

Letter of Agreement
for
FEASIBILITY STUDY

This is a Letter of Agreement for a Hotel Feasibility Study to be provided to **Lake County, Florida** (the Client), and to be conducted by **Interim Hospitality Consultants**, Tallahassee, Florida.

Hotel Location

The Client has proposed the development of a Market-Driven Hotel project at a site to be determined in Umatilla, Florida.

Purpose of the Feasibility Study

Interim Hospitality Consultants will develop a professional independent hotel feasibility study to evaluate current and projected market conditions that will affect the operation and market position of the proposed Hotel. The objectives of the IHC study will be to:

1. Evaluate the market potential of the proposed hotel, based on an analysis of the market support for lodging facilities on the site.
2. Project levels of market penetration, occupancy and average room rate for the hotel for the first five years of operations.
3. Comment on the appropriate number, types and sizes of guest rooms, food and beverage facilities, meeting rooms and other amenities which would best serve the needs of the market.
4. Prepare detailed projections of cash flow from operations, before fixed charges, for the hotel for the first five years of operation.
5. Provide a written report containing the conclusions of the IHC Feasibility Study presenting the financial projections for the proposed development.

I. Market Analysis

The market analysis for the proposed hotel will include a variety of steps designed to determine trends in the demand for hotel rooms. Cumulatively, these steps will enable IHC to comment on the overall market potential for a lodging facility on the site.

Interim Hospitality Consultants will conduct an analysis of the site and the surrounding area to evaluate their impact on future lodging trends, IHC will investigate such factors as ease of access to the site, visibility, the supportive nature of surrounding land use, and planned developments in the proposed hotel's market area.

Interim Hospitality Consultants will investigate trends in economic and demographic factors in the general market area to determine the economic environment within which the hotel would operate as well as likely market sources and generators of demand. Particular attention will be given to those economic indices which would be most relevant to the success of the hotel.

The supply and demand analysis will be designed to identify trends in the supply of and demand for rooms on both a general and competitive market basis and to project the future supply and demand situation.

Interim Hospitality Consultants will develop a census of the competitive hotel facilities in the market area as well as those under construction, or announced. The census will encompass the proposed hotel's market area in general, but more detailed information will be developed on properties considered to be competitive with the proposed hotel. To the extent that the information is available, the census will include the following factors:

- Location
- Number of rooms
- Published room rates
- Annual and seasonal/daily occupancy patterns
- Market mix of guests
- Type and class of food, beverage and meeting facilities
- Other amenities offered

Interim Hospitality Consultants' analysis will be oriented toward determining the strength and growth of available markets, trends in occupancy patterns, utilization levels, and factors important to the success of comparable lodging facilities.

Based on the information obtained, IHC will reach market conclusions regarding the proposed hotel as follows:

1. Determine the current overall market demand for rooms in the competitive market area and the share of market demand that is generated by commercial travelers, tourists, meeting delegates, and any other identifiable source. IHC will estimate the extent to which the proposed hotel could penetrate local market demand for lodging accommodations.
2. Comment on the appropriate mix and type of guest rooms, food and beverage facilities, function/meeting rooms and other amenities that would best serve the needs of the market.
3. Project the potential utilization of the proposed hotel, IHC will project annual occupancy rates, average room rates, and the market mix of guests for a five-year period.

II. Financial Analysis

Annual projections of cash flow from operations before fixed charges will be prepared for the first five operating years. Interim Hospitality Consultants' projections will be presented in current year's (inflated) dollars. Bases for the financial projections will be made explicit in the financial section of the written report.

III. Written Report

Interim Hospitality Consultants will present a written report containing findings and recommendations concerning the proposed project. Interim Hospitality Consultants warrants that the report will be prepared in accordance with industry standards for such reports. Though the exact format of the report will evolve as the engagement progresses, the following topics will be discussed:

- Market Area Analysis
- Site Location and Evaluation
- Supply and Demand Analysis

- Proposed Facilities and Services
- Projected Utilization
- Financial Analysis

Interim Hospitality Consultants will not ascertain the legal and regulatory requirements applicable to the project, including zoning, other state and local government regulations, permits and licenses. Further, no effort will be made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters, or an analysis of the potential impact of possible energy shortages.

Interim Hospitality Consultants projections will be based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings with you and other partner(s), if needed, during which IHC will be provided with all pertinent information. The sources of information and bases of the estimates and assumptions will be stated in the written report. The terms of this engagement are such that IHC will have no obligation to revise the written report or projected results to reflect events or conditions which occur subsequent to the date of the written report. However, IHC will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

The projections will be based on estimates and assumptions developed in connection with the market study. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period will vary from the projections, and the variations may be material.

Interim Hospitality Consultants Feasibility findings and projections are intended solely for the Client and in support of an application with a lending institution for financing of the proposed hotel. They may also be submitted to a hotel franchisor or management company in order to generate interest in licensing or managing the property or to a lending institution in support of an application with a lending institution for financing of the proposed hotel; and should not be relied on for any other purpose. The report will contain a statement to that effect. Otherwise, neither the report, the projections, nor their contents are to be referred to or quoted in any registration statement, prospectus, loan or other agreement or document without prior written consent from IHC.

Communication

During the course of the Feasibility Study, Interim Hospitality Consultants has planned for two meetings with the Client.

1. At the beginning of the engagement to inspect the sites, discuss the plans for the proposed hotel, and discuss any additional guidelines which are important to the study.
2. At the end of the market analysis, or after the draft financial analysis, to discuss the findings and conclusions.

All written correspondence will be delivered by overnight courier.

Two copies of the Feasibility Study, signed and bound, and one electronic copy, will be provided to the Client for his use. Additional copies may be obtained at reproduction cost.

Fees and Time Table

Based on the scope, the work outlined and our 35 years of experience in the Hospitality Industry, we submit our fee of \$6,500, inclusive, for the Feasibility Study:

Total Fee due with Final Report	\$6,500
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At the completion of this project the Client will be sent the Conclusions Section of the Feasibility Study and invoiced for payment in full for this project. Upon receipt of such payment, the Feasibility Study will be forwarded to the Client. Payment may be made by check or wire transfer.

Possibly during the course of the study, findings may lead Interim Hospitality Consultants to a negative conclusion concerning the market support for the proposed development; IHC will so advise you to discuss the findings. If the decision is then made to discontinue the study, IHC's fee will be a one-week consulting fee rate of \$3,000, plus out-of-pocket expenses to that date, against which your advance retainer will be applied.

Notwithstanding the provisions contained in this Letter of Agreement, it is hereby understood and agreed that the individual accepting this Letter of Agreement by signing the



Purchase Order

Fiscal Year 2019 Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.

Bill To
AGENCY FOR ECONOMIC PROSPERITY
20763 US HWY 27
GROVELAND, FL 34736

Ship To
AGENCY FOR ECONOMIC PROSPERITY
20763 US HWY 27
GROVELAND, FL 34736

Purchase Order Number 20191313

Purchase Order Date 06/25/2019

Department ELEVATE LAKE

FOB: Destination Inside Delivery

Vendor 5873
EDWARD L. XANDERS
INTERIM HOSPITALITY CONSULTANTS LLC
4145 YARDLEY CIR
TALLAHASSEE, FL 32309

Table with 5 columns: VENDOR PHONE NUMBER, VENDOR EMAIL, VENDOR NUMBER, REQUISITION NUMBER, DELIVERY REFERENCE. Row 1: 850-443-5010, IHCEX@COMCAST.NET, 5873, 20191534, (blank)

NOTES
The Above Purchase Order Number Must Appear On All Correspondence - Packing Sheets And Bills Of Lading

Table with 6 columns: ITEM #, DESCRIPTION, QUANTITY, UOM, UNIT PRICE, EXTENDED PRICE. Row 1: 1, HOTEL FEASIBILITY STUDY FOR THE DEVELOPMENT OF A MARKET-DRIVEN HOTEL PROJECT IN UMATILLA, FLORIDA. THE STUDY WILL EVALUATE CURRENT AND PROJECTED MARKET CONDITIONS AS OUTLINED IN THE LETTER OF AGREEMENT., 1.0000, EACH, \$6,500.0000, \$6,500.00

Florida Sales Tax Exemption No: 85-8013874700C-1 Fed ID #: 59-6000695
IMPORTANT: This order is subject to the terms & conditions herein.

Approver Name: BRANDON MATULKA

Approval Date: 06/24/2019

Handwritten signature: Amy Munday
Authorized by

Purchase Order Total \$6,500.00

DEPARTMENT COPY