the Diamond Rating system was introduced for lodgings, with restaurants included in 1989.

In 1987, the first **AAA Lodging Diamond Rating Guidelines** booklet was introduced for industry review. Prior to this date, only minimum approval requirements were printed and distributed upon request.

The new edition of the **AAA Approval Requirements and Diamond Rating Guidelines** was designed with two objectives in mind:

- To ensure that our ratings program is accurate and consistent when compared to meeting the travel needs of over 50 million AAA members.
- To provide hospitality professionals a valuable reference so they may be successful in achieving their goal as it relates to AAA Approval and our proprietary **Diamond Rating Process**.

To that end, we feel that it is important to partner with the hospitality industry by gathering input, discussing the meaning of our ratings, and openly sharing how the Diamond Rating Process is applied at the property level. We strongly urge property representatives to take full advantage of the information provided by AAA inspectors during an evaluation, since our experts are exposed to a wide range of properties throughout the United States, Canada, Mexico and the Caribbean. AAA evaluates more than 32,000 accommodations, 28,000 restaurants and nearly 11,000 campgrounds as key content for over 168 million copies of travel-related materials annually. AAA travel products are wide-ranging and include 26 regional TourBook® guides, 11 regional CampBook® guides, AAA.com— including the well-known TripTik® Travel Planner—as well as, numerous retail guidebooks, atlases and maps.

We look forward to your continued service on behalf of AAA members at large and appreciate your participation in AAA programs.

Sincerely,



Michael Petrone, CEC
Director/AAA Tourism Information Development

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Section One

The Diamond Rating Process

Defining AAA Approval Requirements and AAA Diamond Rating Guidelines

It is important to note the difference between AAA Approval Requirements and Diamond Rating Guidelines as this concept is often misunderstood. The evaluation process is made up of three parts: Approval Requirements, objective Diamond Rating Guidelines, and subjective elements based on the professional experience and training of AAA inspectors — who visit over 32,000 lodgings each year.

The essential AAA Approval Requirements are common-sense qualifications that AAA members have told us are important to them and, similarly, that most professional operators routinely employ. **All properties must first meet this set of criteria in order to be considered for AAA Approval and Diamond Rating.**

The Diamond Rating Guidelines are not rating requirements, but are components used to determine the appropriate Diamond Rating level. Diamond Rating guidelines are simply a reflection of what is typically seen throughout the various market segments of the lodging industry. Therefore, failure to meet some of the components listed for the ratings categories does not necessarily preclude the achievement of that rating. During our evaluation, inspectors will assess the strengths and weaknesses of the property and assign the most appropriate rating that will provide the best match in meeting AAA member expectations.

Furthermore, not all of the Diamond Rating Guidelines will apply to all property types. For example: meeting rooms would not be expected at a Bed & Breakfast property, but would be essential at a convention-oriented hotel. Also, the availability and type of swimming pool will be dictated by climatic influences and/or the property classification. AAA inspectors will only use the sections of the Diamond Rating Guidelines that are appropriate for the property classification in assessing the overall Diamond Rating.

Applying for a AAA Diamond Rating

AAA CONSIDERS ALL VALID APPLICATIONS FOR EVALUATION. To be considered a valid applicant for AAA evaluation, lodging properties must meet all of the **Approval Requirements** for their property category. These minimum requirements reflect members' basic expectations.

Prior to completing an *Application For Evaluation* (provided at: www.AAA.biz/Approved), please review the requirements to verify your property's eligibility to apply. **Currently listed establishments need not reapply, as our inspectors will routinely conduct an evaluation of your property on a continual basis.**

Include recent and accurate pictures of the exterior, public areas, as well as examples of a standard guest unit and bathroom, and return to AAA. Please note that if our research indicates past disqualifying issues, you may be asked to provide written documentation of the corrective action taken since then.

As of August 1, 2006, lodging properties that request evaluation by AAA are charged a nonrefundable application fee: \$150 for first-time applicants and \$300 for repeat applicants that previously failed an evaluation or were disassociated from AAA for any reason. The fee does not apply to currently **Approved** and listed establishments that remain in good standing.

Please do not send a payment with the initial application. On receipt of your *Application For Evaluation*, AAA will provide written notice regarding the status of your application and, if accepted for further consideration, an invoice for your application fee. On receipt of payment, AAA will schedule your property for an unannounced evaluation within one year.

All application fees should be made in U.S. funds and are nonrefundable and will have no bearing on the outcome of evaluations. AAA conducts property evaluations as a service to members, and does not guarantee that all applicants will be **Approved** and listed in member publications.

Basic listings are provided without charge to **Approved** properties.

AAA does not guarantee an immediate evaluation of all properties that apply, but does guarantee a fair review of all applications. Additionally, AAA reserves all rights to apply priority consideration to those properties demonstrating traits that provide the highest degree of AAA member value. Through ongoing member research, AAA has developed criteria reflecting key elements of consideration in making travel-related decisions. Some examples of AAA member value criteria are:

- LOCATION
- NEWLY BUILT / RENOVATED
- HIGH DEGREE OF CLEANLINESS AND COMFORT
- APPROPRIATELY MAINTAINED CONDITIONS
- PRICE (willingness to provide a discount or best rate available)

Once your property is approved, it will be evaluated at least once per evaluation cycle by a AAA inspector. All evaluations are unannounced to ensure that our inspectors see your property just as our members would see it. The conditions noted at the time of the annual evaluation will be the basis of the decision to list or rate a property. This decision is at the sole discretion of AAA. **By applying for an evaluation, you agree to allow AAA to publish your property information and the respective Diamond Rating in our travel publications.** AAA will make every effort to ensure that your property is fairly represented.

If, after continued review, or up to and including the end of one year, the property is determined to be of limited AAA member value, a letter will be sent advising that the property has been released from any further consideration.

AAA Approval Requirements

AAA APPROVAL REQUIREMENTS REFLECT THE MINIMUM ACCEPTABLE CONDITIONS AS ESTABLISHED THROUGH MEMBER SURVEYS AND CONTINUOUS FEEDBACK.

To be AAA Approved and Diamond Rated, an establishment must meet the following requirements:



Cleanliness and Condition

1. All facilities directly associated with a property must be clean and well-maintained throughout.
2. At a minimum, each guest unit must be thoroughly cleaned, with complete bed and bath linens changed between guest stays.
3. Fresh linens, maid services, and bathroom supplies must be available upon request.

Management Style of Operation

4. A property may not use AAA trademarks—including but not limited to the AAA logo and Diamond Rating, without AAA's prior written consent.
5. The property must be appropriately located for business or leisure travel.
6. The establishment must be a primarily transient operation with four or more units available for AAA members.
7. The establishment must provide AAA room rates for travel publications as requested.
8. The establishment must assist AAA in the resolution of member complaints.
9. The establishment must accommodate unannounced AAA property evaluations within 20 minutes of notice.
10. All property staff must conduct business in a professional and ethical manner providing attentive, conscientious service to guests.
11. A property must only place AAA members in AAA inspected and approved guest units—overflow buildings or guest units (associated with the property but not approved by AAA) are unacceptable.
12. Property management, or their representative, must be readily accessible at all times for guest needs or requests.
13. Guests must have easy access to 24-hour incoming and outgoing phone service, ensuring prompt guest unit message delivery. *Emergency messages must be delivered to the guest immediately upon receipt.*
14. Management will readily provide property information as requested by AAA on a continual basis for the purpose of maintaining the most accurate travel information for AAA publications.
15. The establishment must be in compliance with all local, state, and federal codes.

Exterior and Public Areas

16. Properties must have accurate, legible signage in appropriate areas.
17. All facilities directly associated with a property (such as a restaurant, health club, gift shops, recreation facilities, etc.) provided for guest's use must meet all appropriate AAA Approval Requirements.
18. Adequate illumination is required in all public areas. This includes sufficient lighting in all corridors, walkways, stairways, landings, parking areas, etc.

Guest Rooms

19. Each guest unit must contain a comfortable bed with a mattress pad, two sheets, two pillows with pillowcases, and an appropriate bed covering.
20. Each guest unit must have a nightstand or equivalent by each bed, a chair, a writing surface, a waste container, clothes-storage space, and clothes-hanging facilities with hangers for two guests.
21. Each guest unit must have adequate shades, drapes, or blinds to cover all windows or other transparent areas to provide the guest with privacy.
22. The level of soundproofing must be adequate to muffle outside noises and normal sounds in adjacent units and public areas.
23. Each guest unit must have an active light switch at the main entry.
24. Each guest unit must have good illumination at a writing surface, a sitting area, and at each bed.
25. Each guest unit door must be equipped with both a primary lock and a secondary deadbolt lock.

A primary lock is defined as a device that permits a guest to enter a unit using some form of key and allows the door to be locked while the unit is occupied and when the guest leaves the unit. Passkeys assigned to appropriate staff members will function to operate only these locks.

A secondary lock is defined as a mortised, deadbolt-locking device with a throw that extends at least one inch from the edge of the door into the door frame. This permits a guest an extra measure of security against any unwanted intrusions. Unlike the primary lock, deadbolt master keys will not be provided to guests or to staff. **Master key systems will be acceptable when the emergency master key is only available to top management and security personnel.**

Secondary Lock Variances

In certain instances, the requirement for secondary locks may be modified to meet a variety of exceptions. The most common are noted below. AAA claims the right of final arbitrator in all decisions of this nature.

Sliding Glass Doors – Each sliding door must be equipped with an effective locking device. A secondary security lock is required on all ground floor doors and those which are accessible from common walkways and adjoining balconies.

French Doors – In addition to the deadbolt lock requirements, surface-mounted slide bolts must be provided at the top and bottom to secure the stationary/auxiliary door. These bolts must extend into the upper doorframe and the lower doorframe or floor and must be strong and sturdy mechanisms.

26. Each door to connecting guest units or maintenance corridors must be equipped with a deadbolt lock.
27. Each guest unit entry door must have a viewport or window convenient to the door.
28. Each window overlooking a common walkway or in a ground floor unit must be equipped with a functional lock.
29. Each guest unit must have an operational, single station smoke detector. Hard-wired smoke detectors are preferred. When battery-operated detectors are used, there must be an adequate maintenance program to routinely test and replace batteries.

Guest Bathrooms

30. Each guest unit must have its own private bathroom.
31. All bathrooms must contain a toilet, a sink with a well-lit mirror and a convenient electrical outlet, adequate shelf space, and a tub or a shower with a non-slip surface.
32. Each bathroom must be equipped with toilet tissue, a cloth bath mat, and two bars of soap or equivalent—furthermore, each guest must be provided a bath towel, hand towel, face cloth, and a drinking tumbler.
33. All toilet area surfaces (floors, walls, baseboards, etc.) must be non-porous to facilitate proper sanitation. (For example, carpeting is not acceptable in the toilet area.)

The AAA Evaluation and Diamond Rating Process

The AAA Evaluation and Diamond Rating Process primarily consists of three parts:

- **INTRODUCTION, INTERVIEW**
- **PROPERTY TOUR AND PRACTICAL APPLICATION OF THE APPROVAL REQUIREMENTS AND DIAMOND RATING GUIDELINES**
- **ASSESSMENT SUMMARY**

First, all establishments must meet **AAA Approval Requirements** and be determined to provide member value. This validation is conducted through a combined process of applications, inspections, referrals, and media research.

If a property is presumed to qualify, one of our inspectors will visit and observe the curbside appeal, exterior, and other factors pertaining to the basic foundation of the establishment. This preliminary review will verify that this property clearly exhibits characteristics that would appeal to AAA members.

If satisfied, our representative will contact the owner, general manager, or property designee for a brief interview. This interview is an extremely important part of the evaluation, as factual data is gathered for inclusion into our travel information inventory with potential use in AAA's worldwide printed and electronic publications. This session also gives the property representative a chance to advise AAA of any plans for improvement that may be forthcoming.

Following the interview, the inspector will tour the establishment with the property representative to assess the **AAA Approval Requirements & Diamond Rating Guidelines**. The tour will include an evaluation of all public areas and a cross section of rooms. The inspector will discuss both strengths and weaknesses of the property as it relates to our Guidelines. *This dialogue is unique to the AAA Diamond Rating Process and is a valuable resource to any property.*

The overall evaluation process will include the review of six key areas:

- **CLEANLINESS AND CONDITION**
- **MANAGEMENT AND STAFF**
- **EXTERIOR, GROUNDS, AND PUBLIC AREAS**
- **GUESTROOM DÉCOR, AMBIANCE, AND AMENITIES**
- **BATHROOMS**
- **GUEST SERVICES** (if applicable)

Cleanliness and condition

All establishments must be clean, comfortable, and well-maintained. The inspector will evaluate the overall condition of the property to determine if the property meets above average standards and should be considered for a Diamond Rating.



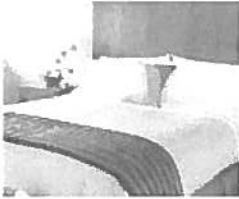


Management and staff

Properties will receive a mark of 'Pass' or 'Fail' based on the manner of interaction with all property representatives. The inspector will be evaluating the overall level of hospitality, professionalism, and deportment. It is critical to receive a passing mark to be considered for a Diamond Rating.

Exterior, grounds, and public areas

This area is assigned a specific rating overall based on the components listed under the applicable Diamond Rating Guidelines section. Varying weights are applied based on the classification of the property. For example, the exterior, grounds, and public areas at a resort carry more weight than at a downtown hotel.



Guestroom décor, ambiance, and amenities

This area is assigned a specific rating overall based on the components listed under the applicable Diamond Rating Guidelines section. Varying weights are applied based on the classification of the property. For example, the room décor, ambiance, and amenities at a hotel carry more weight than at an outdoor vacation resort.

Bathrooms

This area is assigned a specific rating overall based on the components listed under the applicable Diamond Rating Guidelines section. Weights remain relatively the same regardless of classification.



Guest services

A high level of guest services is the hallmark of the coveted AAA Four and Five Diamond Ratings. All properties must first match the physical guidelines respective of the Four or Five Diamond levels to qualify for a series of anonymous visits by AAA inspectors. Our overnight hospitality assessment includes a review of twelve critical areas and measures approximately 300 guest interaction points. All properties must achieve at least a Four Diamond Rating in

guest services to be considered for a Four Diamond Rating overall; similarly, a property must achieve a Five Diamond Rating in guest services to be considered for a Five Diamond Rating overall.

THE ACHIEVEMENT OF A AAA DIAMOND RATING MEANS THAT AN ESTABLISHMENT IS ONE OF AN EXCLUSIVE GROUP THAT HAS SUCCESSFULLY COMPLETED THIS THOROUGH EVALUATION PROCESS.

If a property is approved, the inspector will assign, or recommend, a Diamond Rating or FYI designation as appropriate based on conditions that exist at the time of the evaluation. The inspector will provide the property representative a written summary of the evaluation, including the rating decision. The frequency of subsequent AAA evaluations varies slightly, depending on the classification and the assigned rating of each establishment.

Section Two

The Diamond Rating Guidelines

AAA DIAMOND RATINGS REPRESENT A COMBINATION OF THE OVERALL QUALITY, THE RANGE OF FACILITIES, AND THE LEVEL OF HOSPITALITY OFFERED BY A PROPERTY. These widely recognized and trusted symbols help AAA members choose lodgings that will meet their needs and expectations.

AAA inspectors are responsible for determining a property's Diamond Rating based on established standards that are developed with input from our trained professionals, AAA members, and various lodging industry professionals.

AAA's Diamond Rating Guidelines indicate what is typically found at each rating level. However, the size, age, and overall appeal of an establishment are also considered, as well as regional architectural style and design. Diamonds are assigned based on the average of all property characteristics, with a focus on overall guest impression rather than on individual elements. Therefore, not meeting a guideline (in one area) may not necessarily affect the overall Diamond Rating.

The final factor in determining the Diamond Rating for a property is professional judgment, which is a very important part of the rating assessment. Our inspectors are North America's travel experts based upon ongoing training and experience in conducting more than 32,000 lodging evaluations per year.

What the Diamond Ratings Mean

One Diamond



These establishments typically appeal to the budget-minded traveler. They provide essential, no-frills accommodations. They meet the basic requirements pertaining to comfort, cleanliness, and hospitality.

Two Diamond



These establishments appeal to the traveler seeking more than the basic accommodations. There are modest enhancements to the overall physical attributes, design elements, and amenities of the facility - typically at a moderate price.

Three Diamond



These establishments appeal to the traveler with comprehensive needs. Properties are multifaceted with a distinguished style, including marked upgrades in the quality of physical attributes, amenities, and level of comfort provided.

Four Diamond



These establishments are upscale in all areas. Accommodations are progressively more refined and stylish. The physical attributes reflect an obvious enhanced level of quality throughout. The fundamental hallmarks at this level include an extensive array of amenities combined with a high degree of hospitality, service, and attention to detail.

Five Diamond



These establishments reflect the characteristics of the ultimate in luxury and sophistication. Accommodations are first class. The physical attributes are extraordinary in every manner. The fundamental hallmarks at this level are to meticulously serve and exceed all guest expectations while maintaining an impeccable standard of excellence. Many personalized services and amenities enhance an unmatched level of comfort.

GLOSSARY:

- ▶ **Climate controlled** – Heat, ventilation and/or air conditioning and cooling.
- ▶ **Dated** – Marked by features of the past; showing the effects of long use or wear; unfashionable.
- ▶ **Form** – The essence of design or configuration.
- ▶ **Function** – The action for which something is fundamentally fitted or purposed.
- ▶ **Plus** – When you see this term used (such as **2D, plus**), it means that the rating includes the **bolded** elements of the previous columns in addition to elements of the current column.
- ▶ **Residential** – Of, or relating to, or connected with, residential style; invokes a personal presence of home.

Diamond Rating Guidelines – Exterior

EXTERIOR					
	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
GENERAL CURB APPEAL	The combination of all exterior elements imparts a basic or dated style; Limited coordination in design; Limited quantity and variety of appointments; Overall, conveys an unadorned curb appeal	The exterior elements are moderately enhanced (as compared to basic) in quantity, function, and/or variety, with an increased coordination in design; Overall, conveys a modestly enhanced curb appeal	The exterior elements are obviously enhanced and are well-coordinated for form, function, and seasonality; Some areas have a residential feel; Overall, conveys a very attractive curb appeal	3D, plus: The combination of all exterior elements is substantial, impressive, well-integrated, and imparts an excellent level of curb appeal which is upscale in style	4D, plus: The combination of all exterior elements imparts an extraordinary and luxurious feel; Appointments are unique and contribute to an elegant level of curb appeal
Landscaping	Limited quantity and variety of landscaping; Basic design	Enhanced quantity, function, and variety of landscaping; Coordinated design	Various landscape features are well-coordinated for form, function, and seasonality; An ample quantity and variety of plants are integrated with buildings, walkways, parking lots, courtyards, gardens, etc.	3D, plus: Excellent variety of mature plants; Obviously professionally planned and manicured	4D, plus: Elegant and extensive variety of landscaping, with meticulous attention to detail in placement and care

EXTERIOR

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Building Structure; Design	Basic or dated in style	Modest enhancements to form and function via roofing, windows, siding, or some other architectural feature(s)	Significantly enhanced in form and function with some residential appointments, such as: enhanced roofs, intricate moldings, window treatments, balconies, chimneys, etc.	3D, plus: Obviously upscale	4D, plus: Extraordinary with unique architectural features
Main Entrance	No drive-through covered entry	Drive-through covered entry; Limited capacity (one-car width)	2D, plus: Increased capacity (two-car width); Structure is decorative	3D, plus: Oversized capacity (two-car width and depth); Upscale design and appointments	4D, plus: Elegant design and appointments
Parking	Varied surfaces; Illumination is adequate	1D, plus: Paved and marked areas	2D, plus: Lighting is well-positioned, from multiple sources, and provides a good level of overall illumination	3D, plus: Lighting fixtures reflect upscale characteristics with respect to the design of the property Valet parking upon request or some other upgraded feature, such as: covered/indoor parking, shuttle service, or evidence of added security	4D, plus: Valet parking is automatic

GLOSSARY:

- ▶ **Climate controlled** – Heat, ventilation and/or air conditioning and cooling.
- ▶ **Dated** – Marked by features of the past; showing the effects of long use or wear; unfashionable.
- ▶ **Form** – The essence of design or configuration.
- ▶ **Function** – The action for which something is fundamentally fitted or purposed.
- ▶ **Plus** – When you see this term used (such as **2D, plus**), it means that the rating includes the **bolded** elements of the previous columns in addition to elements of the current column.
- ▶ **Residential** – Of, or relating to, or connected with, residential style; invokes a personal presence of home.

Diamond Rating Guidelines – Public Areas

PUBLIC AREAS					
	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
GENERAL DÉCOR STYLE	Predominantly basic or dated style with limited coordination of appointments that provide an adequate level of comfort	Increased coordination of appointments combined with modest enhancements to function, design elements, room size, and/or amenities that provide an enhanced level of comfort	Predominantly residential style with decorative appointments that are attractive, well-coordinated for form and function , and provide an obvious degree of comfort	3D, plus: Predominantly upscale style that provides an exceptional degree of comfort	4D, plus: Predominantly elegant style with luxurious, unique, and artistic appointments
Floor Coverings	Basic material, such as: linoleum, painted concrete, or low density pile carpet with padding that provides little or no comfort underfoot (floor feels hard)	Enhanced material, such as: wood laminates and vinyl, or medium density pile carpet with padding that provides average comfort underfoot	2D, plus: Wood laminates or carpet with enhanced design, such as: patterns, textures, or inlays; Decorative tile (ceramic, stone, concrete, terra cotta, etc.); Hard surfaced floors have decorative area rugs as appropriate	3D, plus: High grade wood, marble, granite, or other upscale stone floors, or high density pile carpet with padding that provides exceptional comfort underfoot	4D, plus: Custom inlays or textured enhancements that provide an overall design that is obviously elegant and unique; Area rugs are luxurious and unique

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Wall Coverings including Interior Corridors (if applicable)	Walls are of basic material and design, such as: cinder block with a plain paint finish, standard grade wood, prefab modular laminate paneling, or wallpaper	Wall treatments are modestly enhanced, such as: drywall with basic paint finish or plain vinyl coverings; Rubber or vinyl baseboards	Decorative wall treatments, such as: drywall with textured and painted finish, decorative vinyl coverings, or select grade wood/stone; Chair rails and carpeted baseboards	3D, plus: At least one significant upscale design enhancement, such as: accent wall(s), furniture-finish wood paneling, soft wall coverings, ceiling trim, architectural feature, wainscot, etc.; Wood baseboards	4D, plus: Wall finishes are of the highest grade materials; Accented with multiple luxurious design enhancements
Ventilation		Climate controlled	Climate controlled	Climate controlled	Climate controlled
Exterior Corridors (if applicable)	Building structure and design is basic or dated in style	Weather appropriate (Provides protection and comfort with respect to climatic elements); Building structure shows modest enhancements to design and function via roofing, windows, siding, or some other architectural feature(s)	2D, plus: Building structure and design is significantly enhanced in form and function with some residential appointments, such as: enhanced roofs, moldings, window treatments, etc.	3D, plus: Building structure and design is obviously upscale	4D, plus: Extraordinary with unique architectural features
Landscaping (Relating to Exterior Corridors)	Limited quantity and variety of landscaping; Basic design	Enhanced quantity, function, and variety of landscaping; Coordinated design	Various landscape features are well-coordinated for form, function, and seasonality; An ample quantity and variety of plants are integrated with buildings, walkways, parking lots, courtyards, gardens, etc.	3D, plus: Excellent variety of mature plants; Obviously professionally planned and manicured	4D, plus: Elegant and extensive variety of landscaping, with meticulous attention to detail in placement and care

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Wall Hangings/ Decorative Enhancements		Poster(s) or commercial artwork with thin, un-enhanced wood, metal, or plastic frame(s)	Matted artwork (common or commercial) in enhanced frame(s) or other decorative appointments	Variety of matted and framed or unframed canvas artwork (varied sizes and scenes) or other appointments that provide a distinctive or thematic upscale appeal	4D, plus: Variety of styles and accent pieces, such as: limited edition prints, canvas art, tapestries, or lithographs with enhanced matting and preservation frames, assorted artisan pieces or sculptures, floral displays or plants
Ceilings	Basic material and design, such as: drop tile, concrete, or standard grade wood	Modest enhancements to material and design, such as: enhanced drop tile, painted drywall, popcorn finish, sand textured concrete, etc.	Predominant use of decorative elements to painted drywall, such as: an advanced textured finish (knockdown, orange peel, comb, slap brush, etc.) or select grade wood/stone	3D, plus: One architectural or design feature, such as: treys, beams, medallions, vaulted/volume, murals/stencils, tin tiles or skylights, ceiling fans, special effect lighting, etc.	4D, plus: Multiple architectural or design features
Illumination	Basic lighting fixtures that provide an adequate level of overall illumination	Lighting fixtures are modestly enhanced in style, positioning, and function to provide a good level of overall illumination	2D, plus: Lighting fixtures are decorative and well-coordinated for form and function	3D, plus: Lighting fixtures reflect upscale design and provide an excellent level of overall illumination	4D, plus: Custom lighting fixtures of outstanding quality provide a unique illumination effect
Signage	Basic design in limited locations throughout the property	Modestly enhanced design in appropriately placed locations throughout the property	2D, plus: Decorative enhancements in design.	3D, plus: Upscale design in ample locations	4D, plus: Custom design creatively placed for a unique effect

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Lobby/ Registration Area	Obviously restricted by size and/or placement of appointments; Basic counter registration with limited or no seating capacity	Modest restrictions due to size and/or placement of appointments; Seating arrangement for one small group, such as: a sofa and two arm chairs	No restrictions, as placement of appointments is well-proportioned to area size; Expanded seating arrangement accommodating two small groups; Placement of appointments is well-proportioned to area size and traffic flow	Area size and placement of appointments provide an obvious degree of spaciousness allowing increased ease of movement for many guests; Multiple conversational groupings, including one or more privacy areas; Identifiable guest service area and bell stand	Area size and placement of appointments provide a free flowing abundance of space that contributes to the ultimate level of comfort and relaxation for many guests; Identifiable concierge area
Furniture	If available, predominantly basic materials, such as: particle board, laminate, or vinyl finishes; Dated styles with limited coordination; Provides an adequate level of comfort	An increased level of coordination; Modest enhancements in materials, design, and function; Provides an enhanced level of comfort	Decorative and well-coordinated for form and function; Overall construction and design reflects current industry trends , such as: Melamine resins, solid wood trim, or upgraded laminate finishes; Provides an obvious degree of comfort	3D, plus: Modern or antique upscale style and materials, such as: solid wood, polished metals, leather, designer fabric, veneer finishes with solid wood accents, laminate insets, etc.; Provides an exceptional degree of comfort	4D, plus: Luxurious, unique, and elegant custom design and workmanship
Ice, Vending, Sundries & Shops	Ice machine(s) available Vending machine(s) available	Multiple sealed ice machines Basic hygiene amenities, such as: toothbrush/paste, razors, mouthwash, shower caps, combs, etc., available at the front desk or in vending machine	2D, plus: Located in a recessed area Dedicated sundry area offering a variety of merchandise, such as: health and beauty needs, food, beverage, and reading materials	3D, plus: Conveniently located and appropriately soundproofed Upscale gift shop	Specialized service, delivery or in-room honor bar Variety of first-class shops

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Business Center		Personal computer, with Internet access, available in lobby for guests' use	Dedicated open area (out of traffic pattern) with desk and chair, to include at least three business-related items, such as: PC, printer, copier, fax machine, supplies, etc.	3D, plus: Well-appointed, enclosed area; Multi-guest capability with comprehensive office supplies	4D, plus: Luxurious surroundings include the latest business technology; Professionally staffed area
Elevator		Elevator is available for guests' use in multi-story buildings	2D, plus: Primarily dedicated to guests' use; Prompt response, quick moving, and spacious; Elevator includes decorative appointments; Landing includes a limited (four) amount of decorative furnishings, such as: tables, lamps, phone, artwork, chair, mirror, flowers, etc., and is recessed from the lobby and guestroom corridors	3D, plus: Multiple elevators include upscale appointments; Landings include a variety of upscale furnishings (five), such as: sofa table, lamps/wall sconce, phone, artwork, chair, coffee table, mirror, flowers/plants, etc.; Additional service elevator is available for staff's use	4D, plus: Elevator cabs have dual call button panels; landings are elegant with luxurious, unique, and artistic appointments
Miscellaneous		Artificial or live plants in limited locations	Good variety of live plants or artificial floral arrangements used as appropriate for decorative accents throughout the property	Abundant variety of live plants, silk, or dried floral arrangements used as appropriate to enhance an upscale theme throughout the property	Garden-fresh condition, outstanding variety of live plants and flowers that are uniquely arranged to provide a luxurious appeal throughout the property

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Miscellaneous (cont'd)		Limited (washer and dryer only) coin-operated laundry facilities	Expanded coin-operated laundry facilities, such as: multiple machines, vending supplies, folding table, etc. –or– valet laundry	Valet laundry and pressing available	4D, plus: Personalized services available, such as: one hour pressing, shoeshine, tailoring or alterations, etc.
		Luggage carts available	2D, plus: Design enhancements, such as: solid construction, larger, smooth tracking wheels, and bumper guards	3D, plus: Upscale design enhancements, such as: brass or metal finish, carpeted base, and multiple hanging capabilities. Luggage assistance available upon request	Luggage assistance upon arrival is automatic
Meeting Rooms		Private meeting room available; Basic audiovisual equipment available, such as: projectors, microphones, television, sound system, etc.	Expanded meeting space with decorative appointments; Increased variety of audiovisual equipment available, such as: dropdown projector and screen, smart lectern, controlling lights and surround sound, multi-casting, wireless communication, etc.; Some conference services available, such as: planning assistance, catering, and most technology needs	A variety of meeting rooms, such as: ballroom, boardroom, theatre, and/or meeting rooms of various sizes, with upscale appointments; All audiovisual equipment is state-of-the-art; Full conference services available including on-site professional conference planner and technical support	4D, plus: Luxuriously appointed, first-class facilities; Custom conference services

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
<p>Food & Beverage:</p> <p style="text-align: center;">Restaurant <i>(if applicable)</i></p> <p style="text-align: center;">OR ↓</p> <p style="text-align: center;">Breakfast Area</p> <p>Expanded Continental – At minimum, two items in <u>each</u> of the following categories: juice, coffee, fresh fruits, low sugar breads, sweet breads, and cereals with milk.</p>		<p>One full-service outlet or food court (comparable to a one diamond restaurant) onsite:</p> <p style="text-align: center;">OR ↓</p> <p>Standard continental breakfast (minimum: juice, pastry, and hot beverage) is served in a dedicated area with modest restrictions due to size and/or placement of appointments; Limited seating is available</p>	<p>2D, plus: (comparable to a two diamond restaurant); Lounge or bar area</p> <p style="text-align: center;">OR ↓</p> <p>Expanded continental breakfast, or more, is served in a dedicated area that is distinctly separate from the lobby traffic; Appointments are well-proportioned to area size, with appropriate seating for the size of the establishment; Television</p>	<p>Upscale, full-service restaurant (comparable to a three diamond restaurant); Separate lounge or bar area; Room service available for breakfast, lunch, and dinner</p>	<p>4D, plus: Multiple outlets (at least one is comparable to a four diamond restaurant); Room service available 24/7</p>
<p>Recreational Facilities:</p> <p style="text-align: center;">Swimming Pool</p>		<p>Pool area with a limited amount of furniture of basic or mixed styles; Property location determines seasonal availability</p>	<p>Weather appropriate pool (usable at least nine months annually); Area is well-appointed with a good variety of decorative, comfortable pool furniture; Hot tub or whirlpool spa</p>	<p>3D, plus: Pool area reflects the use of upscale building materials and design, with a variety of pool furniture; Hot tub or whirlpool spa, steam room, or sauna; Food and beverage service is available poolside</p>	<p>4D, plus: Pool area is of elegant design, with unique appointments, such as: sculptures, waterfalls/features, exotic plants and gardens, stone/tile surfaces with designer inlays, etc.; Outstanding variety of luxurious furniture; Cabanas; Full-time professional attendant is on duty</p>

PUBLIC AREAS

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Spa				Full spa services available	Full spa onsite
Exercise Room		Two pieces of equipment on site in a designated room	2D, plus: Three or more pieces of equipment; Room is enhanced with at least three purposeful appointments, such as: mirrored walls, television, water cooler, bathroom, towels, clock, scales, etc.	3D, plus: Five or more pieces of state-of-the-art equipment, including cardio and weight training capability	4D, plus: Ten or more pieces of equipment; Luxurious health club environment; dressing area includes: lockers, showers, and restrooms; Full-time professional attendant is on duty; In-room exercise equipment available
Additional Facilities/ Programs (Golf, tennis, boating, horseback riding, children's activities, babysitting, etc.)			Multiple facilities/ programs onsite; Some with off-site privileges	3D, plus: Arrangements are made for off-site services	4D, plus: First-class facilities/ programs with custom concierge services provided
Restrooms		One unisex	Separate gender restrooms in a convenient location (If property has expanded meeting facilities, then additional restrooms are available in proportion)	3D, plus: Upscale appointments	4D, plus: First-class with luxurious appointments

GLOSSARY:

- ▶ **Climate controlled** – Heat, ventilation and/or air conditioning and cooling.
- ▶ **Dated** – Marked by features of the past; showing the effects of long use or wear; unfashionable.
- ▶ **Form** – The essence of design or configuration.
- ▶ **Function** – The action for which something is fundamentally fitted or purposed.
- ▶ **Plus** – When you see this term used (such as **2D, plus**), it means that the rating includes the **bolded** elements of the previous columns in addition to elements of the current column.
- ▶ **Residential** – Of, or relating to, or connected with, residential style; invokes a personal presence of home.

Diamond Rating Guidelines – Guestroom

GUESTROOM					
	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
GENERAL DÉCOR STYLE	Predominantly basic or dated style with limited coordination of appointments that provide an adequate level of comfort	Increased coordination of appointments combined with modest enhancements to function, design elements, room size, and/or amenities that provide an enhanced level of comfort	Predominantly residential style with decorative appointments that are attractive, well-coordinated for form and function that provide an obvious degree of comfort	3D, plus: Predominantly upscale style that provides an exceptional degree of comfort	4D, plus: Predominantly elegant style with luxurious, unique, and artistic appointments
Free Floor Space	Obviously restricted by size and/or placement of appointments; however, provides guest an adequate level of comfort	Modest restrictions due to size and/or placement of appointments	No restrictions, as placement of appointments is well-proportioned to room size	Room size and placement of appointments provide an obvious degree of spaciousness, allowing increased ease of movement for multiple guests	Room size and placement of appointments provide a free flowing abundance of space that contributes to the ultimate level of comfort and relaxation for multiple guests

GUESTROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Floor Coverings	Basic material, such as: linoleum or low density pile carpet with padding that provides little or no comfort underfoot (floor feels hard)	Enhanced material, such as: wood laminates and vinyl, or medium density pile carpet with padding that provides average comfort underfoot	2D, plus: Wood laminates or carpet with enhanced design, such as: patterns, textures, or inlays; Decorative tile (ceramic, stone, concrete, terra cotta, etc.); Hard surfaced floors have decorative area rugs as appropriate	3D, plus: High grade wood, marble, granite, or other upscale stone floors, or high density pile carpet with padding that provides exceptional comfort underfoot	4D, plus: Custom inlays or textured enhancements that provide an overall design that is obviously elegant and unique; Area rugs are luxurious and unique
Wall Coverings	Basic material and design, such as: cinder block with a plain paint finish, standard grade wood, prefab modular laminate paneling, or wallpaper	Wall treatments are modestly enhanced, such as: drywall with basic paint finish or plain vinyl coverings; Rubber or vinyl baseboards	Decorative wall treatments, such as: drywall with textured and painted finish, decorative vinyl coverings, or select grade wood/stone; Carpeted baseboards	3D, plus: At least one significant upscale design enhancement, such as: accent wall(s), furniture-finish wood paneling, soft wall coverings, ceiling trim, architectural feature, wainscot, chair rails, etc.; Wood baseboards	4D, plus: Wall finishes are of the highest grade materials; Accented with multiple luxurious design enhancements
Wall Hangings/ Decorative Enhancements		Poster(s) or commercial artwork with thin, un-enhanced wood, metal, or plastic frame(s)	Matted and framed artwork (common or commercial) in enhanced frame(s) or other decorative appointments	Variety of matted and framed artwork (varied sizes and scenes) or other appointments that provide a distinctive or thematic upscale appeal	4D, plus: Variety of styles and accent pieces, such as: limited edition prints, canvas art, tapestries, or lithographs with enhanced matting and preservation frames, assorted artisan pieces or sculptures, floral displays or plants

GUESTROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Ceilings	Basic material and design, such as: drop tile, concrete, or standard grade wood	Modest enhancements to material and design, such as: enhanced drop tile, painted drywall, popcorn finish, sand textured concrete, etc.	Predominant use of decorative enhancements to painted drywall, such as: an advanced textured finish (knockdown, orange peel, comb, slap brush, etc.) or select grade wood/stone	3D, plus: One architectural or design feature, such as: treys, beams, medallions, vaulted/volume, murals/stencils, tin tiles or skylights, ceiling fans, special effect lighting, etc.	4D, plus: Multiple architectural or design features
Window Coverings	Basic drapes, blinds, or shades offering limited blackout effect from the sun or outside light sources	1D, plus: Full blackout effect	2D, plus: Two design enhancements, such as: blinds, shutters, sheers, fabric side panels, valance, glass treatment, cornice, etc., provides a professional design effect	3D, plus: Three or more design enhancements	4D, plus: Elaborate, luxurious, and unique visual effect
Bed	No headboard -or- headboard and mattress are of basic materials and plain design (vinyl flat top); Box spring or bed base	Headboard and mattress are of modestly enhanced material and design (quilted, soft top); Box spring or bed base	2D, plus: Decorative headboard	Upscale headboard, bed base and mattress which includes a comfort enhancement, such as: pillow top, memory foam padding, adjustable comfort level, etc.	4D, plus: Elaborate, luxurious, and unique visual appeal
Bedding	Bed coverings are of basic style; Bed linens are of common blends and thread counts (sheer, coarse to touch); Pillows are of a standard grade (thin Polyester batting)	Bed coverings are quilted or modestly enhanced in style; Bed linens are of average (180-250) thread count, closely woven and smooth to touch; Pillows are of an enhanced grade (thick Cluster Fiber)	2D, plus: Two accent features, such as: comforter, duvet, dust ruffles, bed throw/scarf, multiple pillows, accent pillows/shams or triple sheeting	Bed coverings include three or more accent features (see 3D); Bed linens are of increased thread count (>250), tightly woven, crisp, and very soft to the touch; Pillows are of an upscale grade, such as: down or feather	4D, plus: ≥ 300 thread count bed linens (Egyptian cotton, satin, silk or similar) provide a super soft, silk-like feel; Choice of pillow fills, such as: silk, wool, cashmere, premium foams, latex or goose down, etc., is provided

GUESTROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Clothes Storage Hang Space	Open wall-mounted clothes rack with simple wire or non-detachable hangers	Semi-enclosed area with detachable wood, plastic, or heavy metal hangers	Fully-enclosed with at least six open-hook wood or heavy gauge, sculptured plastic matching hangers; Some with skirt or pant hanging attachments; Closet depth is 22 inches (at minimum) and can enclose full length apparel	3D, plus: At least eight hangers	4D, plus: At least ten hangers (two of which are satin or similar); One or more designer features, such as: drawers, shelves, shoe rack, walk-in capability, etc.; Closet is illuminated
Additional Storage Space	Open clothes storage space	Multiple enclosed drawers; Total storage space can accommodate the needs of two or more guests	2D, plus: Sufficient space for one piece of luggage, such as: folding metal rack, bench, or credenza top	3D, plus: Sufficient space for two pieces of luggage (upgraded wooden racks or designer-style benches); Total storage space can accommodate the needs of three or more guests	4D, plus: Total storage space can accommodate the needs of four or more guests
Illumination	Two or more well-positioned basic lighting fixtures; Provide an adequate level of overall illumination	Three or more lighting fixtures; Modestly enhanced in style, positioning, and function; Provide a good level of overall illumination	Four or more well-positioned lighting fixtures; Decorative and well-coordinated for form and function; Provide a good level of overall illumination at each location	3D, plus: Predominantly freestanding fixtures of upscale design; Provide an excellent level of overall illumination	4D, plus: Custom lighting fixtures of outstanding quality; Custom function(s), such as: dimmers, point lighting, multiple switches, and/or natural light sources; Provide a unique illumination effect
Furniture	Predominantly basic materials, such as: particle board, pressboard, laminate, or vinyl finishes; Dated styles with limited coordination; Provides an adequate level of comfort	1D, plus: An increased level of coordination; Modest enhancements in materials, design, and function; Provides an enhanced level of comfort	Predominantly freestanding; Decorative and well-coordinated for form and function; Overall construction and design reflects current industry trends, such as: Melamine resins, solid wood trim, or upgraded laminate finishes; Provides an obvious degree of comfort	3D, plus: Modern or antique upscale style and materials, such as: solid wood, polished metals, leather, veneer finishes with solid wood accents, laminate insets, etc.; Provides an exceptional degree of comfort	4D, plus: Luxurious, unique, and elegant custom design and workmanship

GUESTROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Seating	<p>One chair (typically placed as part of a duplex, triplex, or task table)</p>	<p>1D, plus: Additional seating for one guest; Vinyl or fabric upholstery</p>	<p>Comfortable seating for two guests – to include desk chair with arms and partial upholstery, such as: vinyl, leather, or fabric; Plus one additional fully upholstered easy/lounge chair that is positioned for television viewing</p>	<p>3D, plus: Comfortable seating for three guests; Upscale materials and design in an expanded setting, such as: a loveseat, sofa, or oversized chair with ottoman</p>	<p>4D, plus: Luxurious materials and design; Additional furniture pieces, such as: end tables, coffee or occasional tables</p>
<p style="text-align: center;">Work Space/ Writing Surface</p> <p style="text-align: center;"><i>Items stored on a writing surface decrease the available working space. A writing surface is judged, in part, on the basis of available space.</i></p>	<p>Duplex, triplex, or small task table that provides adequate work space (e.g., enough space for a laptop computer and an 8x10 inch reference material item)</p>	<p>Desk or medium task table that provides good work space (e.g., enough space for a laptop computer and two 8x10 inch reference material items)</p>	<p>Desk or large task table that provides very good work space (e.g., enough space for a laptop computer and three 8x10 inch reference material items); One electrical outlet (not in use) conveniently placed at the desk</p>	<p>Large desk that provides ample work space (e.g., enough space for a laptop computer, three 8x10 inch reference material items, and a portable printer); Multiple electrical outlets (not in use) conveniently placed at the desk</p>	<p>4D, plus: Desktop enhancements, such as: desk blotter, pull-out writing surface, stationery, and other office supplies</p>
Ventilation	<p>Heat and/or air conditioning available on a seasonal basis as needed; Window style air-conditioning units</p>	<p>1D, plus: Conveniently located through-wall units</p>	<p>2D, plus: Heat and air conditioning available on demand; Modern, quiet, with easily accessible controls in each guestroom</p>	<p>Heat and air conditioning available on demand; Central system with thermostat control</p>	<p>4D, plus: Digital thermostat control</p>
Telephone	<p>Touch-tone telephone</p>	<p>1D, plus: Message light on telephone</p>	<p>2D, plus: Voice messaging</p>	<p>3D, plus: Multiple telephones; Two-line telephone or separate Internet capability</p>	<p>4D, plus: Cordless telephone; Expanded phone features, such as: pre-programmed dialing keys, speaker capability, personalized display or voicemail</p>

GUESTROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Internet	Dial-up capability	High-speed access (cable or wireless) available in some rooms	High-speed cable access available in all rooms	High-speed wireless access available in all rooms	4D, plus: Available in some public areas of the property
Television Type and Placement <i>CRT (Cathode Ray Tube)</i> <i>LCD (Liquid Crystal Display)</i> <i>SED (Surface-conductor Electron-emitter Display)</i>	Standard CRT TV (curved screen); Wall-mounted; Limited viewing angles; Basic cable	1D, plus: Standard CRT TV (curved screen) with remote control; Located on credenza, dresser, or other furniture piece without a swivel base; Limited viewing angles; Channel directory	2D, plus: ≥ 25 inch screens with portable full function remote control ; With swivel/pull-out base; Multiple viewing angles ; Multiple televisions in suites ; Expanded Cable channel selection (at least 35 channels) ; Plus one additional feature, such as: free movie channel, pay-per-view movie channels, video games, etc.	3D, plus: ≥ 25 inch Flat Screen CRT or Flat Panel TV (such as: LCD, Plasma, SED, etc.) ; Located on credenza, dresser, or on/in other furniture piece with a swivel/pull-out base or wall mounted ; Cables and cords are hidden from view	4D, plus: Custom, decorative enhancement (e.g., framing, mantle placement, remote enclosure, mirrored screen, etc.); High-definition channels available
Other Electronics	Clock	Standard clock radio	2D, plus: Decorative design	3D, plus: Digital display DVD player (in lieu of pay-per-view movies)	4D, plus: CD player with at least one CD selection; MP3 docking station; Surround sound audio DVD Player; DVD library available

GUESTROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Guest Information	Local telephone directory	1D, plus: Local Business flyers (food, attractions, transportation, etc.); Notepad and pencil	2D, plus: Guest-service directory; Complimentary daily newspaper available; Notepad and pen	3D, plus: Enhanced guest-service directory in folder, binder, or digital format; Complimentary daily newspaper delivered to room; Additional reading materials, such as: magazines, books, etc.; Upgraded stationery package (envelopes, postcards, writing paper)	4D, plus: Uniquely appointed guest-service directory in folder, binder or digital format; In-room comfort menu providing exercise, spa, butler, or other personalized services; Assortment of complimentary daily newspapers available for delivery to room
Comfort	Basic ice bucket (polystyrene foam, plastic, cardboard, etc.) with disposable cups	Plastic ice bucket with lid and disposable cups Iron & board available Full-length mirror	Insulated plastic ice bucket with lid and disposable cups Full-size iron and board Refrigerator available Microwave oven available Extra pillows and blankets available In-room safe Coffee maker and supplies, including tea bags Framed or beveled full-length mirror	Ice bucket with lid of upscale design, such as: insulated and padded vinyl, acrylic or metal; Glass tumblers 3D, plus: In-room snacks, mini bar, or a refrigerator that can be custom stocked upon request In-room safe that is large enough for a standard 12" laptop computer	Ice bucket of luxurious design, such as: designer glass, silver, brushed or glossy metal finish, rings or handles, etc.; Selection of glassware; Ice tongs 4D, plus: Two robes; Two pairs of slippers Umbrella In-room comfort menu providing exercise, spa, butler, or other personalized services

GLOSSARY:

- ▶ **Climate controlled** – Heat, ventilation and/or air conditioning and cooling.
- ▶ **Dated** – Marked by features of the past; showing the effects of long use or wear; unfashionable.
- ▶ **Form** – The essence of design or configuration.
- ▶ **Function** – The action for which something is fundamentally fitted or purposed.
- ▶ **Plus** – When you see this term used (such as **2D, plus**), it means that the rating includes the **bolded** elements of the previous columns in addition to elements of the current column.
- ▶ **Residential** – Of, or relating to, or connected with, residential style; invokes a personal presence of home.

Diamond Rating Guidelines – Bathroom

BATHROOM					
	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
GENERAL DÉCOR STYLE	Predominantly basic or dated style with limited coordination of appointments that provide an adequate level of comfort	Increased coordination of appointments, combined with modest enhancements to function, design elements, room size, and/or amenities that provide an enhanced level of comfort	Predominantly residential style with decorative appointments that are attractive, well-coordinated for form and function that provide an obvious degree of comfort	3D, plus: Predominantly upscale style that provides an excellent degree of comfort	4D, plus: Predominantly elegant style with luxurious, unique, and artistic appointments
Free Floor Space	Obviously restricted by size and/or placement of appointments; however, provides guest an adequate level of comfort	Modest restrictions due to size and/or placement of appointments	No restrictions, as placement of appointments is well-proportioned to room size	Room size and placement of appointments provide an obvious degree of spaciousness, allowing increased ease of movement for multiple guests	Room size and placement of appointments provide a free flowing abundance of space that contributes to the ultimate level of comfort and relaxation for multiple guests
Floor Coverings	Basic material, such as: linoleum, painted concrete, plain resin, or poured composite surface	Vinyl or ceramic tile	Decorative tile (ceramic, stone, concrete, terra cotta, etc.)	Marble, granite, or other upscale stone floors; Area rug(s) as appropriate	4D, plus: Custom inlays or textured enhancements provide an overall design that is obviously elegant and unique

BATHROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Wall Coverings	Basic material and design, such as: cinder block with a plain paint finish, standard grade wood, prefab modular laminate paneling, dated ceramic tile or wallpaper	Wall treatments are modestly enhanced, such as: drywall with basic paint finish or plain vinyl coverings; Rubber, vinyl, or ceramic tile baseboards	Decorative wall treatments, such as: drywall with textured and painted finish, decorative vinyl coverings, or select grade wood/stone; Wood or decorative ceramic tile baseboards	3D, plus: At least one significant upscale design enhancement, such as: accent wall(s), furniture-finish wood paneling, soft wall coverings, ceiling trim, architectural feature, wainscot, etc.; Wood or high-end stone baseboards	4D, plus: Wall finishes are of the highest grade materials; Accented with multiple luxurious design enhancements
Wall Hangings/ Decorative Enhancements				Matted and framed artwork or other appointments that provide a distinctive or thematic upscale appeal	4D, plus: Variety of styles and accent pieces, such as: limited edition prints, canvas art, tapestries, or lithographs with enhanced matting and preservation frames, assorted artisan pieces or sculptures, floral displays or plants
Ceilings	Basic material and design, such as: drop tile, concrete, or standard grade wood	Modest enhancements to material and design, such as: enhanced drop tile, painted drywall, popcorn finish, sand textured concrete, etc.	Predominant use of decorative enhancements to painted drywall, such as: an advanced textured finish (knockdown, orange peel, comb, slap brush, etc.) or select grade wood/stone	3D, plus: One architectural or design feature, such as: treys, beams, moldings, medallions, raised/vaulted/volume, murals/stencils, tin or skylights, ceiling fans, special effect lighting, etc.	4D, plus: Multiple architectural or design features

BATHROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Tub	<p>Basic rectangular style, size (4½ ft. length and 14 in. depth) and materials (fiberglass, acrylic, or porcelain on steel); Simple design (straight sided)</p>	<p>1D, plus: Modest design enhancement</p>	<p>2D, plus: Decoratively enhanced in design, or augmented for comfort or function</p>	<p>Enhancements to size (>4½ ft. length and >14 in. depth), design, and/or style, such as: oval, round, or free form</p>	<p>4D, plus: Obvious enhancements in comfort, design, function, and/or material, such as: larger, two person capability, contoured backs, built-in lumbar back support, water jets, enamel-coated cast iron, natural marble, stone, or other designer features</p>
Shower	<p>If separate from tub (or shower only), base is of basic material (metal or fiberglass) and of plain design</p> <p>Basic square size (≤9 sq. ft.)</p>	<p>1D, plus: If separate from tub (or shower only), base is of enhanced material (acrylic or ceramic tile)</p> <p>Modest enhancement to design -or- irregular shape (rectangular, rounded corner or neo angle)</p>	<p>If separate from tub (or shower only), base is decorative ceramic tile, cultured marble/granite, or poured acrylic</p> <p>Very good size (>9 sq. ft.)</p>	<p>If separate from tub (or shower only), base is of upscale material, such as: marble, granite, stone, or porcelain tiles.</p> <p>Oversized (>12 sq. ft.)</p>	<p>4D, plus: Separate shower stall in addition to the tub; base is of outstanding material and artistic design, such as: marble, granite, stone, or porcelain tiles with complementary inlays or treatments</p>
Tub/Shower Surround	Fiberglass or metal	Acrylic or ceramic tile	Acrylic with enhancements for comfort, style, or function -or- decorative ceramic tile or other solid surface, such as: cultured marble/granite, poured acrylic, etc.)	Marble, granite, stone, or porcelain tiles; Enhanced solid surface; Tub and shower height soap dishes	4D, plus: Luxurious material and artistic design, such as: marble, granite, stone, or porcelain tiles with complementary inlays or treatments; Seating is integrated into design
Shower Curtain/Door	Lightweight vinyl curtain	Heavyweight vinyl curtain or plexi-glass door with aluminum frame	Decorative vinyl, polyester, or nylon curtains with curved shower rod; -or- lightweight glass door with aluminum frame; -or- effective door-less design	3D, plus: Double curtains -or- heavyweight glass door with/without metal frame	4D, plus: Fixed door enclosure (framed or frameless); Enhanced (etched, frosted, embossed, tinted, etc.) glass

BATHROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Shower Fixtures	Traditional, single function shower head	Multiple setting shower head	Multiple setting shower head with metal finish	Enhanced style, of modern design, fixed shower head	Custom water features, such as: body jets, hand-held sprayers, multiple shower heads, rain showers, or gentle flow environmentally friendly features
Toilet	Two-piece, round; Basic style	1D, plus: Enhanced style	Two-piece, elongated; Basic style	3D, plus: Enhanced style or function	4D, plus: Distinct toilet-only area; Enclosed or semi-enclosed
Vanity Area Size and Location (includes: Sink, Counter/Shelf Space, Mirror, Cabinetry and Fixtures)	Combined with toilet area within an enclosed space that is restricted by size and/or placement of appointments	1D, plus: Modest restrictions due to size and/or placement of appointments OR If vanity area is separate from the toilet area, it is positioned in plain view of the guestroom	2D, plus: No restrictions, as placement of appointments are well-proportioned to room size OR If vanity area is separate from the toilet area, it is positioned in restricted view from the rest of the guestroom	3D, plus: Vanity is well-integrated into the overall scheme of the bathroom for convenience and comfort; Room size and placement of appointments provide an obvious degree of spaciousness, allowing increased ease of movement for multiple guests	4D, plus: Room size and placement of appointments provide a free flowing abundance of space that contributes to the ultimate level of comfort and relaxation for multiple guests
Sink	Wall-mounted, basic style, porcelain	Standard self-rimming porcelain or porcelain on steel	Seamless (Poured acrylic or cultured marble/granite/quartz) -or- Under-mounted porcelain or porcelain on steel	Porcelain or porcelain on steel, with an upscale counter enhancement, such as: wall faucets or upscale counter-mounted faucets	4D, plus: Multiple sinks of ornate design, such as: above counter vessel or pedestal -or- of designer materials, such as: glass, stainless steel, vitreous china, enameled cast iron, fireclay, brass, nickel, copper, marble, or either real/synthetic stone

BATHROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Available Counter/Shelf Space	Small size (<2 sq. ft.) shelf of basic material, such as: glass, metal, or sheet laminate	Moderate size (≥ 2 sq. ft.) laminate counter	Very good size (≥4 sq. ft.) counter space of solid surface, such as: poured acrylic, cultured marble/granite/quartz, or ceramic tile	Oversized (≥ 6 sq. ft.) counter space of excellent quality, such as: marble, granite, or other solid stone	4D, plus: Multiple counters and/or shelves; Artistic design, such as: marble, granite, solid stone, or porcelain tiles with complementary inlays or treatments
Mirror	Small (1½ ft. x 2 ft.) mirror	Medium-sized (>3 sq. ft.) mirror	2D, plus: Beveled or decoratively framed mirror	Large (3 ft. x 5 ft.) mirror with an upscale frame	4D, plus: Artistic design enhancement
Cabinetry		Skirting partially conceals plumbing	Enhanced skirting conceals plumbing	Upscale, furniture-finished skirting	4D, plus: Elaborate design features, cabinetry, multiple shelving, and/or drawers
Illumination	Basic design and function, such as: bulb and cover; Provide an adequate level of overall illumination	Modest design enhancements, such as: box/egg crate style or enhanced glass cover; Provide a good level of overall illumination	Decorative, well-coordinated for form and function; Multiple bulbs and covers provide a good level of overall illumination	3D, plus: Upscale design; Multiple locations; Illuminated shower; Provide an excellent level of overall illumination at each location	4D, plus: Designer fixtures; Custom function(s), such as: dimmers, point lighting, multiple switches, and/or natural light sources; Provide a unique illumination effect
Other Fixtures	Standard function; Basic materials of plain design	1D, plus: Modest design enhancements	2D, plus: Metal with decorative finishes, such as: chrome, pewter, brass, nickel, gold, etc.	Upscale design enhancements, such as: satin or enamel finishes, two or more metal combinations, embossing, etc.	4D, plus: Designer materials and style; Unique appointments
Towels	Basic, lightweight; Rough to touch; Limp feel; Low absorbency; Displayed on caddies	1D, plus: Modest enhancements in design; Displayed on bars and/or shelves	Medium weight; Soft to touch; Medium absorbency	Heavyweight; Plush to touch; Firm, self-supporting feel; Premium cotton with high absorbency	4D, plus: Generous sized towels or bath sheets; Luxurious appearance, with intricate and detailed enhancements to design

BATHROOM

	ONE DIAMOND	TWO DIAMOND	THREE DIAMOND	FOUR DIAMOND	FIVE DIAMOND
	Economy	Mid-Scale	Mid-Scale Plus	Upscale	Ultra-Luxury
Personal Care	Two small (< ¾ oz.) bars of soap (or equivalent)	Two medium (≥ ¾ oz.) bars of soap (or equivalent); one packet or bottled item; modest presentation	Four-piece personal care package, includes: one large (≥ 1¼ oz.) and one medium (≥ ¾ oz.) bars of soap (or equivalent); two (≥ ¾ oz.) bottled items; Decorative presentation; Additional amenities (such as: toothpaste/brush, comb, sewing kit, mouthwash, etc.) are available onsite	3D, plus: Seven-piece personal care package; Toiletries are enhanced by fragrance, natural supplement, packaging, etc.; Includes: two large (≥ 1¼ oz.) bars of soap (or equivalent), three (≥ 1 oz.) bottled items, and two additional items; Upscale presentation; Freestanding soap dish at sink	4D, plus: Ten-piece personal care package of designer/spa toiletries; Ample sized (≥ 1½ oz.) bars of soap and bottled items (≥ 1¼ oz.); Unique presentation
	Facial tissues	1D, plus: Wall-mounted with chrome covers	Facial tissues inset in vanity (no chrome)	Facial tissues freestanding in decorative container	4D, plus: Custom designed container
			Wall-mounted hair dryer	Freestanding hair dryer; Makeup mirror	4D, plus: Illuminated makeup mirror; Scale; vanity seating
Other			Night-light	3D, plus: Landline or cordless telephone available	4D, plus: Television

The AAA Four and Five Diamond Rating

These prestigious ratings are achieved by less than four percent of all Approved properties—typically the most luxurious and pampering properties throughout North America. Less than one third of one percent of lodgings receives the Five Diamond® Rating while approximately three and one half percent receives the Four Diamond® Rating. Establishments must consistently reflect upscale and extraordinary characteristics (respectively) in both physical attributes and level of guest services.

If the AAA inspector determines that your establishment meets our Four or Five Diamond Guidelines, the property will next be scheduled for an anonymous hospitality evaluation. Only the Four and Five Diamond evaluations incorporate a review of twelve critical service areas and measure over 300 guest interaction points into the overall rating. In addition, all Five Diamond Rating recommendations are forwarded to AAA's Five Diamond Committee for further review. Once the committee's assessment is concluded, the establishment will be advised in writing of the outcome.

Four and Five Diamond Service Expectations

IN ADDITION TO THE FOLLOWING GUEST SERVICE INTERACTION POINTS, each section is assessed a subjective point value based on the overall levels of competency, refinement, and hospitality.

1. Reservation Services			
	Service Level		
	5D	4D	
	X	X	Accepted 24 hours, either at property or through a central reservation system
	X	X	Operator answers phone promptly within three rings
	X	X	Operator provides a warm and sincere greeting
	X	X	Reservationist thanks caller for contacting the property
	X	X	Reservationist provides an introduction
	X	X	Reservationist asks for caller's name
	X		Reservationist addresses caller by name prior to closing
	X		Reservationist anticipates caller's needs or offers a personalized recommendation
	X	X	Reservationist provides rate structure and room availability
	X	X	Reservationist provides an overview of facilities and services
	X		Reservationist exhibits competent knowledge of all associated facilities and hours of operation
	X	X	Reservationist collects registration information
	X	X	Reservationist explains deposit and cancellation policies
	X	X	Reservationist explains unusual payment options
	X	X	Reservationist reviews reservation request
	X		Reservationist exhibits a sincere desire and compliance to all guest requests
	X	X	Reservationist provides confirmation number or contact's name
	X		Reservationist is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Reservationist provides a warm and sincere thank you to guest for calling
	X		Operator addresses guest by name during closing
	X	X	The guest feels well served
	X		Property offers follow-up reservation confirmation to guest in advance of arrival

2.

Arrival Services

	Service Level		
	5D	4D	
Arrival Services	X		Cars in queue are acknowledged and directed as appropriate upon arrival
	X	X	Uniformed attendant promptly opens the car door
	X	X	Attendant provides a warm and sincere welcome greeting
	X	X	Attendant makes a proper introduction
	X	X	Attendant inquires about the guest's name
	X		Attendant uses guest's name at least once prior to closing
	X	X	Attendant explains parking procedure
	X		Valet parking is automatic
	X	X	Attendant promptly unloads luggage
	X	X	Attendant explains luggage handling procedure
	X	X	Attendant provides direction to registration area
	X		Attendant anticipates guest's needs or offers a personalized recommendation
	X		Attendant is efficient yet unhurried and sensitive to the manner of the guest
	X		Attendant exhibits a sincere desire and compliance to all guest requests
	X		Attendant escorts guest to appropriate area
	X	X	Attendant provides a warm and sincere closing
	X		Attendant addresses guest by name during closing
	X	X	The guest feels well served
	X		Lobby greeters are available to escort guest to appropriate area

3.

Check In Services

	Service Level		
	5D	4D	
Check In Services	X	X	Attendant provides a warm and sincere greeting; recognizes guest appropriately
	X	X	Attendant inquires about guest's name
	X		Attendant addresses guest by name during initial greeting without inquiry
	X		Attendant uses guest's name at least once prior to closing
	X		Staff associate acknowledges (with a warm and welcoming greeting) guests waiting in line
	X	X	Registered guests are not asked for duplicate information
	X	X	Attendant confirms rate and type of room
	X	X	Attendant provides room number discreetly
	X		Attendant places all registration materials into the guest's hand
	X		Attendant exhibits a sincere desire and compliance to all guest requests
	X		Attendant anticipates guest's needs or offers a personalized recommendation
	X		Attendant is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Attendant arranges escort of guest and belongings to room
	X		Attendant provides introduction to escort
	X	X	Attendant provides a warm and sincere closing
	X		Attendant addresses guest by name during closing
	X	X	The guest feels well served

4.

Bell Services (Check In)

Bell Services (Check In)	Service Level		
	5D	4D	
	X	X	Escort provides a warm and sincere greeting
	X		Escort uses guest's name at least once prior to closing
	X	X	Escort is able to provide information about facilities when asked
	X		Escort takes the initiative in providing information about all facilities
	X		Escort anticipates guest's needs or offers a personal recommendation
	X		Escort exhibits a sincere desire and compliance to all guest requests
	X	X	Escort places luggage on luggage stand or in appropriate area
	X	X	Escort explains features and functions of room
	X	X	Escort offers to fill ice bucket
	X	X	Escort is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Escort provides a warm and sincere closing
	X		Escort addresses guest by name during closing
	X	X	The guest feels well served

5.

Evening Housekeeping Services

Evening Housekeeping Services	Service Level		
	5D	4D	
	X		Evening housekeeping service is automatic
	X		Attendant folds back or removes bedspread
	X		Attendant turns up pillows
	X		Attendant straightens bathroom
	X		Attendant re-points tissues
	X		Attendant cleans soiled surfaces
	X		Attendant replaces or straightens (Green Program) used towels
	X		Attendant replenishes used amenities
	X		Attendant empties wastebasket
	X		Attendant adjusts drapes
	X		Attendant adjusts room lighting
	X		Attendant delivers gift amenity, such as: goodnight wish, chocolates, etc.
	X		Attendant refreshes ice
	X		Attendant replaces used glasses
	X		Attendant displays evening services, such as: robe on bed, laundry, shoeshine, etc.
	X		Attendant leaves personalized message for guest
X		There is additional evidence of personalized services	

6.

Wake-Up Call Services

Wake-Up Call Services	Service Level		
	5D	4D	
X	X		Some type of service is available 24/7; Alarm clock or alternative method is used if there are no phones in room
X	X		Service number is answered within three rings
X	X		Operator provides a warm and sincere greeting
X			Operator uses guest's name at least once prior to closing
X	X		Operator asks appropriate questions and replies in a professional manner
X			Operator anticipates guest's needs or offers a personalized recommendation
X			Operator is efficient yet unhurried and sensitive to the manner of the guest
X	X		Operator provides a warm and sincere closing
X			Operator addresses guest by name during closing
X	X		Call is received within five minutes of requested time
	X		Call is an automated message
X			Call is a live message
X	X		Message includes a warm and sincere greeting
X			Message includes the use of guest's name
X			Message includes time of call
X			Message includes other pertinent information, such as weather
X			Operator anticipates guest's needs or offers a personalized recommendation
X			Operator is efficient yet unhurried and sensitive to the manner of the guest
X			Operator provides a warm and sincere closing
X			Operator addresses guest by name during closing
X	X		The guest feels well served
X			There is additional evidence of personalized services

7A.

Room Service (Order Services)

Room Service (Order Services)	Service Level		
	5D	4D	
X	X		Service is available at limited hours
X			Service is available 24/7
X	X		Service number is answered within three rings
X	X		Operator provides a warm and sincere greeting
X			Operator uses guest's name at least once prior to closing
X			Operator exhibits a sincere desire and compliance to all guest requests
X			Operator anticipates guest's needs or offers a personalized recommendation
X	X		Operator asks appropriate questions and replies in a professional manner
X	X		Operator repeats order to guest
X			Operator is efficient yet unhurried and sensitive to the manner of the guest
X	X		Operator provides time estimate for delivery (within 30 minutes)
X	X		Operator provides a warm and sincere closing
X			Operator addresses guest by name during closing
X	X		Operator calls to advise guest if order will be late or if items ordered are not available

	X	X	The guest feels well served
	X	X	Special express services are available for breakfast orders
	X		Evidence of personalized services exists

7B. Room Service (Delivery Services)

	Service Level		
	5D	4D	
Room Service (Delivery Services)	X	X	Delivered within five minutes of time promised
	X	X	Morning newspaper is presented with breakfast
	X	X	Attendant provides a warm and sincere greeting
	X		Attendant uses guest's name at least once prior to closing
	X		Attendant exhibits a sincere desire and compliance to all guest requests
	X		Attendant anticipates guest's needs or provides a personalized recommendation
	X	X	Attendant provides a suggestion as to tray/table placement
	X		Attendant is conversant during set-up and delivery
	X	X	Attendant reviews guest order
	X	X	Attendant prepares table set up and removes food covers, with guest permission
	X	X	Food presentation and quality of ingredients reflects an upscale experience
	X	X	All appropriate dishware and linens are of an upscale quality
	X	X	All food is served at the proper temperature (hot food hot and cold food cold)
	X	X	All food is prepared as ordered
	X		There is additional evidence of personalized services
	X	X	Attendant offers to pour beverage
	X	X	Attendant provides written or verbal direction for table/tray removal
	X		Attendant is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Attendant provides a warm and sincere closing
	X		Attendant addresses guest by name during closing
X	X	The guest feels well served	
X	X	Prompt (within 15 minutes) removal of trays/tables, upon request	

8. Bell Services (Check Out)

	Service Level		
	5D	4D	
Bell Services (Check Out)	X	X	Service number is answered within three rings
	X	X	Operator provides a warm and sincere greeting
	X		Operator uses guest's name at least once prior to closing
	X		Operator exhibits a sincere desire and compliance to all guest requests
	X		Operator anticipates guest's needs or offers a personalized recommendation
	X	X	Operator offers to retrieve car or arrange other transportation
	X		Operator is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Operator provides a warm and sincere closing
	X		Operator addresses guest by name during closing
	X	X	The guest feels well served
	X	X	Bell staff arrives promptly; If not within five minutes, guest is notified of delay at time of request
	X	X	Bell staff provides a warm and sincere greeting

X		Bell staff uses guest's name at least once prior to closing
X		Bell staff exhibits a sincere desire and compliance to all guest requests
X		Bell staff anticipates guest's needs or offers a personalized recommendation
X	X	Bell staff inquires about guest's stay
X		Bell staff is appropriately conversant with guest while providing assistance
X		Bell staff is efficient yet unhurried and sensitive to the manner of the guest
X	X	Bell staff provides a warm and sincere closing
X		Bell staff addresses guest by name during closing
X	X	The guest feels well served

9. Check Out Services

Check Out Services	Service Level		
	5D	4D	
	X	X	Express check out services are available 24/7
	X	X	Attendant provides a warm and sincere greeting; recognizes guest appropriately
	X		Attendant addresses guest by name during initial greeting, and as appropriate thereafter
	X		Staff associate acknowledges guests (with a warm and welcoming greeting) guests waiting in line
	X	X	Attendant inquires about guest stay
	X		Attendant exhibits a sincere desire and compliance to all guest requests
	X		Attendant provides a copy of bill for review in guest's hand
	X	X	Attendant confirms payment method
	X		Attendant places check out folio into the guest's hand
	X		Attendant expresses a warm and sincere thank you for staying at the property
	X		Attendant sincerely encourages guest to return
	X		Attendant anticipates guest's needs or offers a personalized recommendation
	X		Attendant is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Attendant provides a warm and sincere closing
	X		Attendant addresses guest by name during closing
X	X	The guest feels well served	

10. Departure Services

Departure Services	Service Level		
	5D	4D	
	X		Guest's vehicle is waiting or comfortable accommodations are provided
	X	X	Guest does not wait more than five minutes for pre-arranged transportation
	X	X	Attendant provides a warm and sincere greeting
	X		Attendant uses guest's name at least once prior to closing
	X		Attendant anticipates guest's needs or offers a personalized recommendation
	X		Attendant is conversant pertaining to the guest's stay
	X		Attendant reviews all of guest's belongings and their placement in vehicle
	X	X	Attendant opens and closes door for guest(s)
	X		Attendant is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Attendant provides a warm and sincere closing
	X		Attendant addresses guest by name during closing
	X	X	The guest feels well served

11. Concierge Services			
Concierge Services	Service Level		
	5D	4D	
	X	X	Concierge is on duty with limited hours of availability
	X		Concierge is on duty, or a "special services" number is available for guests, 24/7
	X	X	Attendant provides a warm and sincere greeting
	X		Attendant uses guest's name at least once prior to closing
	X		Attendant exhibits a sincere desire and compliance to all guest requests
	X		Attendant anticipates guest's needs or offers a personalized recommendation
	X	X	Attendant demonstrates a general knowledge of area attractions and services
	X		Attendant demonstrates an extensive knowledge of area attractions and services
	X		Attendant fulfills guest's special request(s)
	X		Attendant is efficient yet unhurried and sensitive to the manner of the guest
	X	X	Attendant provides a warm and sincere closing
	X		Attendant addresses guest by name during closing
	X	X	The guest feels well served
12. Miscellaneous Staff Services			
Misc. Staff Services	Service Level		
	5D	4D	
	X		All associates exhibit a professional vocabulary that is devoid of common slang
	X		Guests are graciously escorted to areas when directions are requested
	X		All associates consistently maintain eye contact with guests
	X		There is evidence that all associates are empowered by management to resolve guest issues immediately
	X	X	All staff associates fulfill guest's special request(s)
	X		All phone calls are answered promptly within three rings
	X	X	All associates are appropriately attired; name tags are clearly visible
	X	X	All associates demonstrate appropriate behavior
	X	X	All associates demonstrate appropriate hygiene
	X		Short-notice pressing is available
	X		Shoe shine service is available
	X	X	Accurate pre-programmed phones
	X	X	Miscellaneous charges are billed directly to the guest room
	X		Butler services are available for all rooms
	X	X	At least one food and beverage outlet is comparable to a Three Diamond rating
	X		At least one food and beverage outlet is comparable to a Four Diamond rating
	X		At least one food and beverage outlet is comparable to a Five Diamond rating

Section Three

Additional Information

The Listing

ONCE A PROPERTY IS APPROVED, AAA PUBLISHING ESTABLISHES THE CONTENT AND FORMAT OF EACH LISTING IN ALL OF OUR PUBLICATIONS. **The listing is provided at no cost to the establishment** and does not contain advertising or promotional verbiage provided by the operator.

The listing copy describing the lodging is based in part on objective information provided by the establishment. This listing information is updated annually, and your establishment will be contacted either in person, by mail, or via the telephone.

Failure to provide this information in a timely manner may result in the deletion of your establishment from our publications.

Additionally, AAA's professionally trained inspectors enhance our inventory with descriptive prose for each establishment. This skilled degree of subjectivity enables us to capture the feel of an experience and pass along this valuable information to AAA members.

Each Diamond Rated property has the opportunity to participate in the AAA Official Appointment Program, entitling the establishment to use the renowned AAA (CAA in Canada) emblem and Diamond Rating in its advertising and promotions. This program also entitles the establishment to an enhanced listing in AAA publications. Personalized display advertising in AAA publications is also available.

FYI Designation

This designation means that a property has not been Diamond Rated by a AAA inspector, but is of notable significance and potential member value. The property is unrated due to one of the following reasons:

- The property is *too new to rate*.
- The property is *under construction*.
- The property is *undergoing extensive renovations*.
- The property *has not been evaluated*.
- The property *does not meet all Diamond Rating requirements*.

Lodging Classifications

ALL DIAMOND RATED LODGINGS ARE CLASSIFIED USING KEY DESCRIPTIVE ELEMENTS.

1. FIRST, ALL LODGINGS ARE CLASSIFIED BY STYLE OF OPERATION:

Bed and Breakfast: Typically smaller scale properties emphasizing a high degree of personal touches that provide guests an "at home" feeling. Guest units tend to be individually decorated. Rooms may not include some modern amenities such as televisions and telephones, and may have a shared bathroom. Usually owner-operated with a common room or parlor separate from the innkeeper's living quarters, where guests and operators can interact during evening and breakfast hours. Evening office closures are normal. A continental or full, hot breakfast is served and is included in the room rate.

Cabin: Vacation-oriented, typically smaller scale, freestanding units of simple construction—roughly finished logs or stone—and basic design or décor. Often located in wooded, rural, or waterfront locations. As a rule, basic cleaning supplies, kitchen utensils, and complete bed and bath linens are supplied. The guest registration area may be located off site.

Condominium: Vacation-oriented—commonly for extended-stay purposes—apartment-style accommodations of varying design or décor. Routinely available for rent through a management company, units often contain one or more bedrooms, a living room, full kitchen, and an eating area. Studio-type models combine the sleeping and living areas into one room. As a rule, basic cleaning supplies, kitchen utensils, and complete bed and bath linens are supplied. The guest registration area may be located off site.

Cottage: Vacation-oriented, typically smaller scale, freestanding units with home style enhancements in architectural design and interior décor. Often located in wooded, rural, or waterfront locations. Units may vary in design and décor. As a rule, basic cleaning supplies, kitchen utensils, and complete bed and bath linens are supplied. The guest registration area may be located off site.

Country Inn: Although similar in definition to a bed and breakfast, country inns are usually larger in scale with spacious public areas and offer a dining facility that serves—at a minimum—breakfast and dinner.

Hotel: Commonly, a multistory establishment with interior room entrances offering a variety of guest unit styles. The magnitude of the public areas is determined by the overall theme, location and service level, but may include a variety of facilities such as a restaurant, shops, fitness center, spa, business center, and/or meeting rooms.

Motel: Commonly, a one- or two-story establishment with exterior room entrances and drive up parking. Typically, guest units have one bedroom with a bathroom of similar décor and design. Public areas and facilities are often limited in size and/or availability.

Ranch: Typically a working ranch with an obvious rustic, Western theme featuring equestrian-related activities and a variety of guest unit styles.

Vacation Rental House: Vacation-oriented—commonly for extended-stay purposes—typically larger scale, freestanding, and of varying design or décor. Routinely available for rent through a management company, houses often contain two or more bedrooms, a living room, full kitchen, dining room, and multiple bathrooms. As a rule, basic cleaning supplies, kitchen utensils, and complete bed and bath linens are supplied. The guest registration area may be located off site.

2. SECOND, A DETERMINATION IS MADE PERTAINING TO OVERALL CONCEPT – AND (IF APPLICABLE), A LODGING MAY BE FURTHER DEFINED AS:

Boutique: Feeling small and intimate, offering a highly individualized experience; may have a luxurious or quirky style which is fashionable or unique.

Casino: Extensive gambling facilities are available, such as: blackjack, craps, keno, and slot machines.

Classic: Renowned and landmark properties, older than 50 years, well known for their unique style and ambiance.

Contemporary: Overall design and theme reflects characteristics of the present era’s mainstream tastes and style. Trendy, modern, and typically equipped with all current technology.

Extended Stay: Offers a predominance of long-term accommodations with a designated full-service kitchen area or efficiency within each unit.

Historic: These properties are typically over 75 years of age and exhibit many features of a historic nature with respect to architecture, design, furnishings, public record, or acclaim. Properties must meet one of the following criteria:

- *Maintained the integrity of the historical nature*
- *Listed on the National Register of Historic Places*
- *National Historic Landmark or located in a National Register Historic District*

Resort: Recreation-oriented, geared to vacation travelers seeking a specific destination experience. Travel packages, meal plans, theme entertainment, and social and recreational programs are typically available. Recreational facilities are extensive and may include spa treatments, golf, tennis, skiing, fishing, or water sports. Larger resorts may offer a variety of guest accommodations.

Retro: Overall design and theme reflects a contemporary design reinterpreting styles from a bygone era.

Vacation Rental: Typically houses, condos, cottages or cabins; these properties are a "home away from home" offering more room and greater value for the money. In general, they provide the conveniences of home, such as full kitchens and washers/dryers. Located in resort or popular destination areas within close proximity to major points of interests, attractions, or recreation areas, these properties may require a pre-arranged reservation and check-in at an off-site location. Housekeeping services may be limited or not included during stay.

Vintage: Offers a window to the past and provides an experience reflecting a predominance of traits associated with the era of their origin.

Accessibility



Accessible Features: This property has some accessible features. It may be fully accessible, semi-accessible, or meet some of the needs of hearing-impaired individuals.

Accessibility is not a requirement for listing and will not affect your Diamond Rating. However, we strongly encourage you to make every effort to meet the needs of all your guests – including the mature traveler and those with disabilities.

Member Comment Procedures

AAA CLOSELY MONITORS THE NUMBER AND TYPE OF COMMENTS WE RECEIVE FROM MEMBERS REGARDING ALL APPROVED PROPERTIES. When members write to us expressing dissatisfaction with a particular lodging, it is tracked through the AAA National Office Member Relations department. All complaints are carefully reviewed for validity. The establishment is then notified of each complaint so they have an opportunity to respond and resolve the matter within a reasonable period of time. Even though a complaint may be satisfactorily resolved, the complaint becomes a permanent part of the establishment's record.

If a member complaint is determined to be of an extreme nature, an establishment may be disapproved immediately and without warning. This action is at AAA's sole discretion.

If a property has been disapproved for excessive member complaints, a written request for a reevaluation may be submitted, accompanied by an explanation of the actions taken to limit future complaints.

Note: Such properties may not reapply until one year has passed from the date of disapproval. All requests may be addressed to:

**AAA Tourism Information Development
1000 AAA Drive
Mail Stop 51
Heathrow, FL 32746-5063**

The AAA Appeals Process

THE APPEALS PROCESS WAS ESTABLISHED AS A RESOURCE FOR ALL RESTAURANTS, LODGINGS, CAMPGROUNDS, AND ATTRACTIONS EVALUATED BY AAA.

What can I appeal?

We value our relationship with all properties; therefore, properties can appeal any aspect of their status with AAA. Each situation is kept confidential and is handled on an individual basis.

How do I file an appeal?

First, contact the AAA Customer Service Center, Monday through Friday, from 8:30am to 5:15pm (Eastern Time) at 407-444-8370. In many cases, our analysts will be able to answer your concern immediately.

If resolution is not obtained, your call will be directed to the AAA Regional Manager for your area.

If an issue remains unresolved after the above steps, an establishment is asked to state its concerns in writing for review by the AAA Appeals Committee. All appeals entertained by the committee must be in writing from the **establishment only**. In order to expedite this process, appeals should outline the specific concerns in a succinct manner. Each appeal is thoroughly researched and given thoughtful consideration and a substantive reply.

All appeals should be sent to the attention of:

**AAA Appeals Committee
1000 AAA Drive
Mail Stop 51
Heathrow, FL 32746-5063**

Please note: The committee's decision on your appeal will be considered as **AAA's final decision**. You will be notified by mail as to the status of your appeal within 45 days of receipt of your written statement.

Green Programs



AAA SUPPORTS ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY THROUGHOUT THE HOSPITALITY INDUSTRY TO THE EXTENT THAT TRULY EFFECTIVE PROGRAMS MAINTAIN QUALITY STANDARDS OF GUEST COMFORT. We strongly encourage continued use of programs that offer guests choices without consequences for noncompliance. Effective green programs are intended to reduce waste without reducing guest comfort.

Addresses and Phone Numbers

If you have additional questions...

- ▶ Please call AAA at:

(407) 444-8370
Evaluation Applications, Operations, Rating and Listing Information

(407) 444-8280
Display Advertising & Official Appointments

- ▶ Visit us at www.AAA.biz/Approved
- ▶ Or, write to us at:

AAA
Tourism Information Development
Mail Stop 51
1000 AAA Drive
Heathrow, FL 32746-5063

Establishments located in Southern California should contact the following AAA club:

Automobile Club of Southern California
P.O. Box 25001
Santa Ana, CA 92799-5001

(714) 885-2247, option #2
Evaluations, Ratings, and Official Appointments

(714) 885-2410
TourBook Advertising

Rating Criteria: Lodging

The Star Rating Process

The Forbes Travel Guide process of rating each establishment includes:

- **Facility inspection:** Every property is visited by a trained facility inspector, who uses a checklist to evaluate cleanliness, physical condition and location. This inspection is unannounced and results in a Forbes One, Two or Three Star rating. Spas are the only exception -- the minimum standard for a Forbes spa rating is three stars.
- **Service evaluation:** Based on the facility inspection, properties that might qualify for a Forbes Four Star or Five Star Award certification will receive a visit from a second, this time, incognito inspector. This inspector makes an anonymous visit and performs an incognito evaluation based on more than 550 service standards. During service evaluations, inspectors behave as regular guests and never reveal that they represent the Forbes Travel Guide. This inspection largely focuses on the guest experience and the consistency in service, not just the physical facilities and amenities.

Only facilities that meet the Forbes Travel Guides rigorous standards are rated and listed in both the travel guides and on the website. Deteriorating, poorly managed establishments are deleted. A Forbes Travel Guide listing and review constitutes a positive quality recommendation; every listing is an accolade, recognition of achievement.

Star Definitions

★★★★★Five Star Hotels: These exceptional properties provide a memorable experience through virtually flawless service and the finest of amenities. Staff are intuitive, engaging and passionate, and eagerly deliver service above and beyond the guests' expectations. The hotel was designed with the guest's comfort in mind, with particular attention paid to craftsmanship and quality of product. A Five Star property is a destination unto itself.

★★★★Four Star Hotels: These properties provide a distinctive setting, and the guest will find many interesting and inviting elements to enjoy throughout the property. Attention to detail is prominent throughout the property, from design concept to quality of products provided. Staff are accommodating and take pride in catering to the guest's specific needs throughout their stay.

★★★Three Star Hotels: These well-appointed establishments have enhanced amenities that provide travelers with a strong sense of location, whether for style or function. They may have a distinguishing style and ambience in both the public spaces and guest rooms; or they may be more focused on functionality, providing guests with easy access to local events, meetings or tourism highlights.

★★Two Star Hotels: The Two Star hotel is considered a clean, comfortable and reliable establishment that has expanded amenities, such as a full-service restaurant.

★**One Star Hotels:** The One Star lodging is a limited-service hotel or inn that is considered a clean, comfortable and reliable establishment.

Forbes Star Rating Criteria & Expectations - Lodging

The following are suggested criteria of what a guest can expect at each star level. They are not individually mandated and are a representative sampling of the hundreds of points covered during our inspection process. Additionally, at each star level the lodging establishment is required to meet or exceed the requirements of the previous star rating. For example, a Three Star hotel meets the criteria expectations of a Three Star hotel, a Two Star hotel and One Star hotel, and so forth.

★**One Star Hotels:** Clean, comfortable and reliable establishments providing travelers with limited services and basic amenities. These properties focus on providing a value experience while meeting traveler's expectations. Most hotels do not have a full-service restaurant or dining room. Many Hampton Inns and Fairfield Inns consistently earn a Forbes One Star rating.

Characteristics of a One Star Hotel, Motel or Inn include:

Services Detail

- Staff is well-groomed with professional, neat and well-maintained attire.
- All staff encountered are pleasant and professional in their demeanor.
- Coffee, hot tea and breakfast pastry are available on-site (could be in-room).

Facilities Detail

- Self parking area is free of debris, good condition; surfaces, curbs, paths.
- All outdoor walkways and approaches are well-maintained and cleaned.
- Outdoor awnings, signs, marquees, flags, and plantings are clean and in good condition.
- Public spaces are free of obvious hazards.
- Lobby floors, walls and ceiling are free of debris, marks and damage.
- Elevator landings, cars and doors/tracks are clean and in good condition.
- Guest room corridor floors, walls and ceilings are free of debris, marks, and damage.
- Vending and/or ice machines are located within one floor of guest room.
- Vending and/or ice areas and equipment are clean, well-lit, and well-maintained.
- All furniture, fixtures and equipment are clean, neat and well-maintained.
- Ashtrays throughout public areas are well-maintained and free of excessive debris.
- Temperature in all interior public areas are maintained in general comfort range.
- If public phonebook present, it is neat and in good condition.
- Public washrooms very hygienic and neat, with well-stocked paper and soap.
- Public washroom fixtures, walls and floors are in very good condition.
- Guest rooms are equipped with direct dial phones.

Guest Room Detail

- Hardware and hangings (door locks, racks, artwork, etc.) are secure and in good condition.
- Carpet/floor is free of debris, stains, wear, loose threads, open seams, etc.
- Walls and ceilings are free of marks, stains and damage.
- Drapes are free of stains, damage; pull easily and hang properly.
- Furniture is free of dust, marks and damage.
- All printed material including collateral, phonebooks and stationery are neat, crisp and current.
- Drawers and shelves are clean, free of dust and debris.
- All light bulbs operate; all light fixtures and lamps are in good condition, clean.
- Mirrors and windows are free of smudges and damage throughout.
- If safe is provided, it is clean, functional and convenient.
- Guest rooms are equipped with data ports (guest can connect laptop to the Internet).
- Room equipped with accurate, functional clock and radio/stereo.
- Color television works and is equipped with remote control.
- Televisions will feature basic cable or satellite channels.
- Telephones are available in each guest room.
- Ice bucket and glasses (may be molded plastic) are clean, hygienic.
- If minibar is present, it is hygienic, free of spills and damage, all products are sealed, price list present.
- If coffeemaker is present, it is hygienic, contains ample, sealed supplies and cups.
- All bedding and linens are free of debris, hairs, damage and stains.
- Room heating and air conditioning is easily controlled by guest and is quiet.
- Air is fresh and clean, no stuffiness or odors.
- Sink, tub, shower, toilet, bidet are very clean, free of hairs, stains and discoloration.
- Bathroom tile and grouting is clean, not discolored, cracked or mildewed.
- Faucets and drains operate smoothly and easily.
- Hygienic soap and shampoo is provided.
- Minimum bath linen is present: one bathmat; two each of facecloth, hand towel and bath towel.
- Towels are free of spots, stains, tears and obvious frays.
- If robes are provided, they are free of spots, stains and loose threads.

Specialized Facility Detail

- Pool/beach furniture is clean, hygienic and well-maintained.
- Pool deck or beach/sand is clean and free of excessive debris.
- Pool deck and tiling are in good condition, free of excessive damage or wear.
- Pool water is clean, free of debris and free of notable odors.
- Pool fittings and equipment (ladders, dive boards) are secure and in good condition.
- Tennis court surfaces are in good condition, free of damage and well-marked.
- Tennis courts and surrounding areas are clean and free of debris.
- Fixtures, nets, lights, and fences are well-maintained and good condition.

★★**Two Star Hotels:** Comfortable establishment that is clean and reliable with expanded amenities and services that include a full-service restaurant on site. The hotel décor, furnishings, amenities, property grounds and guest room design will be moderately enhanced in quality. Doubletree Hotels, Courtyard by Marriott and Four Points by Sheraton are well-established names in the Forbes Two Star category.

A Two Star Hotel, Resort or Inn meets all the criteria expectations and all of the qualities for a One Star Hotel, Resort or Inn plus the following characteristics:

Services Detail

- Front desk staff are articulate, smile and make eye contact.
- Staff is attired in well-fitting, consistent uniforms.
- Baggage assistance is available on request.
- The front desk is staffed twenty-four hours.
- Restaurant on-site serves three meals daily.
- If Inn, twenty-four hour guest service available on-call

Facilities Detail

- Lobby provides a comfortable seating area.
- Signs and notices are professional, matching décor, not "handwritten".
- Vending and/or ice machines are located on each guest floor.
- Service doors are clean, free of marks and damage, and closed.
- Public phones are convenient, clean and well-maintained.
- A variety of different sized and appointed rooms are available in hotel.
- If available, meeting rooms are well-signed so that it is easy to find and arrive at a specific room.
- If available, meeting room doors are in good condition, free of nicks and damage.
- If available, meeting room interiors are in generally good condition, including walls, floors and ceiling.

Guest Room Detail

- Guest room door and frame are free of marks, scratches and scuffs.
- There is comfortable seating for two people (other than bed).
- Guest service directory, pad and pen/pencil present and conveniently placed.
- Enclosed closets (means closets must have doors).
- There are a minimum six non-captive hangers.
- There are three spacious drawers or enclosed shelves (inside closet).
- A Luggage rack or bench provided; and adequate space to leave suitcase.
- Extra clean and hygienic blanket and pillow are provided in room.
- Lighting throughout the room is adequate.
- The room can be fully darkened.
- A full-length mirror is present in room.
- A hairdryer present in room, clean and functional.
- Hygienic soap, shampoo and two other bath amenities are provided.
- Guest rooms are equipped with easily accessible data ports or Ethernet/ wireless internet access.

Specialized Facility Detail

- Guest can pick up e-mail and access the Internet from a Business Center workstation.
- Business Center working areas are clean, tidy and professional.
- There are comfortable office-style chairs at the Business Center guest workstations.
- All fitness, treatment and relaxation areas are hygienic, neatly organized and

- maintained.
- Fitness equipment is clean, in very good condition, and conveniently laid out.
 - Fitness/workout area is well-ventilated, with comfortable temperature.
 - Sound system or television is provided in fitness/workout areas.
 - Towels are provided in locker and fitness areas.
 - Grooming area is equipped with hairdryers; soap and shampoo conveniently placed
 - All amenities are neatly and professionally presented, and are very hygienic.
 - Locker room, showers, sauna and hot tub are extremely clean, and hygienic in appearance.
 - Floors throughout the casino are well-maintained and free of excessive debris.
 - Air circulation in casino is adequate, not stuffy or smoky.
 - Slot banks are free of excessive debris, soiled glassware, and soiled ashtrays.
 - Slot chairs are in good condition, clean and free of rips and stains.
 - Cashier and change booths are tidy, well-organized, and well-signed.
 - Table game tops are well maintained, free of damage and wear.

★★★Three Star Hotels: Well-appointed establishment with consistent service and enhanced amenities providing travelers with an elevated level of comfort and convenience. Hotels will provide such services as, room service, fitness center and optional turndown service. Hotels will have a distinguishing style and ambience with both the public space and guest rooms. Many Hyatt, Hilton, Marriott, Westin and Fairmont hotels are established names with consistent service in the Forbes Three Star category.

A Three Star Hotel, Resort or Inn meets all the criteria expectations and all of the qualities for a Two Star Hotel, Resort or Inn plus the following characteristics:

Services Detail

- Confirmation number provided during reservation service.
- Reservationist can give clear and vivid description of hotel facility and style.
- Turndown service is available upon request.
- Valet parking is available.
- Baggage assistance is automatic.
- Same day laundry and dry cleaning available five days/week.
- Complimentary newspapers are delivered to room automatically.
- Complete room service is available.
- Workstation is available where guest can access Internet.
- Basic fitness equipment is provided, including treadmills and cycles.
- If Inn, restaurant on-site which serves full breakfast is available and one additional meal service.
- If Resort, complimentary newspapers (or newsfaxes) are delivered to room automatically.

Facilities Detail

- High quality, varied, and major brand sundry selections are available in an on-site store.
- If public phonebook present, it is displayed in attractive cover.
- Pay-per-view movies are available.
- Suite accommodations (separate bedroom and living areas) are available.

Guest Room Detail

- Each guest room has two phones (one could be in the bathroom).
- Comfortable desk and chair are available for working, complete with telephone, data port, and light.
- Guest rooms are equipped with Ethernet/ wireless internet access.
- Insulated ice bucket, vinyl or better, as well as glass glassware; clean and hygienic are present in room.
- Minibar is present (defined as selection several beverages and snacks).
- If Inn, refreshments present in room or readily available
- If coffeemaker is present, ceramic mugs and napkins are available.
- Pillows are plush and full, no foam.
- Framed artwork or interesting architectural features exist in room.
- Excellent lighting is provided in bathroom for makeup and shaving.
- Hygienic soap, shampoo and four other bath amenities are provided.
- Amenities are presented attractively, thoughtfully (not simply lined up on counter).
- Towels are of absorbent quality, with soft nap and no discoloration.
- If Inn, Pay-per-view movies available or VCR/DVD is available.
- If Resort, guest room provides ample seating for more than two persons.

Specialized Facility Detail

- If Business Center is present, a semi-private working area with workstation and telephone is available for guests.
- If tennis is available on site, water is available courtside.
- If pool or beach service is present, ample towels are available poolside or at the beach.
- Pro shop/clubhouse interiors are clean and well-maintained; displays and counters neat and tidy.
- Pro shop/clubhouse and surrounding areas are clean with well-maintained appearance.
- Golf carts are clean, well-organized and maintained.
- Rental equipment is clean and good condition, including bags.

Forbes Four and Five Star Criteria and Expectations

At the Forbes Four and Five Star level, both a facility inspection and service evaluation will be performed. For each property, more than 750 criteria including cleanliness, physical facilities and employee attitude and courtesy, are measured and evaluated to produce a mathematically derived score. At the Forbes Four and Five Star level, 25% of the overall score is based on the facility inspection and 75% is based on the service evaluation.

"Service" can seem pretty subjective, but the staff at Forbes Travel Guide use strict standards and a good stopwatch to make their findings as accurate and objective as possible. For hotel ratings, inspectors spend three days and two nights at the hotel, interacting with staff, ordering room service, working out in the fitness center, making requests with the concierge, dining in the restaurants and taking advantage of other services that a standard guest would encounter.

Inspectors respond "yes" or "no" to standards that are classified in a way that assess efficiency, graciousness and warmth, technical skill level as well as food quality,

housekeeping and concierge services, to name a few. For every "no" answer, a hotel loses one point, and there's very little grey area. For example, upon arrival, luggage is delivered to the guest's room in 10 minutes or guests are always asked permission before being placed on or into a recording. It either happens or it doesn't, there's no middle ground. Inspectors also write pages of commentary during the evaluations.

The Forbes Four and Five Star Hotel Incognito Service Evaluation

The hotel service evaluation is based on a three-day, two-night stay. The following categories are evaluated during the stay by the Forbes incognito inspector:

- Reservations
- Arrival
- Departure
- Communications (PBX Operator)
- Room Service (Dinner)
- Breakfast Service (in Restaurant)
- Bar/Lounge Service
- Housekeeping Daily Service
- Housekeeping Request and Turndown Service
- Laundry Service
- Business Center (if applicable)
- Guest Services/Concierge (by phone and in-person)
- Guest Room Conditions
- Public Area Conditions
- Fitness Room (if applicable)
- Pool/Beach Service (if applicable)
- Casino (if applicable)

Within each category, questions are "tagged" for certain qualities/classifications.

Classifications:

- Courtesy/Manners
- Graciousness/thoughtfulness *and* sense of personalized service
- Efficiency
- Guest comfort & convenience
- Luxury
- Technical execution skill and knowledge
- Staff appearance
- Food quality
- Cleanliness & condition

Sample Service Questions from Hotel Incognito Evaluation

Note: All questions are answered with a YES or NO and then allow for comments/remarks from the inspector. Also, each question has the applicable *classification* tag in parentheses following the statement.

Reservations

Reservations agent can readily describe variety of rates and types; effectively enabling choice. (Technical execution, skill & knowledge)

Staff exhibits the ability to anticipate needs; not always requiring prompting by guest. (Graciousness/thoughtfulness and sense of personalized service)

Arrival

Arriving guests are greeted and assisted curbside within sixty seconds of arriving by car or taxi. Exactly how long did it take? (Efficiency) *Note: inspectors carry recorders that can not only measure this particular exercise but the entire arrival process.*

Orientation to the hotel is discreet and helpful, consisting of not more than four relevant and important facts, but not delaying guests' arrival to room. (Guest comfort and convenience)

Guest Services/Concierge

Staff maintains alert posture; no hands in pockets, folded arms; Staff avoids excessive personal chatting amongst themselves; Staff does not smoke, drink or eat in guest view. (Staff appearance)

When asked about restaurant recommendations, staff mentions at least three appropriate options; describing cuisine, atmosphere and anticipates transportation and dress code. (Technical execution skill and knowledge)

Guest Room Conditions

Would you describe the bed to be plush and inviting? Linens of exceptional quality and comfort? Use of oversized or numerous pillows? Bedcovers elegant and stylish? (Sense of luxury)

Would you describe this room as being extremely well maintained? (nothing broken, worn, damaged, slow plumbing etc.) (Cleanliness and condition)

Room Service

Staff is extremely well spoken, polite and clear, avoiding slang and phrase- fragments. (Courtesy/manners).

Hot foods are hot when served (not warm); frozen items are firm at the time of consumption (desserts adequately protected or offered as second course delivery). (Food quality)

Forbes Four Star Criteria

★★★★Four Star Hotels: Outstanding establishment in a distinctive setting that provides travelers with exceptional service and a luxury experience. Service and amenities are refined and sophisticated and may include automatic turndown service, valet parking and 24-hour room service. Ritz-Carlton, Mandarin Oriental and Four Seasons are prominent names in the Forbes Four Star category, known for personalized service and hospitality, in addition to luxurious accommodations. Other notable Forbes Four Stars include the Post Ranch Inn, Canoe Bay and the Windsor Court Hotel.

A Four Star Hotel, Resort or Inn meets all the criteria expectations and all of the qualities for a Three Star Hotel, Resort or Inn plus the following characteristics:

Services Detail

- Written confirmation is automatic or offered, either by mail, fax or e-mail.

- Written confirmation is personalized, professional and accurate; it reflects the style and image of the property.
- Guests name is used effectively, but discreetly, as a signal of recognition.
- The time from arriving at the reception area until registration is complete does not exceed five minutes (includes queuing).
- Bed is plush and inviting with oversized or numerous pillows.
- Bedcovers are elegant and stylish and with linens of exceptional quality and comfort.
- All written information is provided on good quality paper or pads, custom-printed or logoed.
- Bathroom presentation and placement of amenities and linens is thoughtful, careful, and elegant.
- Fresh ice is provided during evening service or at another time during the day.
- Turndown service is automatically provided.
- During turndown service, guest clothing is neatly handled and guest toiletries are neatly arranged and displayed on a cloth or shelf.
- Room service is delivered within 30 minutes.
- Room service order is delivered within five minutes of quoted time.
- One hour pressing is available.
- If resort, two hour pressing available
- Same day laundry and dry cleaning is available seven days/week.
- Staff arrives in guest room to pick up clothing within ten minutes of placing request.
- Wake-up call is personalized with guest's name and time of day.
- Wake-up call is delivered within two minutes of requested time.
- Wine by the glass service will include an offer of a tasting sample.
- Special service desk identified as concierge/guest service is situated apart from reception/front desk.
- The final bill is offered to guest for review prior to printing final receipt.
- If Inn, choice of at least two complimentary newspapers are offered on-site.
- If Inn, restaurant on site serving a full breakfast plus two additional meal services.
- If casino services are present, when playing slots for more than 20 minutes, drink service is offered.
- If casino services are present, when playing a table game for more than 15 minutes, drink service is offered.

Facilities Detail

- Lobby areas feature elegant live plants and/or fresh floral displays.
- A dedicated and secure luggage storage area is available.
- Public phones are equipped with seats, privacy panels and pad/pens.
- Public washrooms are furnished with upgraded materials and appointments/luxurious design.
- Televisions feature premium cable or satellite television.
- Guest room telephones have two lines.

Guest Room Detail

- Selection of at least 10 hangers including a variety of bars, clips and padded.
- Closet is very well lit and generously spacious.
- In-room safe is present.
- If Inn, in-room safe is present or readily accessible on-site.

- Minibar is present, is non auto-charge, and premium products are attractively displayed.
- Bed is triple sheeted or features washable duvets.
- Live plants are present in guest rooms.
- Shaving/makeup, lighted magnifying mirror is present.
- Double sinks or separate vanity counter are present in the bathroom.
- Ample cosmetic and toiletry storage space exists for two persons.
- Hygienic soap, shampoo and five other bath amenities are provided.
- Bathroom amenities will be exceptionally luxurious in quality and variety.
- One robe per guest is provided; plus additional towels in the bathroom.
- Luxurious bath linens, oversized towels and a bath rug are all present in the bathroom, no plastic shower curtains.

Specialized Facility Detail

- Fitness equipment is available with personal headphones/televisions
- Current newspapers and national-title magazines are provided in fitness and locker areas.

Forbes Five Star Criteria

★★★★★Five Star Hotels: Exceptionally distinctive luxury environment offering consistently superlative, personalized service and the ultimate in amenities, make these hotels and inns the best in the U.S. and Canada. Attention to detail and the anticipation of every need are evident throughout this exclusive group of hotels. These hotels are remarkable in every aspect from the plush and elegant guest room design to the unforgettable culinary experiences. The Forbes Five Star category includes such properties as the Peninsula Beverly Hills, the Four Seasons Hotel Chicago, the Ritz-Carlton San Francisco and the Mandarin Oriental New York.

A Five Star Hotel, Resort or Inn meets all the criteria expectations and all of the qualities for a Four Star Hotel, Resort or Inn plus the following characteristics:

Services Detail

- Staff is extremely well spoken, polite and clear, avoids slang and phrase-fragments.
- Staff is extremely well informed about requirements within their department.
- Overall service is flawless from initial reservation call to departure service.
- Guests are offered an escort to their rooms unless they specifically decline.
- Choice of at least two complimentary newspapers is offered and distributed.
- Welcome gift or amenity provided by management during the visit.
- Twenty-four hour room service is available, including hot food.
- Wine by the glass is presented in bottle and poured in room, for room service.
- During turndown service, something noteworthy and thoughtful is included in the presentation.
- At least two types of premium quality snacks are automatically offered and distinctly presented during bar and lounge service.

- All mixed drinks are presented with modified or full club service.
- Any work undertaken by the staff is handled with complete professionalism, and returned to guests neatly, in folders or envelopes.
- If Inn, restaurant on site serving a full breakfast and dinner plus one additional meal service.
- If pool service is available, guests are proactively greeted and escorted to their chairs, and set-up assistance is provided or offered.
- If pool service is available, during a 90 minute period and in warm conditions, some sort of complimentary refreshment is offered (for example, mineral water, fresh fruit, water spritz).

Facilities Detail

- Public washrooms feature well-maintained cloth towels, fresh plants or flowers.

Guest Room Detail

- Guest bathroom is equipped with a telephone.
- CD player/stereo is present and functional.
- Ice bucket and glasses are high quality (glass, metal, stone etc.), with tongs which are clean and hygienic.
- Fresh flowers are present in guest rooms.
- Separate showers are present in bathroom.

Tomorrow

Subject: Tomorrow
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 12 Oct 2010 04:39:05 -0000
To: Greg Blodgett <>

Greg,

We have been working very hard on our proposed site plans. We are not ready however to show you anything as of yet.

We'd like to postpone our meeting tomorrow until next week. We will be ready to submit a full package next week.

Sorry for the last minute change.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: matthew.reid.ca

RE: Tomorrow

Subject: RE: Tomorrow
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 12 Oct 2010 16:01:23 -0000
To: Greg Blodgett <>

Yes, I'll give you some numbers later today....

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca

matt.reid@landanddesign.com

-----Original Message-----

From: Greg Blodgett [<mailto:greg1@ci.garden-grove.ca.us>]
Sent: Tuesday, October 12, 2010 8:47 AM
To: matt.reid
Subject: Re: Tomorrow

Any change to the adr or total room count

----- Original Message -----

From: Matthew Reid <matt.reid@landanddesign.com>
To: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Sent: Mon Oct 11 21:39:05 2010
Subject: Tomorrow

Greg,

We have been working very hard on our proposed site plans. We are not ready however to show you anything as of yet.

We'd like to postpone our meeting tomorrow until next week. We will be ready to submit a full package next week.

Sorry for the last minute change.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: matthew.reid.ca

RE: Tomorrow

Subject: RE: Tomorrow
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Sun, 17 Oct 2010 21:31:33 -0000
To: Greg Blodgett <>

Thank you!!

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca

matt.reid@landanddesign.com

-----Original Message-----

From: Greg Blodgett [<mailto:greg1@ci.garden-grove.ca.us>]
Sent: Sunday, October 17, 2010 2:30 PM
To: Matthew Reid
Cc: Greg Blodgett
Subject: RE: Tomorrow

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>
Sent: Tue, 10/12/2010 9:01am
To: "'Greg Blodgett'" <greg1@ci.garden-grove.ca.us>
Subject: RE: Tomorrow

Yes, I'll give you some numbers later today....

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors SUSTAINABLE STRATEGIES
| SUSTAINABLE INTEGRATION 8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct Skype -
matthew.reid.ca

matt.reid@landanddesign.com

-----Original Message-----

From: Greg Blodgett [<mailto:greg1@ci.garden-grove.ca.us>]
Sent: Tuesday, October 12, 2010 8:47 AM
To: matt.reid
Subject: Re: Tomorrow

Any change to the adr or total room count

RE: Tomorrow

----- Original Message -----

From: Matthew Reid <matt.reid@landanddesign.com>

To: Greg Blodgett <gregl@ci.garden-grove.ca.us>

Sent: Mon Oct 11 21:39:05 2010

Subject: Tomorrow

Greg,

We have been working very hard on our proposed site plans. We are not ready however to show you anything as of yet.

We'd like to postpone our meeting tomorrow until next week. We will be ready to submit a full package next week.

Sorry for the last minute change.

Sent from my iPhone

Matthew Reid

858.735.1858 direct

Skype: matthew.reid.ca

Subject: Meeting
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 18 Oct 2010 20:04:28 -0000
To: Greg Blodgett <>

Greg,

Is there any chance to move our meeting tomorrow to the afternoon? The printing of the package may take longer than anticipated...

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Meeting

Subject: Meeting
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 18 Oct 2010 22:16:31 -0000
To: Greg Blodgett <>

Greg

We'll keep the meeting at 11am tomorrow. My other partner can't make the 3pm time.

See you at 11am.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: matthew.reid.ca

from Matthew Reid <matt.reid@landanddesign.com> ☆

subject **Site Plan**

to Greg Blodgett ☆

10/19/2010 6:17 PM

other actions ▾

Here is the site plan.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 358.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Subject: Link to PDF

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Wed, 20 Oct 2010 17:58:34 -0000

To: Greg Blodgett <>, 'Paul Guerrero' <paulg@ci.garden-grove.ca.us>

Here is a link to the PDF package of our proposal.

files.me.com/matthew.reid/tq8gfi

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

Subject: RE: Link to PDF
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Thu, 21 Oct 2010 00:02:59 -0000
To: Greg Blodgett <>

Working on it now.....probably send later tonight.

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca
matt.reid@landanddesign.com

From: Greg Blodgett [mailto:greg1@ci.garden-grove.ca.us]
Sent: Wednesday, October 20, 2010 4:30 PM
To: Matthew Reid
Subject: RE: Link to PDF

do you have a chance to complete the proforma

From: "Matthew Reid" <matt.reid@landanddesign.com>
Sent: Wed, 10/20/2010 10:58am
To: "'Greg Blodgett'" <greg1@ci.garden-grove.ca.us> ; "'Paul Guerrero'" <paulg@ci.garden-grove.ca.us>
Subject: Link to PDF

Here is a link to the PDF package of our proposal.

files.me.com/matthew.reid/tq8gfi

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca
matt.reid@landanddesign.com

from **Matthew Reid** <matt.reid@landanddesign.com> ☆

subject **Proforma**

to **Greg Blodgett** ☆, 'Paul Guerrero' <paulg@ci.garden-grove.ca.us> ☆

cc drose3@charter.net <drose3@charter.net> ☆

10/20/2010 10:16 PM

[other actions](#) ▾

Greg,

Here is the revised proforma as promised. Let me know if you have any questions.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

matt.reid@landanddesign.com

CONTENTS

TAB 2 FINANCIAL PROFORMA
(FURNISHED UNDER SEPARATE COVER)

International WEST

GARDEN GROVE • CALIFORNIA



Land & Design, Inc.



Project Name UPPER UPSCALE HOTEL / GARDEN GROVE, CA
Location GARDEN GROVE, CA

Construction Start Q2, 2011
Construction Completion Q4, 2012

Investment Summary:

	Base Assumptions
No. of rooms (Full Service)	360
No. of rooms (Limited Service #1)	102
No. of rooms (Limited Service #2)	119
Total GSF (Full)	241,933
Total GSF (Limited #1)	72,652
Total GSF (Limited #2)	82,596

Development Cost Budgets (FULL)		per key	per sq. ft	
Land Cost / City contribution	0	-	-	0%
Off-site improvements	0	-	-	0%
Parking Structures (by city)	0	-	-	0%
Construction Costs	57,058,149	158,495	235.84	70%
FF&E OS&E IT Signage	13,409,981	37,250	55.43	16%
Soft Costs	6,212,199	17,256	25.68	8%
Financing Costs	1,500,000	4,167	6.20	2%
Development Contingency	814,000	2,261	3.36	1%
Development Fee	2,443,000	6,786	10.10	3%
Full Service Total.....	81,437,328	226,215	336.61	100%

Development Cost Budgets (LIMITED #1)		per key	per sq. ft	
Land Cost / City contribution	0	-	-	0%
Off-site improvements	0	-	-	0%
Parking Structures (by city)	0	-	-	0%
Construction Costs	11,980,954	117,460	164.91	73%
FF&E OS&E IT Signage	1,364,000	13,373	18.77	8%
Soft Costs	2,000,140	19,609	27.53	12%
Financing Costs	400,000	3,922	5.51	2%
Development Contingency	160,000	1,569	2.20	1%
Development Fee	476,000	4,667	6.55	3%
Limited/Select Service #1 Total.....	16,381,094	160,599	225.47	100%

Development Cost Budgets (LIMITED #2)		per key	per sq. ft	
Land Cost / City contribution	0	-	-	0%
Off-site improvements	0	-	-	0%
Parking Structures (by city)	0	-	-	0%
Construction Costs	13,440,137	112,942	162.72	72%
FF&E OS&E IT Signage	1,710,800	14,376	20.71	9%
Soft Costs	2,221,891	18,671	26.90	12%
Financing Costs	600,000	5,042	7.26	3%
Development Contingency	187,000	1,571	2.26	1%
Development Fee	558,000	4,689	6.76	3%
Limited/Select Service #2 Total.....	18,717,828	157,293	226.62	100%

TOTAL BUDGETED DEVELOPMENT COST 116,536,250

HOTEL SPACE SUMMARY FULL SERVICE HOTEL

PUBLIC SPACE	NSF
Lobby	3,200
Bar and Lounge	3,700
Restaurant	6,800
Private Dining Room	800
Public Restrooms	1,660
Main Ballroom	14,400
Junior Ballroom	0
Meeting Rooms (3)	0
Board Room	390
Prefunction	0
Fitness	1,312
Pool / Whirlpool (outdoor)	0
Pool/Toilets/Mechanical	450
Spa	750
Subtotal Public Space	33,462

GROSS SF SUMMARY	
Level 1 & 2 Public/BOH	58,481
Level 3	15,288
Level 4	15,288
Level 5-14 (15,540 x 10)	152,876
TOTAL	241,933

GUESTROOMS	sf	#
King Room	364.5	150
Executive King Room	525	28
Queen/Queen Room	405	162
Suite	760	20
		360
Guestroom NSF		150,185
Stairs, Elevators, Shafts, HK, Storage		33267
Total GSF Guestroom		183,452

Guestroom NSF/Key..... 417

GUESTROOMS PER FLOOR	
	30
TOTAL GUESTROOMS	360

BACK OF HOUSE AREAS	NSF
Front Desk (in lobby)	0
Front Office / Administration	1,500
Luggage Storage	250
Bar Back of House	425
Kitchen	3,500
Pantry	200
Function Storage	1,894
Recycling	456
Receiving	1,150
Employee Facilities / Dining	800
Maintenance	500
General Storage	330
Housekeeping/Linen	840
Dirty Linen	360
Loading Dock (outdoor)	0
Receiving Office	100
Uniforms	300
Mechanical / Electrical	994
Subtotal BOH	13,599
Circulation and net to gross	11,420
TOTAL GSF - Public/BOH	58,481

PARKING	CARS
0.8 cars/room	288
10/1000 for Ballrooms	144
	432

TOTAL RETAIL SUMMARY
Total SF Retail..... 21,000

	GSF	GSF/KEY
Hotel Public / Back of House	58,481	162
Hotel Guestrooms	183,452	510
TOTAL HOTEL	241,933	672

HOTEL SPACE SUMMARY LIMITED/SELECT SERVICE HOTEL - #1

PUBLIC SPACE	NSF
Lobby	1,800
Bar and Lounge	650
Restaurant	0
Private Dining Rooms (2)	0
Public Restrooms	850
Main Ballroom	0
Junior Ballroom	0
Meeting Room	600
Board Room	40
Prefunction	0
Fitness	800
Pool / Whirlpool (outdoor)	0
Pool/Toilets/Mechanical	330
Spa	0
Subtotal Public Space.....	5,070

GROSS SF SUMMARY	
Level 1.....	13,152
Level 2.....	8,500
Level 3.....	8,500
Level 4 - 8.....	42,500
TOTAL.....	72,652

GUESTROOMS PER FLOOR.....	16
TOTAL GUESTROOMS.....	102

GUESTROOMS	sf	#
King Room.....	320	35
Executive King Room.....	420	8
Queen/Queen Room.....	360	58
Suite.....	550	1
TOTAL.....	102	102
TOTAL.....	35,990	35,990

Guestroom NSF/Key..... 583

BACK OF HOUSE AREAS	NSF
Front Desk (in lobby)	0
Front Office / Administration	500
Luggage Storage	0
Bar Back of House	350
Kitchen	0
Pantry	400
Function Storage	0
Recycling	0
Receiving	500
Employee Facilities / Dining	0
Maintenance	660
General Storage	330
Housekeeping/Linen	600
Dirty Linen	360
Loading Dock (outdoor)	0
Receiving Office	182
Uniforms	300
Mechanical / Electrical	400
Subtotal BOH.....	4,582
Circulation and net to gross	3,500
TOTAL GSF - Public/BOH.....	13,152

PARKING	CARS
0.8 cars/room.....	82
10/2000 for Public.....	25
TOTAL.....	107

	GSF	GSF/KEY
Hotel Public / Back of House	13,152	129
Hotel Guestrooms	59,500	583
TOTAL HOTEL	72,652	712

HOTEL SPACE SUMMARY LIMITED/SELECT SERVICE HOTEL - #2

PUBLIC SPACE	NSF
Lobby	1,800
Bar and Lounge	650
Restaurant	0
Private Dining Rooms (2)	0
Public Restrooms	1,100
Main Ballroom	0
Junior Ballroom	0
Meeting Room	1,000
Board Room	0
Prefunction	0
Fitness	850
Pool / Whirlpool (outdoor)	0
Pool/Toilets/Mechanical	330
Spa	0
Subtotal Public Space	5,730

GROSS SF SUMMARY	
Level 1	16,096
Level 2	9,500
Level 3	9,500
Level 4 - 8	47,500
TOTAL	82,596

GUESTROOMS	sf	#
King Room	318	37
Executive King Room	430	5
Queen/Queen Room	362	75
Suite	600	2
		119
TOTAL		42,266

Guestroom NSF/Key 559

GUESTROOMS PER FLOOR	
	17
TOTAL GUESTROOMS	119

BACK OF HOUSE AREAS	NSF
Front Desk (in lobby)	500
Front Office / Administration	0
Luggage Storage	250
Bar Back of House	350
Kitchen	0
Pantry	400
Function Storage	200
Recycling	0
Receiving	600
Employee Facilities / Dining	0
Maintenance	660
General Storage	330
Housekeeping/Linen	600
Dirty Linen	360
Loading Dock (outdoor)	0
Receiving Office	182
Uniforms	300
Mechanical / Electrical	400
Subtotal BOH	5,132
Circulation and net to gross	5,234
TOTAL GSF - Public/BOH	16,096

PARKING	CARS
0.8 cars/room	95
10/2000 for Public	29
TOTAL	124

	GSF	GSF/KEY
Hotel Public / Back of House	16,096	135
Hotel Guestrooms	66,500	559
TOTAL HOTEL	82,596	694

Upper / Upscale Hotel / Garden Grove, CA
Total Project Cost Budget
FULL SERVICE HOTEL

No. of Keys	No. of Mods	Total Sq. Ft.
360	360	241,933

Construction Costs	% of Total	Per Key	Per SF	
Subtotal Site Construction		\$ 6,586	\$ 9.80	\$ 2,370,943
Parking Structure (331 Stalls) - by city CFD	0.00%	\$ -	\$ -	\$ -
Subtotal Building Shell		\$ 66,565	\$ 99.05	\$ 14,983,581
Subtotal Building Finishes		\$ 43,420	\$ 64.61	\$ 15,631,291
Subtotal Building Systems		\$ 45,026	\$ 67.00	\$ 16,209,511
Subtotal Project Indirect Costs		\$ 21,841	\$ 32.50	\$ 7,862,823
TOTAL CONSTRUCTION COSTS.....		\$ 158,495	\$ 235.84	\$ 57,058,149

FF&E and OS&E	% of Total	Per Key	Per SF	
FF&E		\$ 20,000	\$ 29.76	\$ 7,200,000
OS&E		\$ 4,500	\$ 6.70	\$ 1,620,000
FF&E Restaurant (in Allow below)				
OS&E Restaurant (in Allow below)				
IT/Telephone, Point of Sales, etc. (No, Security)		\$ 4,000	\$ 5.95	\$ 1,440,000
Rest/Bar/Lounge TI Allow		\$ 3,696	\$ 5.50	\$ 1,330,632
Spa TI Allowance		\$ 1,512	\$ 2.25	\$ 544,349
Kitchen Equipment- Excludes Restaurant		\$ 2,778	\$ 4.13	\$ 1,000,000
Laundry Equipment		\$ 181	\$ 0.27	\$ 65,000
		\$ 347	\$ 0.52	\$ 125,000
Model Guestroom Model Allowance		\$ 236	\$ 0.35	\$ 85,000
TOTAL FFE & OSE COSTS.....		\$ 37,250	\$ 55.43	\$ 13,409,981

Soft Costs	% of Total	Per Key	Per SF	
Pre-Opening Expenses (Excluded)		\$ -	\$ -	\$ -
Design Costs / Consultant Fees	6.19%	\$ 9,812	\$ 14.60	\$ 3,532,222
Hospitality Consultant	0.98%	\$ 1,546	\$ 2.30	\$ 556,446
Permits/Fees (Estimated)	2.97%	\$ 4,704	\$ 7.00	\$ 1,693,531
Appraisal / Market Study		\$ 56	\$ 0.08	\$ 20,000
General Expenses		\$ 69	\$ 0.10	\$ 25,000
Environmental Consultants		\$ 56	\$ 0.08	\$ 20,000
Legal Fees		\$ 278	\$ 0.41	\$ 100,000
Survey for Title		\$ 42	\$ 0.06	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 28	\$ 0.04	\$ 10,000
Legal (Lender)		\$ 208	\$ 0.31	\$ 75,000
Deed Tax		\$ 28	\$ 0.04	\$ 10,000
Mortgage Registration		\$ 208	\$ 0.31	\$ 75,000
Title Insurance		\$ 69	\$ 0.10	\$ 25,000
Recording Fees		\$ 28	\$ 0.04	\$ 10,000
Inspection		\$ 125	\$ 0.19	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 4,167	\$ 6.20	\$ 1,500,000
Development Fee	3.00%	\$ 6,786	\$ 10.10	\$ 2,443,000
Development Contingency	1.00%	\$ 2,261	\$ 3.36	\$ 814,000
Land Cost	Contributed by Garden Grove	\$ -	\$ -	\$ -
Off-site improvements	Contributed by Garden Grove	\$ -	\$ -	\$ -
TOTAL SOFT COSTS.....		\$ 30,470	\$ 45.34	\$ 10,969,199
Total Development Costs		\$ 226,215	\$ 336.61	\$ 81,437,328

Limited Service Hotel / Garden Grove, CA
Total Project Cost Budget
LIMITED/SELECT SERVE HOTEL #1

No. of Keys	No. of Mods	Total Sq. Ft.
102	102	72,652

Construction Costs	% of Total	Per Key	Per SF	
Subtotal Site Construction		\$ 5,634	\$ 7.91	\$ 574,677
Parking Structure (164 Stalls) - by city CFD	0.00%	\$ -	\$ -	\$ -
Subtotal Building Shell		\$ 33,975	\$ 47.70	\$ 2,669,874
Subtotal Building Finishes		\$ 25,464	\$ 35.75	\$ 2,597,309
Subtotal Building Systems		\$ 39,887	\$ 56.00	\$ 4,068,512
Subtotal Project Indirect Costs		\$ 20,300	\$ 28.50	\$ 2,070,582
TOTAL CONSTRUCTION COSTS.....		\$ 117,460	\$ 164.91	\$ 11,980,954

FF&E and OS&E	% of Total	Per Key	Per SF	
FF&E		\$ 8,000	\$ 11.23	\$ 816,000
OS&E		\$ 2,000	\$ 2.81	\$ 204,000
FF&E Restaurant (in Allow below)				
OS&E Restaurant (in Allow below)				
IT/Telephone, Point of Sales, etc. (No, Security)		\$ 2,000	\$ 2.81	\$ 204,000
Rest/Bar/Lounge TI Allow		\$ -	\$ -	\$ -
Spa TI Allowance		\$ -	\$ -	\$ -
Kitchen Equipment- Excludes Restaurant		\$ -	\$ -	\$ -
Laundry Equipment		\$ 392	\$ 0.55	\$ 40,000
		\$ 735	\$ 1.03	\$ 75,000
Model Guestroom Model Allowance		\$ 245	\$ 0.34	\$ 25,000
TOTAL FFE & OSE COSTS.....		\$ 13,373	\$ 18.77	\$ 1,364,000

Soft Costs	% of Total	Per Key	Per SF	
Pre-Opening Expenses (Excluded)		\$ -	\$ -	\$ -
Design Costs / Consultant Fees	7.88%	\$ 9,260	\$ 13.00	\$ 944,476
Hospitality Consultant	1.39%	\$ 1,638	\$ 2.30	\$ 167,100
Permits/Fees (Estimated)	4.24%	\$ 4,986	\$ 7.00	\$ 508,564
Appraisal / Market Study		\$ 196	\$ 0.28	\$ 20,000
General Expenses		\$ 245	\$ 0.34	\$ 25,000
Environmental Consultants		\$ 196	\$ 0.28	\$ 20,000
Legal Fees		\$ 490	\$ 0.69	\$ 50,000
Survey for Title		\$ 147	\$ 0.21	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 98	\$ 0.14	\$ 10,000
Legal (Lender)		\$ 735	\$ 1.03	\$ 75,000
Deed Tax		\$ 98	\$ 0.14	\$ 10,000
Mortgage Registration		\$ 735	\$ 1.03	\$ 75,000
Title Insurance		\$ 245	\$ 0.34	\$ 25,000
Recording Fees		\$ 98	\$ 0.14	\$ 10,000
Inspection		\$ 441	\$ 0.62	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 3,922	\$ 5.51	\$ 400,000
Development Fee	2.91%	\$ 4,667	\$ 6.55	\$ 476,000
Development Contingency	0.98%	\$ 1,569	\$ 2.20	\$ 160,000
Land Cost	Contributed by Garden Grove	\$ -	\$ -	\$ -
Off-site improvements	Contributed by Garden Grove	\$ -	\$ -	\$ -
TOTAL SOFT COSTS.....		\$ 29,766	\$ 41.79	\$ 3,036,140
Total Development Costs		\$ 160,599	\$ 225.47	\$ 16,381,094

Limited Service Hotel / Garden Grove, CA
Total Project Cost Budget
LIMITED/SELECT SERVE HOTEL #2

No. of Keys	No. of Mods	Total Sq. Ft.
119	119	82,596

Construction Costs	% of Total	Per Key	Per SF	
Subtotal Site Construction		\$ 5,490	\$ 7.91	\$ 653,334
Parking Structure (164 Stalls) - by city CFD	0.00%	\$ -	\$ -	\$ -
Subtotal Building Shell		\$ 33,108	\$ 47.70	\$ 2,854,634
Subtotal Building Finishes		\$ 24,814	\$ 35.75	\$ 2,952,807
Subtotal Building Systems		\$ 38,869	\$ 56.00	\$ 4,625,376
Subtotal Project Indirect Costs		\$ 19,781	\$ 28.50	\$ 2,353,986
TOTAL CONSTRUCTION COSTS.....		\$ 112,942	\$ 162.72	\$ 13,440,137

FF&E and OS&E	% of Total	Per Key	Per SF	
FF&E		\$ 9,000	\$ 12.97	\$ 1,071,000
OS&E		\$ 2,200	\$ 3.17	\$ 261,800
FF&E Restaurant (in Allow below)				
OS&E Restaurant (in Allow below)				
IT/Telephone, Point of Sales, etc. (No, Security)		\$ 2,000	\$ 2.88	\$ 238,000
Rest/Bar/Lounge TI Allow		\$ -	\$ -	\$ -
Spa TI Allowance		\$ -	\$ -	\$ -
Kitchen Equipment- Excludes Restaurant		\$ -	\$ -	\$ -
Laundry Equipment		\$ 336	\$ 0.48	\$ 40,000
		\$ 630	\$ 0.91	\$ 75,000
Model Guestroom Model Allowance		\$ 210	\$ 0.30	\$ 25,000
TOTAL FFE & OSE COSTS.....		\$ 14,376	\$ 20.71	\$ 1,710,800

Soft Costs	% of Total	Per Key	Per SF	
Pre-Opening Expenses (Excluded)		\$ -	\$ -	\$ -
Design Costs / Consultant Fees	7.99%	\$ 9,023	\$ 13.00	\$ 1,073,748
Hospitality Consultant	1.41%	\$ 1,596	\$ 2.30	\$ 189,971
Permits/Fees (Estimated)	4.30%	\$ 4,859	\$ 7.00	\$ 578,172
Appraisal / Market Study		\$ 168	\$ 0.24	\$ 20,000
General Expenses		\$ 210	\$ 0.30	\$ 25,000
Environmental Consultants		\$ 168	\$ 0.24	\$ 20,000
Legal Fees		\$ 420	\$ 0.61	\$ 50,000
Survey for Title		\$ 126	\$ 0.18	\$ 15,000
Real Estate Taxes (waived by City during Dev)		\$ -	\$ -	\$ -
Soil Test		\$ 84	\$ 0.12	\$ 10,000
Legal (Lender)		\$ 630	\$ 0.91	\$ 75,000
Deed Tax		\$ 84	\$ 0.12	\$ 10,000
Mortgage Registration		\$ 630	\$ 0.91	\$ 75,000
Title Insurance		\$ 210	\$ 0.30	\$ 25,000
Recording Fees		\$ 84	\$ 0.12	\$ 10,000
Inspection		\$ 378	\$ 0.54	\$ 45,000
Infrastructure Assessment Fee		\$ -	\$ -	\$ -
Construction Miniperm Fee and Interest Carry		\$ 5,042	\$ 7.26	\$ 600,000
Development Fee	2.98%	\$ 4,689	\$ 6.76	\$ 558,000
Development Contingency	1.00%	\$ 1,571	\$ 2.26	\$ 187,000
Land Cost	Contributed by Garden Grove		\$ -	\$ -
Off-site improvements	Contributed by Garden Grove		\$ -	\$ -
TOTAL SOFT COSTS.....		\$ 29,974	\$ 43.18	\$ 3,566,891
Total Development Costs		\$ 157,293	\$ 226.62	\$ 18,717,828

FULL SERVICE

Assumptions:

	2017 YR 5	2018 YR 6	2019 YR 7	2020 YR 8
Days open	365	365	365	365
No. of rooms	360	360	360	360
Room Nights available	131,400	131,400	131,400	131,400
Occupancy	70%	70%	70%	70%
Room Nights Sold	91,980	91,980	91,980	91,980
Average Daily Rate	169.74	174.84	180.08	185.48
RevPAR	118.82	122.39	126.06	129.84

	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
Revenues												
Rooms	15,613,053	65.8%	43,370	169.74	16,081,445	65.8%	44,671	174.84	17,060,805	65.8%	47,391	185.48
F&B	6,635,548	28.0%	18,432	72.14	6,834,614	28.0%	18,985	74.31	7,250,842	28.0%	20,141	78.83
Telecommunications	341,536	1.4%	949	3.71	351,782	1.4%	977	3.82	373,205	1.4%	1,037	4.06
Spa	509,232	2.1%	1,415	5.54	524,509	2.1%	1,457	5.70	556,452	2.1%	1,546	6.05
Other	634,280	2.7%	1,762	6.90	653,309	2.7%	1,815	7.10	693,095	2.7%	1,925	7.54
Total Revenues	23,733,649	100.0%	65,927	258.03	24,445,658	100.0%	67,905	265.77	25,934,399	100.0%	72,040	281.96
Direct Expenses												
Rooms	3,591,002	23.0%	9,975	42.70	3,698,732	23.0%	10,274	43.98	3,923,985	23.0%	10,900	46.66
F&B	5,175,727	78.0%	14,377	61.55	5,330,999	78.0%	14,808	63.39	5,490,929	78.0%	15,253	65.29
Telecommunications	344,951	101.0%	958	4.10	355,299	101.0%	987	4.22	365,958	101.0%	1,017	4.35
Spa	381,924	75.0%	1,061	4.54	393,382	75.0%	1,093	4.68	405,183	75.0%	1,126	4.96
Other	272,741	43.0%	758	3.24	280,923	43.0%	780	3.34	289,350	43.0%	804	3.44
Total Direct Expenses	9,766,345	41.1%	27,129	116.13	10,069,335	41.1%	27,943	119.62	10,361,115	41.1%	28,781	123.21
HOTEL PROFIT	13,967,304	58.9%	38,798	141.90	14,386,323	58.9%	39,962	146.15	15,262,450	58.9%	42,396	155.05

Undistributed Operating Expenses

Administrative and General	1,661,355	7.0%	4,615	18.06	1,711,196	7.0%	4,753	18.60	1,762,532	7.0%	4,896	19.16
Marketing	1,424,019	6.0%	3,956	15.48	1,466,739	6.0%	4,074	15.95	1,510,742	6.0%	4,197	16.42
Franchise Fees	1,376,552	5.8%	3,824	14.97	1,417,848	5.8%	3,938	15.41	1,460,384	5.8%	4,057	15.88
Banquet Sales	237,336	1.0%	659	2.58	244,457	1.0%	679	2.66	251,790	1.0%	699	2.74
Property Ops & Maintenance	878,145	3.7%	2,439	9.55	904,489	3.7%	2,512	9.83	931,624	3.7%	2,588	10.13
Utilities	830,678	3.5%	2,307	9.03	855,598	3.5%	2,377	9.30	881,266	3.5%	2,448	9.58
Total Undistributed Operating Expenses	6,408,085	27.0%	17,800	69.67	6,600,328	27.0%	18,334	71.76	6,798,337	27.0%	18,884	73.91
Gross Operating Profit	7,559,219	31.9%	20,998	82.18	7,785,995	31.9%	21,628	84.65	8,019,575	31.9%	22,277	87.19

Fixed Expense

Management Fee	712,009	3.0%	1,978	7.74	733,370	3.0%	2,037	7.97	755,371	3.0%	2,098	8.98
Property Taxes (1.01% of improvements)	822,517	3.5%	2,285	8.94	822,517	3.4%	2,285	8.94	847,193	3.4%	2,353	10.07
FFE & Capital Reserve	593,341	2.5%	1,648	6.45	611,141	2.5%	1,698	6.64	629,476	2.5%	1,749	6.84
Insurance	308,537	1.3%	857	3.35	317,794	1.3%	883	3.46	327,327	1.3%	909	3.56
Total Fixed Expenses	2,436,405	10.3%	6,768	26.49	2,484,822	10.2%	6,902	27.01	2,559,366	10.2%	7,109	27.83
NET OPERATING INCOME	5,122,814	21.6%	14,230	55.69	5,301,173	21.7%	14,725	57.63	5,460,209	21.7%	15,167	59.36

Restaurant Rent (NET)

Hotel Tax Rebate 80%	393,928				405,746				417,918			
Property Tax Rebate 70%	1,623,758				1,672,470				1,722,644			
	575,762				575,762				575,762			

CASH FLOW FROM OPERATIONS

Debt Service	4,834,890	20.4%	13,430	57.49	4,834,890	19.8%	13,430	57.49	4,834,890	19.2%	13,430	57.49
NOI AFTER DEBT SERVICE	2,881,371	12.1%	8,004	34.26	3,120,262	12.8%	8,667	37.10	3,341,644	13.3%	9,282	39.74
CASH FLOW FROM OPERATIONS	7,716,261	32.5%	21,434	83.89	7,955,152	32.5%	22,098	86.49	8,176,533	32.5%	22,713	88.89

					430,456				430,456			
					1,774,324				1,774,324			
					610,826				610,826			
CASH FLOW FROM OPERATIONS	8,439,620	32.5%	23,443	91.75	8,439,620	32.5%	23,443	91.75	8,439,620	32.5%	23,443	91.75
Debt Service	4,834,890	18.6%	13,430	57.49	4,834,890	18.6%	13,430	57.49	4,834,890	18.6%	13,430	57.49
NOI AFTER DEBT SERVICE	3,604,731	13.9%	10,013	42.86	3,604,731	13.9%	10,013	42.86	3,604,731	13.9%	10,013	42.86

FULL SERVICE

Assumptions:

Days open	365
No. of rooms	360
Room Nights available	131,400
Occupancy	70%
Room Nights Sold	91,980
Average Daily Rate	191.05
RevPAR	133.73

2021 YR 9	2022 YR 10	2023 YR 11
365	365	365
360	360	360
131,400	131,400	131,400
70%	70%	70%
91,980	91,980	91,980
191.05	196.78	202.68
133.73	137.75	141.88

	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
Revenues												
Rooms	17,572,629	65.8%	48,813	191.05	18,099,808	65.8%	50,277	196.78	18,642,802	65.8%	51,786	202.68
F&B	7,468,367	28.0%	20,745	81.20	7,692,418	28.0%	21,368	83.63	7,923,191	28.0%	22,009	86.14
Telecommunications	384,401	1.4%	1,068	4.18	395,933	1.4%	1,100	4.30	407,811	1.4%	1,133	4.43
Spa	573,145	2.1%	1,592	6.23	590,339	2.1%	1,640	6.42	608,050	2.1%	1,689	6.61
Other	713,888	2.7%	1,983	7.76	735,305	2.7%	2,043	7.99	757,364	2.7%	2,104	8.23
Total Revenues	26,712,430	100.0%	74,201	290.42	27,513,803	100.0%	76,427	299.13	28,339,218	100.0%	78,720	308.10
Direct Expenses												
Rooms	4,041,705	23.0%	11,227	48.06	4,162,956	23.0%	11,564	49.50	4,287,844	23.0%	11,911	50.99
F&B	5,825,326	78.0%	16,181	69.27	6,000,086	78.0%	16,667	71.35	6,180,089	78.0%	17,167	73.49
Telecommunications	388,245	101.0%	1,078	4.62	399,893	101.0%	1,111	4.76	411,889	101.0%	1,144	4.90
Spa	429,859	75.0%	1,194	5.11	442,755	75.0%	1,230	5.26	456,037	75.0%	1,267	5.42
Other	306,972	43.0%	853	3.65	316,181	43.0%	878	3.76	325,666	43.0%	905	3.87
Total Direct Expenses	10,992,107	41.1%	30,534	130.71	11,321,870	41.1%	31,450	134.63	11,661,526	41.1%	32,393	138.67
HOTEL PROFIT	15,720,323	58.9%	43,668	159.71	16,191,933	58.9%	44,978	164.50	16,677,691	58.9%	46,327	169.43
Undistributed Operating Expenses												
Administrative and General	1,869,870	7.0%	5,194	20.33	1,925,966	7.0%	5,350	20.94	1,983,745	7.0%	5,510	21.57
Marketing	1,602,746	6.0%	4,452	17.42	1,650,828	6.0%	4,586	17.95	1,700,353	6.0%	4,723	18.49
Franchise Fees	1,549,321	5.8%	4,304	16.84	1,595,801	5.8%	4,433	17.35	1,643,675	5.8%	4,566	17.87
Banquet Sales	267,124	1.0%	742	2.90	275,138	1.0%	764	2.99	283,392	1.0%	787	3.08
Property Ops & Maintenance	988,360	3.7%	2,745	10.75	1,018,011	3.7%	2,828	11.07	1,048,551	3.7%	2,913	11.40
Utilities	934,935	3.5%	2,597	10.16	962,983	3.5%	2,675	10.47	991,873	3.5%	2,755	10.78
Total Undistributed Operating Expenses	7,212,356	27.0%	20,034	78.41	7,428,727	27.0%	20,635	80.76	7,651,589	27.0%	21,254	83.19
Gross Operating Profit	8,507,967	31.9%	23,633	92.50	8,763,206	31.9%	24,342	95.27	9,026,102	31.9%	25,073	98.13
Fixed Expense												
Management Fee	801,373	3.0%	2,226	9.53	825,414	3.0%	2,293	9.82	850,177	3.0%	2,362	10.11
Property Taxes (1.01% of improvements)	898,787	3.4%	2,497	10.69	925,750	3.4%	2,572	11.01	953,523	3.4%	2,649	11.34
FFE & Capital Reserve	667,811	2.5%	1,855	7.26	687,845	2.5%	1,911	7.48	708,480	2.5%	1,968	7.70
Insurance	347,262	1.3%	965	3.78	357,679	1.3%	994	3.89	368,410	1.3%	1,023	4.01
Total Fixed Expenses	2,715,232	10.2%	7,542	29.52	2,796,689	10.2%	7,769	30.41	2,880,589	10.2%	8,002	31.32
NET OPERATING INCOME	5,792,735	21.7%	16,091	62.98	5,966,517	21.7%	16,574	64.87	6,145,513	21.7%	17,071	66.81
Restaurant Rent (NET)	443,370				456,671				470,371			
Hotel Tax Rebate 80%	1,827,553				1,882,380				1,938,851			
Property Tax Rebate 70%	629,151				648,025				667,466			
CASH FLOW FROM OPERATIONS	8,692,809	32.5%	24,147	94.51	8,953,593	32.5%	24,871	97.34	9,222,201	32.5%	25,617	100.26
Debt Service	4,834,890	18.1%	13,430	57.49	4,834,890	17.6%	13,430	57.49	4,834,890	17.1%	13,430	57.49
NOI AFTER DEBT SERVICE	3,857,919	14.4%	10,716	45.88	4,118,704	15.0%	11,441	48.98	4,387,311	15.5%	12,187	52.17

LIMITED / SELECT SERVICE #1

Assumptions:

	2021	2022	2023
	YR 9	YR 10	YR 11
Days open	365	365	365
No. of rooms	102	102	102
Room Nights available	37,230	37,230	37,230
Occupancy	72%	72%	72%
Room Nights Sold	26,806	26,806	26,806
Average Daily Rate	137.32	141.44	145.68
RevPAR	98.87	101.83	104.89

	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR	\$ Amount	%	\$ PAR	\$ POR
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Revenues												
Rooms	3,680,838	98.7%	36,087	137.32	3,791,263	98.7%	37,169	141.44	3,905,001	98.7%	38,284	145.68
F&B	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Telecommunications	16,004	0.4%	157	0.60	16,484	0.4%	162	0.61	16,978	0.4%	166	0.63
Spa	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Other	32,007	0.9%	314	1.19	32,968	0.9%	323	1.23	33,957	0.9%	333	1.27
Total Revenues	3,728,849	100.0%	36,557	139.11	3,840,715	100.0%	37,654	143.28	3,955,936	100.0%	38,784	147.58

Direct Expenses												
Rooms	993,826	27.0%	9,743	41.71	1,023,641	27.0%	10,036	42.96	1,054,350	27.0%	10,337	44.25
F&B	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Telecommunications	16,164	0.4%	158	0.68	16,649	0.4%	163	0.70	17,148	0.4%	168	0.72
Spa	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Other	12,803	0.3%	126	0.54	13,187	0.3%	129	0.55	13,583	0.3%	133	0.57
Total Direct Expenses	1,022,793	27.4%	10,027	42.93	1,053,477	27.4%	10,328	44.21	1,085,081	27.4%	10,638	45.54
HOTEL PROFIT	2,706,056	72.6%	26,530	96.18	2,787,238	72.6%	27,326	99.07	2,870,855	72.6%	28,146	102.04

Undistributed Operating Expenses												
Administrative and General	354,241	9.5%	3,473	13.22	364,868	9.5%	3,577	13.61	375,814	9.5%	3,684	14.02
Marketing	205,087	5.5%	2,011	7.65	211,239	5.5%	2,071	7.88	217,576	5.5%	2,133	8.12
Franchise Fees	149,154	4.0%	1,462	5.56	153,629	4.0%	1,506	5.73	158,237	4.0%	1,551	5.90
Banquet Sales	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Property Ops & Maintenance	186,442	5.0%	1,828	6.96	192,036	5.0%	1,883	7.16	197,797	5.0%	1,939	7.38
Utilities	231,331	6.2%	2,268	8.63	247,801	6.5%	2,429	9.24	265,445	6.7%	2,602	9.90
Total Undistributed Operating Expenses	1,126,254	30.2%	11,042	42.02	1,169,573	30.5%	11,466	43.63	1,214,869	30.7%	11,910	45.32
Gross Operating Profit	1,579,802	42.4%	15,488	58.94	1,617,665	42.1%	15,859	60.35	1,655,986	41.9%	16,235	61.78

Fixed Expense												
Management Fee	130,510	3.5%	1,280	5.48	134,425	3.5%	1,318	5.64	138,458	3.5%	1,357	5.81
Property Taxes (1.01% of improvements)	165,449	4.4%	1,622	6.94	165,449	4.3%	1,622	6.94	165,449	4.2%	1,622	6.94
FFE & Capital Reserve	37,288	1.0%	366	1.39	38,407	1.0%	377	1.43	39,559	1.0%	388	1.48
Insurance	48,475	1.3%	475	1.81	49,929	1.3%	490	1.86	51,427	1.3%	504	1.92
Total Fixed Expenses	381,722	10.2%	3,742	14.24	388,210	10.1%	3,806	14.48	394,893	10.0%	3,872	14.73
NET OPERATING INCOME	1,198,080	32.1%	11,746	44.70	1,229,455	32.0%	12,053	45.87	1,261,092	31.9%	12,364	47.05

Restaurant Rent (NET)	0				0				0			
Hotel Tax Rebate 50% - 10 years	382,807	50.0%			394,291	50.0%			406,120	50.0%		
Property Tax Rebate 100%	82,725				82,725				82,725			
CASH FLOW FROM OPERATIONS	1,663,611	44.6%	16,310	62.06	1,706,471	44.4%	16,730	63.66	1,749,937	44.2%	17,156	65.28

Debt Service	972,537	26.1%	9,535	40.82	972,537	25.3%	9,535	40.82	972,537	24.6%	9,535	40.82
NOI AFTER DEBT SERVICE	691,075	18.5%	6,775	29.00	733,934	19.1%	7,195	30.80	777,400	19.7%	7,622	32.63

LIMITED / SELECT SERVICE #2

Assumptions:

	2021	2022	2023
	YR 9	YR 10	YR 11
Days open	365	365	365
No. of rooms	102	102	102
Room Nights available	37,230	37,230	37,230
Occupancy	71%	71%	71%
Room Nights Sold	26,433	26,433	26,433
Average Daily Rate	131.35	135.29	139.34
RevPAR	93.26	96.05	98.93

	2021	2022	2023
	YR 9	YR 10	YR 11
	\$ Amount	\$ Amount	\$ Amount
	%	%	%
	\$ PAR	\$ PAR	\$ PAR
	\$ POR	\$ POR	\$ POR
Revenues			
Rooms	3,471,902	3,576,059	3,683,340
F&B	0	0	0
Telecommunications	18,412	18,964	19,533
Spa	0	0	0
Other	36,823	37,928	39,066
Total Revenues	3,527,136	3,632,951	3,741,939
Direct Expenses			
Rooms	937,413	965,536	994,502
F&B	0	0	0
Telecommunications	18,596	19,154	19,728
Spa	0	0	0
Other	14,729	15,171	15,626
Total Direct Expenses	970,738	999,861	1,029,856
HOTEL PROFIT	2,556,398	2,633,090	2,712,083
Undistributed Operating Expenses			
Administrative and General	335,078	345,130	355,484
Marketing	193,993	199,812	205,807
Franchise Fees	141,085	145,318	149,678
Banquet Sales	0	0	0
Property Ops & Maintenance	176,357	181,648	187,097
Utilities	218,817	234,396	251,085
Total Undistributed Operating Expenses	1,065,329	1,106,305	1,149,151
Gross Operating Profit	1,491,069	1,526,785	1,562,932
Fixed Expense			
Management Fee	123,450	127,153	130,968
Property Taxes (1.01% of improvements)	165,449	165,449	165,449
FFE & Capital Reserve	35,271	36,330	37,419
Insurance	45,853	47,228	48,645
Total Fixed Expenses	370,023	376,160	382,482
NET OPERATING INCOME	1,121,046	1,150,625	1,180,450
Restaurant Rent (NET)	0	0	0
Hotel Tax Rebate 50% - 10 years	361,078	371,910	383,067
Property Tax Rebate 100%	82,725	82,725	82,725
CASH FLOW FROM OPERATIONS	1,564,848	1,605,260	1,646,242
Debt Service	972,537	972,537	972,537
NOI AFTER DEBT SERVICE	592,311	632,723	673,706

	2021	2022	2023
	YR 9	YR 10	YR 11
	%	%	%
	\$ PAR	\$ PAR	\$ PAR
	\$ POR	\$ POR	\$ POR
NET OPERATING INCOME	42.3%	42.0%	41.8%
NET OPERATING INCOME	10.991	11.281	11.573
NET OPERATING INCOME	42.41	43.53	44.66
NET OPERATING INCOME	56.41	57.76	59.13
NET OPERATING INCOME	12.68	13.06	13.45
NET OPERATING INCOME	7.34	7.56	7.79
NET OPERATING INCOME	5.34	5.50	5.66
NET OPERATING INCOME	0.00	0.00	0.00
NET OPERATING INCOME	6.67	6.87	7.08
NET OPERATING INCOME	8.28	8.87	9.50
NET OPERATING INCOME	40.30	41.85	43.47
NET OPERATING INCOME	56.41	57.76	59.13
NET OPERATING INCOME	4.44	4.57	4.71
NET OPERATING INCOME	5.95	5.95	5.95
NET OPERATING INCOME	1.33	1.37	1.42
NET OPERATING INCOME	1.73	1.79	1.84
NET OPERATING INCOME	14.00	14.23	14.47
NET OPERATING INCOME	42.41	43.53	44.66
NET OPERATING INCOME	50.0%	50.0%	50.0%
NET OPERATING INCOME	82.725	82,725	82,725
NET OPERATING INCOME	44.4%	44.2%	44.0%
NET OPERATING INCOME	15.342	15,738	16,140
NET OPERATING INCOME	59.20	60.73	62.26
NET OPERATING INCOME	34.99	34.99	34.99
NET OPERATING INCOME	21.31	22.76	24.24

Subject: RE: Proforma
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Thu, 21 Oct 2010 15:42:19 -0000
To: Greg Blodgett <>

sure

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca
matt.reid@landanddesign.com

From: Greg Blodgett [mailto:greg1@ci.garden-grove.ca.us]
Sent: Thursday, October 21, 2010 8:34 AM
To: Matthew Reid
Subject: RE: Proforma

can you send florida booth from horwath a excel copy it will save here time understanding the math
fbooth@horwathhtl.com

From: "Matthew Reid" <matt.reid@landanddesign.com>
Sent: Wed, 10/20/2010 10:16pm
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us> ; "Paul Guerrero" <paulg@ci.garden-grove.ca.us>
Cc: drose3@charter.net
Subject: Proforma

Greg,
Here is the revised proforma as promised. Let me know if you have any questions.

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca
matt.reid@landanddesign.com

from Matthew Reid <matt.reid@landanddesign.com> ☆

subject RE: Proforma

to Greg Blodgett ☆

cc fbooth@horwathntl.com <fbooth@horwathntl.com> ☆

10/21/2010 9:17 AM

other actions ▾

Attached excel file.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

From: Greg Blodgett [mailto:greg1@ci.garden-grove.ca.us]

Sent: Thursday, October 21, 2010 8:34 AM

To: Matthew Reid

Subject: RE: Proforma

can you send florida booth from horwath a excel copy it will save here time understanding the math
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From: "Matthew Reid" <matt.reid@landanddesign.com>

Sent: Wed, 10/20/2010 10:16pm

To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>; "Paul Guerrero" <paulg@ci.garden-grove.ca.us>

Cc: drose3@charter.net

Subject: Proforma

Greg,

Here is the revised proforma as promised. Let me know if you have any questions.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

HOTEL SPACE SUMMARY FULL SERVICE HOTEL

PUBLIC SPACE	NSF	GROSS SF SUMMARY	sf	#	GUESTROOMS
Lobby	3,200	Level 1 & 2 Public/BOH	58,481	150	King Room
Bar and Lounge	3,700	Level 3	15,288	28	Executive King Room
Restaurant	6,800	Level 4	15,288	162	Queen/Queen Room
Private Dining Room	800	Level 5-14 (15,540 x 10)	152,876	20	Suite
Public Restrooms	1,660	TOTAL	241,933	360	Guestroom NSF
Main Ballroom	14,400				Stairs, Elevators, Shafts, HK, Storage
Junior Ballroom	0				Total GSF Guestroom
Meeting Rooms (3)	0				
Board Room	390				Guestroom NSF/Key
Prefunction	0				
Fitness	1,312				
Pool / Whirlpool (outdoor)	0	GUESTROOMS PER FLOOR	30	417	
Pool/Toilets/Mechanical	450	TOTAL GUESTROOMS	360		
Spa	750				
Subtotal Public Space	33,462				

BACK OF HOUSE AREAS	NSF	PARKING	CARS	GSF	GSF/KEY
Front Desk (in lobby)	0	0.8 cars/room	288	58,481	162
Front Office / Administration	1,500	10/1000 for Ballrooms	144	183,452	510
Luggage Storage	250				
Bar Back of House	425				
Kitchen	3,500				
Pantry	200				
Function Storage	1,894				
Recycling	456				
Receiving	1,150				
Employee Facilitieis / Dining	800				
Maintenance	500				
General Storage	330				
Housekeeping/Linen	840				
Dirty Linen	360				
Loading Dock (outdoor)	0				
Receiving Office	100				
Uniforms	300				
Mechanical / Electrical	994				
Subtotal BOH	13,599				
Circulation and net to gross	11,420				
TOTAL GSF - Public/BOH	58,481				

TOTAL RETAIL SUMMARY	Total SF Retail
	21,000

120 Days

Subject: 120 Days
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Wed, 27 Oct 2010 02:46:05 -0000
To: Greg Blodgett <>

Greg,

Give me a call in the morning to arrange for a conf call to talk about the results of tonights council meeting.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: matthew.reid.ca

Re: 120 Days

Subject: Re: 120 Days
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Wed, 27 Oct 2010 14:51:12 -0000
To: Greg Blodgett <>
CC: Dave Rose <drose3@charter.net>

Ok call me in the afternoon.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: matthew.reid.ca

On Oct 26, 2010, at 9:29 PM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

> At a conf at hyatt irvine re ucla economic forecast back after lunch
>
> ----- Original Message -----
> From: Matthew Reid <matt.reid@landanddesign.com>
> To: Greg Blodgett <greg1@ci.garden-grove.ca.us>
> Sent: Tue Oct 26 19:46:05 2010
> Subject: 120 Days
>
> Greg,
> Give me a call in the morning to arrange for a conf call to talk about
> the results of tonights council meeting.
>
> Sent from my iPhone
>
> Matthew Reid
> 858.735.1858 direct
> Skype: matthew.reid.ca

from Sherri Oslund ☆

subject **Draft letter**

to matt.reid@landanddesign.com <matt.reid@landanddesign.com> ☆

bcc Greg Blodgett ☆

11/2/2010 9:06 AM

other actions ▾

Mr. Reid, This is the draft letter Greg Blodgett spoke to you about. Please review and get back to him. Thanks

Sherri Oslund
Economic Development Department
City Of Garden Grove
shermio@ci.garden-grove.ca.us
ph 714/741-5120
fax 714/741-5136



CITY OF GARDEN GROVE
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

November 1, 2010

Draft

Matthew Reid
Land & Design Inc.
8130 La Mesa Drive #808
La Mesa, Ca 92942

Bruce A. Broadwater
Chair

Dina Nguyen
Vice Chair

William J. Dalton
Member

Andrew Do
Member

Steven R. Jones
Member

Dear Mr. Reid;

The Garden Grove Agency For Community Development (Agency) has directed staff to negotiate with Land & Design for a period of 120 days to demonstrate certain abilities and commitments to facilitate a hotel development.

A. In furtherance of the objectives of the City Community Redevelopment (the Plan), the Developer desires to redevelop Site "C" which is approximately 3.5 acres of real property in the City of Garden Grove. Site "C" is owned by the Agency located at The South East corner of Harbor Boulevard and Twin Tree Avenue (the "Site"). The Site is shown on the attached Site Map (Exhibit "A").

B. The Site is located within the boundaries of the Garden Grove Community Project (the "Project Area").

C. The Developer submitted a proposal to the Agency to develop a Full Service Hotel and Limited Service Hotels on the acres of which the Site is a part (the "Developer's Proposal").

D. Consistent with the scope of the Developer's Proposal (the "Project") the following:

- *One Full service Hotel(s) with up to 350 rooms*
- *2 limited service hotels with 220 rooms*
- *Meeting space ranging from 15,000 s.f.*
- *Retail, dining and entertainment component of approximately 15,000 s.f., and*
- *Structured parking.*

E. The purpose of this memorandum to negotiate is to allow time for the developer to provide the additional information regarding the demand for the hotels and to provide a Letter of Intent from a Hotel Partner or Financial Partner.

that Matthew Reid is the person with whom the Agency staff shall work with on a day-to-day basis concerning the negotiations toward the execution of the Deal Points for the development of the Development Project. If the Developer desires to designate other individuals as the lead negotiators on the Project, then it shall provide written notification to the Agency Director in a timely manner.

2. **Developer Submissions.** Developer agrees that within ninety (90) days following the date of this Agreement it shall submit to the Agency the following documents, reports, and information in a form satisfactory to the Agency Director that will provide the Agency with the following information (the "Developer Submissions"):

- (a) Hotel Market Study for the project which projections that include room demand and the rate and occupancy for each property prepared by an independent third party.
- (b) Letter of Intent from a Full Service Hotel Partner and/or qualified Financial Partner.
- (c) Financial information from the hotel partner, including a company 10K from and Descriptions of the proposed method of construction and permanent financing and the amount and sources of capital, as well as marketing reports describing and substantiating, on a preliminary basis, the undertakings proposed by the Developer.

3. **Agency Consideration of Developer Submittals.** Within thirty (30) days after Developer has submitted all of the information described in Section 2 hereof, the Agency will consider and evaluate the Developer Submissions in good faith and notify Developer of its approval or disapproval of such Developer Submissions (and if disapproved, a reasonable statement of the reasons thereof).

Land & Design Inc.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public
body, corporate and politic

By: _____
Matt Reid

By: _____
Matthew Fertal, Agency Director

from Sherri Oslund

subject **Draft letter, updated**

to matt.reid@landanddesign.com <matt.reid@landanddesign.com>

bcc Greg Blodgett

11/3/2010 4:37 PM

other actions

Mr. Reid,

Here is the updated draft version of the letter Greg Blodgett had me send to you yesterday. If you have any questions, please contact either Greg or myself.

Sherri Oslund
Economic Development Department
City Of Garden Grove
shermio@ci.garden-grove.ca.us
ph 714/741-5120
fax 714/741-5136

-----Original Message-----

From: nich105 [mailto:nich105@ci.garden-grove.ca.us]

Sent: Wednesday, November 03, 2010 4:33 PM

To: Sherri Oslund

Subject:

This E-mail was sent from "nich105" (Aficio MP 6500).

Scan Date: 11.03.2010 15:33:09 (-0800)

Queries to: katrenas@ci.garden-grove.ca.us



CITY OF GARDEN GROVE
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

November 1, 2010

Draft

Matthew Reid
Land & Design Inc.
8130 La Mesa Drive #808
La Mesa, Ca 92942

Bruce A. Broadwater
Chair

Dina Nguyen
Vice Chair

William J. Dalton
Member

Andrew Do
Member

Steven R. Jones
Member

Dear Mr. Reid;

The Garden Grove Agency For Community Development (Agency) has directed staff to negotiate with Land & Design for a period of 120 days to demonstrate certain Developer's abilities and commitments to facilitate a hotel development.

A. In furtherance of the objectives of the City Community Redevelopment Plan, the Developer desires to redevelop Site "C" which is approximately 3.5 acres of real property in the City of Garden Grove. Site "C" is owned by the Agency located at The South East corner of Harbor Boulevard and Twin Tree Avenue (the "Site"). The Site is shown on the attached Site Map (Exhibit "A").

B. The Site is located within the boundaries of the Garden Grove Community Project.

C. The Developer submitted a proposal to the Agency to develop a Full Service Hotel, Limited Service Hotels on the acres of which the Site is a part (the "Developer's Proposal").

D. Consistent with the scope of the Developer's Proposal (the "Project") the following:

- *One Full service Hotel(s) with up to 350 rooms*
- *2 limited service hotels with 220 rooms*
- *Meeting space ranging from 15,000 s.f.*
- *Retail, dining and entertainment component of approximately 15,000 s.f., and*
- *Structured parking.*

E. The purpose of this memorandum is to allow time for the developer to provide the additional information regarding the demand for the hotels and to provide a Letter of Intent from a Hotel Partner or Financial Partner.

1. **Developer's Negotiator.** The Developer represents to the Agency that Matthew Reid is the person with whom the Agency staff shall work with on a day-to-day basis concerning the negotiations toward the formulation of Deal Points for the development of the Hotel Project.

2. **Developer Submissions.** Developer agrees that within ninety (90) days following the date of this Agreement it shall submit to the Agency the following documents, reports, and information in a form satisfactory to the Agency Director that will provide the Agency with the following information (the "Developer Submissions"):

- (a) Hotel Market Study for the project which projections that include room demand and the rate and occupancy for each property prepared by an independent third party.
- (b) Letter of Intent from a Full Service Hotel Partner and/or qualified Financial Partner.
- (c) Financial information from the hotel partner, including a company 10K from and Descriptions of the proposed method of construction and permanent financing and the amount and sources of capital, as well as marketing reports describing and substantiating, on a preliminary basis, the undertakings proposed by the Developer.

3. **Agency Consideration of Developer Submittals.** Within thirty (30) days after Developer has submitted all of the information described in Section 2 hereof, the Agency will consider and evaluate the Developer Submissions in good faith and notify Developer of its approval or disapproval of such Developer Submissions (and if disapproved, a reasonable statement of the reasons thereof).

Land & Design Inc.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public
body, corporate and politic

By: _____
Matt Reid

By: _____
Matthew Fertal, Agency Director

Subject: word doc
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 16 Nov 2010 23:30:41 -0000
To: Greg Blodgett <>

Greg,
Would you send the word doc of the draft letter to me?

Matthew W. Reid
LAND & DESIGN, Inc.
Sustainability, Construction and Real Estate Advisors
SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION
8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942
619.462.4060 o | 619.462.4144 f | 858.735.1858 direct
Skype - matthew.reid.ca
matt.reid@landanddesign.com

from Sherri Oslund ☆

subject **Letter from City of Garden Grove**

to matt.reid@landanddesign.com <matt.reid@landanddesign.com> ☆

bcc Greg Blodgett ☆

11/16/2010 4:22 PM

other actions ▾

<<...>>

*Sherri Oslund for Greg Blodgett
Economic Development Department
City Of Garden Grove
sherria@ci.garden-grove.ca.us
pk 714/741-5120
fax 714/741-5136*

— Land Design ENA_(Garden_Grove) v2 110110.doc

November 1, 2010

Matthew Reid
Land & Design Inc.
8130 La Mesa Drive #808
La Mesa, Ca 92942

Dear Mr. Reid;

The Garden Grove Agency For Community Development (Agency) has directed staff to negotiate with Land & Design for a period of 120 days to demonstrate certain Developer's abilities and commitments to facilitate a hotel development.

A. In furtherance of the objectives of the City Community Redevelopment Plan, the Developer desires to redevelop Site "C" which is approximately 3.5 acres of real property in the City of Garden Grove. Site "C" is owned by the Agency located at The South East corner of Harbor Boulevard and Twin Tree Avenue (the "Site"). The Site is shown on the attached Site Map (Exhibit "A").

B. The Site is located within the boundaries of the Garden Grove Community Project.

C. The Developer submitted a proposal to the Agency to develop a Full Service Hotel, Limited Service Hotels on the acres of which the Site is a part (the "Developer's Proposal").

D. Consistent with the scope of the Developer's Proposal (the "Project") the following:

- *One Full service Hotel(s) with up to 350 rooms*
- *2 limited service hotels with 220 rooms*
- *Meeting space ranging from 15,000 s.f.*
- *Retail, dining and entertainment component of approximately 15,000 s.f., and*
- *Structured parking.*

E. The purpose of this memorandum is to allow time for the developer to provide the additional information regarding the demand for the hotels and to provide a Letter of Intent from a Hotel Partner or Financial Partner.

1. **Developer's Negotiator.** The Developer represents to the Agency that Matthew Reid is the person with whom the Agency staff shall work with on a day-to-day basis concerning the negotiations toward the formulation of Deal Points for the development of the Hotel Project.

2. **Developer Submissions.** Developer agrees that within ninety (90) days following the date of this Agreement it shall submit to the Agency the following documents, reports, and information in a form satisfactory to the Agency Director that will provide the Agency with the following information (the "Developer Submissions"):

- (a) Hotel Market Study for the project which projections that include room demand and the rate and occupancy for each property prepared by an independent third party.
- (b) Letter of Intent from a Full Service Hotel Partner and/or qualified Financial Partner.
- (c) Financial information from the hotel partner, including a company 10K from and Descriptions of the proposed method of construction and permanent financing and the amount and sources of capital, as well as marketing reports describing and substantiating, on a preliminary basis, the undertakings proposed by the Developer.

3. **Agency Consideration of Developer Submittals.** Within thirty (30) days after Developer has submitted all of the information described in Section 2 hereof, the Agency will consider and evaluate the Developer Submissions in good faith and notify Developer of its approval or disapproval of such Developer Submissions (and if disapproved, a reasonable statement of the reasons thereof).

Land & Design Inc.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public
body, corporate and politic

By: _____
Matt Reid

By: _____
Matthew Fertal, Agency Director

from **Matthew Reid** <matt.reid@landanddesign.com> ☆

subject **response**

to **Greg Blodgett** ☆

11/19/2010 9:33 AM

[other actions](#) ▾

Greg,

Please take a look at our response and let me know if we can talk later today. I'm at a board retreat and have limited availability. Please forward a copy to Matt and Paul for me. Thanks.

MR

-- ENA-response 2010_11_17.pdf

LAND & DESIGN, INC.

SAN DIEGO

8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

ENCINITAS

1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858

November 18, 2010

Mr. Matthew J. Fertal
City Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840

RE: PROPOSED ENA dated NOVEMBER 1, 2010 | GARDEN GROVE, CALIFORNIA

Dear Mr. Fertal:

Thank you for the opportunity to partner with the City of Garden Grove in this landmark development project. The City's cooperation and involvement along with my partners and my experience will make this project a reality within the next 24 months.

Attached is the draft "Agency" letter dated November 1, 2010 with our suggested edits for your consideration.

In summary, our primary concern, as identified by the nature and content of our revisions, focuses on the unfortunate historical fact that the finance and real estate and community "shuts down" between mid November and the 1st of the New Year. This is very typical end of year behavior by capital/debt providers, partners and investors. Additionally, the good news is the coming of the New Year marks a beginning of looking for new opportunities and projects. All things being equal, Q'1 of the New Year typically has heightened activity due to optimism and speculation of economic conditions turning around. This makes the 120 day deadline (which under normal "economic" and "non-holiday" circumstances) difficult, at best, to satisfy. Evidenced by the numerous hotel groups and finance/capital partners with which we've already spoken, all having sincere interest and delaying any further conversation until after the 1st of the year.

Please understand, we've spent a lot of time and money to get to this point and pledge our best and most diligent efforts to continue through the holiday season, however we fear it will not be as fruitful (as we all would like) due to the timing of the request.

Matt, I've learned that the City of Anaheim has officially terminated discussions with their development group regarding the short term objective of a hotel(s) with the Convention Center Expansion project. Therefore, with the Westin flag now available, have already begun conversations with Starwood Executives about the potential of being a part of our project. They too, have asked that our conversations be pushed to the first part of next year.

Once again, we appreciate and share the importance of this flagship project for the City of Garden Grove. This project deserves detailed focus, attention and execution all of which I fear will not happen during this time of the year. As you know, several current projects within the City of Garden Grove, including the water park project, have yet to secure financing after several months of soliciting equity/debt sources.

LAND & DESIGN, INC.

SAN DIEGO

8130 La Mesa Blvd, #808
La Mesa, CA 91942
619.462.4060 o
619.462.4144 f

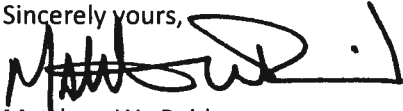
ENCINITAS

1042 N El Camino Real
Suite B-310
Encinitas, CA 92024
858.735.1858

We request you consider your amendments to the agreement and look forward to speaking with you as soon as possible.

Thank you for your consideration.

Sincerely yours,



Matthew W. Reid
Land and Design, Inc.

Enclosure

cc: Greg Blodgett / City of Garden Grove

November 1, 2010

Matthew Reid
Land & Design Inc.
8130 La Mesa Drive #808
La Mesa, Ca 92942

Dear Mr. Reid;

The Garden Grove Agency For Community Development (Agency) has directed staff to negotiate with Land & Design for a period of 120 days to demonstrate certain Developer's abilities and commitments to facilitate a hotel development.

A. In furtherance of the objectives of the City Community Redevelopment Plan, the Developer desires to redevelop Site "C" which is approximately 3.5 acres of real property in the City of Garden Grove. Site "C" is owned by the Agency located at The South East corner of Harbor Boulevard and Twin Tree Avenue (the "Site"). The Site is shown on the attached Site Map (Exhibit "A").

B. The Site is located within the boundaries of the Garden Grove Community Project.

C. The Developer submitted a proposal to the Agency to develop a Full Service Hotel, Limited Service Hotels on the acres of which the Site is a part (the "Developer's Proposal").

D. Consistent with the scope of the Developer's Proposal (the "Project") the following:

- *One Full service Hotel(s) with approximately up to 350 rooms*
- *2 limited service hotels with approximately 220 rooms*
- *Meeting space ranging from 15,000 s.f.*
- *Retail, dining and entertainment component of approximately 15,000 s.f., and*
- *Structured parking.*

E. The purpose of this memorandum is to allow time for the developer to provide the additional information regarding the demand for the hotels and to provide a Letter of Intent from a Hotel Partner or Financial Partner.

1. **Developer's Negotiator.** The Developer represents to the Agency that Matthew Reid is the person with whom the Agency staff shall work with on a day-to-day basis concerning the negotiations toward the formulation of Deal Points for the development of the Hotel Project.

2. **Developer Submissions.** Developer agrees that within ~~ninety one~~ hundred twenty (~~9120~~) days following the date of this Agreement it shall make its best effort to submit to the Agency the following documents, reports, and information in a form satisfactory to the Agency Director that will provide the Agency with the following information (the "Developer Submissions"):

- (a) Hotel Market Study information for the project which provide a basis (including room hotel flag information, demand, rate and occupancy) from which the Agency could then reasonably presume the proposed project is feasible. ~~projections that include room demand and the rate and occupancy for each property prepared by an independent third party.~~
- (b) Letter of Interest ~~at~~ from a Full Service Hotel Partner and/or qualified Financial Partner.
- (c) Financial proforma information ~~from the hotel partner, including a company 10K form and~~ Descriptions of the proposed project including method of construction, and permanent financing and the plan to amount and sources of capital. Other information may be submitted as well, including, ~~as well as~~ marketing reports describing and substantiating, on a preliminary basis, the undertakings proposed by the Developer.

3. **Agency Consideration of Developer Submittals.** Within thirty (30) days after Developer has submitted all of the information described in Section 2 hereof, the Agency will consider and evaluate the Developer Submissions in good faith and notify Developer of its approval or disapproval of such Developer Submissions (and if disapproved, a reasonable statement of the reasons thereof).

Land & Design Inc.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,** a public
body, corporate and politic

By: _____
Matthew Reid

By: _____
Matthew Fertal, Agency Director

from Sherri Oslund ☆

subject **Land & Design ENBA Ltr**

to matt.reid@landanddesign.com <matt.reid@landanddesign.com> ☆

bcc Greg Blodgett ☆

11/19/2010 1:31 PM

other actions ▾

Mr. Reid,

Here is the revised ENA letter for you signature. Please sign and fax back to 714/741-5136, and send a copy with original signature to Greg's attention at City of Garden Grove, 11222 Acacia Pkwy, Garden Grove CA 92840. If you have any questions, please contact Greg at 714/741/5124 or myself at 714/741/5120.

Thank you

Sherri Oslund for Greg Blodgett
Economic Development Department
City Of Garden Grove
sherria@ci.garden-grove.ca.us
ph 714/741-5120
fax 714/741-5136

<<...>>

November 1, 2010

Matthew Reid
Land & Design Inc.
8130 La Mesa Drive #808
La Mesa, Ca 92942

Dear Mr. Reid;

The Garden Grove Agency For Community Development (Agency) has directed staff to negotiate with Land & Design for a period of 120 days, starting December 1, 2010, to demonstrate certain Developer's abilities and commitments to facilitate a hotel development.

A. In furtherance of the objectives of the City Community Redevelopment Plan, the Developer desires to redevelop Site "C" which is approximately 3.5 acres of real property in the City of Garden Grove. Site "C" is owned by the Agency located at The South East corner of Harbor Boulevard and Twin Tree Avenue (the "Site"). The Site is shown on the attached Site Map (Exhibit "A").

B. The Site is located within the boundaries of the Garden Grove Community Project.

C. The Developer submitted a proposal to the Agency to develop a Full Service Hotel, Limited Service Hotels on the acres of which the Site is a part (the "Developer's Proposal").

D. Consistent with the scope of the Developer's Proposal (the "Project") the following:

- *One Full service Hotel(s) with approximately 350 rooms*
- *2 limited service hotels with approximately 220 rooms*
- *Meeting space ranging from 15,000 s.f.*
- *Retail, dining and entertainment component of approximately 15,000 s.f., and*
- *Structured parking.*

E. The purpose of this memorandum is to allow time for the developer to provide the additional information regarding the demand for the hotels and to provide a Letter of Intent from a Hotel Partner or Financial Partner.

1. **Developer's Negotiator.** The Developer represents to the Agency that Matthew Reid is the person with whom the Agency staff shall work with on a day-to-day basis concerning the negotiations toward the formulation of Deal Points for the development of the Hotel Project.

2. **Developer Submissions.** Developer agrees that within one hundred twenty (120) days following the date of this Agreement it shall make its best effort to submit to the Agency the following documents, reports, and information in a form satisfactory to the Agency Director that will provide the Agency with the following information (the "Developer Submissions"):

- (a) Hotel Market information for the project which provides a basis (including room hotel flag information, demand, rate and occupancy) from which the Agency could then reasonably presume the proposed project is feasible.
- (b) Letter of Interest from a Full Service Hotel Partner and/or qualified Financial Partner.
- (c) Financial proforma of the proposed project including method of construction, permanent financing and the plan to source capital. Other information may be submitted as well, including marketing reports describing and substantiating, on a preliminary basis, the undertakings proposed by the Developer.

3. **Agency Consideration of Developer Submittals.** Within thirty (30) days after Developer has submitted all of the information described in Section 2 hereof, the Agency will consider and evaluate the Developer Submissions in good faith and notify Developer of its approval or disapproval of such Developer Submissions (and if disapproved, a reasonable statement of the reasons thereof).

Land & Design Inc.

AGENCY:
GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT, a public
body, corporate and politic

By: _____
Matthew Reid

By: _____
Matthew Fertal, Agency Director

from Matthew Reid <matt.reid@landanddesign.com> ☆

subject **Signed ENA**

to Greg Blodgett ☆

11/19/2010 7:08 PM

other actions ▾

Greg,

Thanks for your help on this. Please have Matt sign and return a copy to me for my files.
Have a great weekend.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability, Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 308 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - matthew.reid.ca

matt.reid@landanddesign.com

— ENA FINAL signed 2010_12_01.pdf —

November 1, 2010

Matthew Reid
Land & Design Inc.
8130 La Mesa Drive #808
La Mesa, Ca 92942

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Land & Design Inc.

By:


Matthew Reid

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public
body, corporate and politic

By: _____

Matthew Fertal, Agency Director

Re: Signed ENA

Subject: Re: Signed ENA
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Sat, 20 Nov 2010 06:37:25 -0000
To: Greg Blodgett <>

Yes. Week of Dec 1 would be best.

Sent from my iPhone

Matthew Reid
858.735.1858 direct
Skype: [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

On Nov 19, 2010, at 8:55 PM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

Thanks. We are going to start the entitlement process do you want to meet next week or the next to go over details.

From: Matthew Reid <matt.reid@landanddesign.com>
To: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Sent: Fri Nov 19 19:08:21 2010
Subject: Signed ENA

Greg,

Thanks for your help on this. Please have Matt sign and return a copy to me for my files.

Have a great weekend.

Matthew W. Reid

LAND & DESIGN, Inc.

Sustainability. Construction and Real Estate Advisors

SUSTAINABLE STRATEGIES | SUSTAINABLE INTEGRATION

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

619.462.4060 o | 619.462.4144 f | 858.735.1858 direct

Skype - [matthew.reid.ca](https://www.skype.com/people/matthew.reid.ca)

matt.reid@landanddesign.com

Subject: Letter
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Wed, 1 Dec 2010 00:27:54 -0000
To: Greg Blodgett <>

I signed the letter and sent back today....

Matthew W. Reid

LAND & DESIGN, Inc.

8130 La Mesa Blvd | Suite 808 | La Mesa, CA 91942

[619.335.5896](tel:619.335.5896) Google voice | 619.462.4144 f

Skype - matthew.reid.ca

matt.reid@landanddesign.com