Best Western Corte Madera Inn Redevelopment: Market Study & Financial Feasibility Evaluation

Exhibit 5 - 061616 - CVP - Army Corps Public Notice 2000-255330N Comment Letter

Prepared for: Community Venture Partners, Inc.
By: Maurice H. Bennett, RHSW, LLC.
Subject Property: 50 – 64 Madera Boulevard, Corte Madera, CA 94925
Subject Property Proposed Use: Hospitality / Hotel
Re: Project: Corte Madera Rebuild; Public Notice Number: 2000-255330N

Purpose: To evaluate financial feasibility and practicability of developing and operating a hotel at the subject location along Highway 101 in the Town of Corte Madera, Marin County.

Subject Property Description: The subject property is 5.47 acres (238,273 square feet) in size and currently contains a 110 room Best Western Inn and a freestanding retail / restaurant building, together totally approximately 82,000 square feet of development. The property is currently zoned C-3 Highway Commercial with an allowable floor area ratio ("FAR") of .34 (81,012 square feet of building allowable to a height of 35 feet). Per the March 22, 2016 Staff Report, the applicant is currently applying to the Town for an FAR of .533 for an allowable 127,036 square feet of developed space.

Introduction and Property Location Evaluation

Marin and the San Francisco Bay Area are currently among the hottest real estate markets in the country. The subject property itself would be classified as an A+ location, meaning it is arguably one of the best possible locations for a hotel or other commercial uses in southern Marin County. The property enjoys maximum highway exposure on Highway 101, the main thoroughfare through Marin County, making it easily visible to anyone travelling either north to Sonoma County or south to San Francisco. In addition, it is located at the foot of a highway on-ramp / off-ramp.

The subject property is approximately 11 miles from the Golden Gate Bridge to San Francisco, 1.7 miles from the Larkspur Ferry Terminal and the future SMART commuter train station, and 2.5 miles from the Richmond San Rafael Bridge to the East Bay. It is in immediate proximity to all conceivable services and amenities, including but not limited to restaurants, gas stations, banking, professional services, athletic clubs, health care facilities, office complexes, public parks and dedicated open space, waterfront recreation, government offices, cinemas, and two regional-sized retail malls anchored by major national tenants (e.g., Safeway, Rite-Aid, Barnes & Noble, Crate & Barrel, Nordstrom, REI, the Container Store, Macy's, Tesla, Banana Republic, Apple, Microsoft, Williams Sonoma, Ann Taylor, Gap, J. Crew, Pottery Barn, Restoration Hardware, Cheesecake Factory, Talbots, Starbucks, North Face, Tommy Bahama, Verizon, P.F. Chang, JP Morgan Chase, Charles Schwab, and Urban Outfitters).

Perhaps the best evidence of the high value of this location is the "For Sale" brochure currently being circulated by the applicant, which calls this property an "Extremely Rare Central Marin

Redevelopment Opportunity" (Exhibit 7 to the *061516 - CVP - Army Corps Public Notice 2000-255330N comment letter*). This parcel's inherent value, based on its prime location, suggests that it can support above normal development investment.

Marin Lodging Market Survey

The subject property is arguably one of the best locations for a hotel in southern Marin County. The property enjoys maximum highway exposure on Highway 101, the main thoroughfare through Marin County, and is located at the foot of a highway on-ramp / off-ramp. There are superior locations for boutique, luxury, waterfront hotels in Sausalito. However, those hotels do not serve the same clientele that the subject project is intended to serve.

The Survey Methodology:

This Survey was conducted in order to establish comparative data, with which to test the assumptions of the applicant, regarding valuation, occupancy, practicability, and financial feasibility. The data presented was compiled via direct telephone interviews of management at the properties listed, and/or by using the most conservative available published data on average annual room rental rates,[1] and was then significantly discounted to allow for online sales promotions.

Properties were then evaluated, ranked, and compared to the "Subject Property," based on a combination of factors such as location, building type, age, price point, quality, services, and amenities offered (swimming pool, tennis court, workout room, concierge, food service, outdoor recreational spaces, etc.). Each was then categorized as either comparable to the existing subject property (Noted as "1" - shown in yellow highlighting), or a comparable to the newly redeveloped subject property (Noted as "2" - shown in blue highlighting), or as a property that is not comparable to either (Noted as "N"), due to the same criteria or because it serves a different market segment that is either higher end or lower end.

Survey:

Marin Lodging Market Survey

Name	City	Rooms	Average Rate	Notes
SUBJECT PROPERTY:				
Best Western Corte Madera Inn	**Corte Madera**	**110**	**$209**	
Dual-Branded Marriotts - Proposed		**174**	**$239**	
Marriott Residence Inn - Alternative 2 (with pond)		**147**	**$249**	
Cavallo Point Lodge	Sausalito	142	$492	N
Casa Madrona Hotel	Sausalito	11	$279	N
The Gables Inn	Sausalito	15	$259	N

[1] Website data for each hotel, and TripAdvisor, Google

Hotel Sausalito	Sausalito	16	$245	N
Inn Above The Tides	Sausalito	31	$500	N
Acqua Hotel	Mill Valley	48	$219	2
Holiday Inn Express	Mill Valley	100	$198	1
Mill Valley Inn	Mill Valley	25	$269	N
America's Best Value Inn Motel	Mill Valley	35	$107	N
Mill Valley Travel Lodge Motel	Mill Valley	34	$102	N
Tamalpais Motel	Mill Valley	15	$109	N
The Lodge at Tiburon	Tiburon	103	$269	N
Waters Edge	Tiburon	23	$299	N
Marin Suites Hotel	Corte Madera	100	$140	1
LOCATION OF SUBJECT PROPERTY				
America's Best Value Motel	Corte Madera	18	$99	N
Marriott Courtyards San Francisco	Larkspur Landing	147	$249	2
Extended Stay America	San Rafael	112	$161	1
North Bay Inn Motel	San Rafael	21	$130	N
Hilton Embassy Suites Hotel	San Rafael	235	$209	1
Four Points Sheraton	San Rafael	235	$169	1
Marin Lodge Motel	San Rafael	20	$119	N
Marriott Courtyard Inn Novato	Novato	136	$179	1
Best Western Plus Novato Oaks	Novato	108	$169	1
NOTES:				
1 - Current Comparables: based on location, building type, age, quality, and amenities				
2 - Post Renovation Comparables: based on location, building type, quality, and amenities				
N - Not comparable (+ or -) due to price, age, location, building type, quality, and amenities				

<u>Survey Results:</u>

Fourteen of the lodgings included in the survey were determined to not be comparable because they are either significantly inferior by all measures and aim to serve the "overnight" motel market, or they serve higher end guests and are located in more scenic destination locations such as Tiburon, the Sausalito waterfront, or downtown Mill Valley.

Of the remaining properties, the survey shows that the existing Corte Madera Inn presently has eight direct competitors for market share in southern Marin County. These are the Hotel Acqua, Holiday Inn Express, Marin Suites Hotel, Extended Stay America, Hilton Embassy Suites, Four Points Sheraton, Marriott Courtyard Novato, and the Best Western Plus Novato Oaks Hotel. Their designation as competitors is primarily based on a blend of characteristics. Some are somewhat higher quality but they target the same market price point (Hilton Embassy Suites, Four Points Sheraton). Some are not as well located but are somewhat newer and offer more amenities (Marriott Courtyard Inn Novato), or somewhat fewer amenities (Hotel Acqua,

Extended Stay America). Some are similarly located (the Marin Suites Hotel) but are inferior or dated in character and construction style.
The most significant result of the survey is the finding that once the subject property is redeveloped, either as a new, high quality, dual-branded Marriott Springhill Suites and Marriott Residence Inn (174 rooms), or as a Marriott Residence Inn (147 rooms), its ***direct competition is likely to significantly decrease***, giving it a dominant position and market share in southern Marin.

Ironically, the best comparable and direct competition on all metrics, for a new hotel, is probably the Marriott Courtyards Inn at Larkspur Landing, which is only 1.7 miles north on Highway 101. The Hotel Acqua, located at Highway 101, in Mill Valley, would also remain a competitor mostly due to its unique waterfront location, and its highway visibility and access.

Our telephone interview with management of both the Marriott Courtyards at Larkspur Landing and the Hotel Acqua indicated that they currently enjoy high demand and a high occupancy rate, year round (greater than 80% occupancy).

A number of other former comparables, even those offering similar services and amenities, lose their competitive edge because they are either much older or they lack the location advantage of the newly redeveloped hotel of the subject property. In addition, the interest in purchasing the subject property, by hotel developers / operators appears to be extremely high. Every hotel developer / operator we interviewed indicated that they had already gotten in contact with the applicant's broker in order to discuss making a purchase offer.

Hotel Occupancy Rates in Marin County

The assumed hotel occupancy rate is important because it impacts operating revenues and how profitable the project will be (the number of rooms for rent multiplied by average room rental rate multiplied by number of nights per year of occupancy equals gross revenues[2]).

In their "Residual Value Analysis", the applicant cites PKF Hospitality Research as their data source for occupancy estimates of 75% occupancy. PKF is a highly respected firm for such data. But PKF's most recent reports and forecasts do not support the applicant's occupancy assumptions.

The assumed 75% occupancy might be a reasonable *average* room occupancy rate for Marin County. However, it that has less bearing on this particular project in this particular location, because that average includes a very wide range of types of hotel and motel rooms (from the four star Hilton Embassy Suites in San Rafael to small, dated motels, the majority of which are significantly older and inferior to what is being proposed at the Marriott Corte Madera Inn). The newly developed Marriott Corte Madera Inn will arguably be one of the best located, highest quality hotels in Marin County (excluding the boutique, luxury, waterfront hotels noted above). It is very likely that its occupancy rate will be higher than the Marin average.

[2] There are other ancillary revenues associated with hotel operations such as concessions, mini bars, and vending machines, etc., which have been ignored for the sake of simplicity.

In their December 2015 "Hotel Horizon" hotel occupancy forecast, PKF states that in hot West Coast markets such as Marin and the SF Bay Area

> *the growth in demand for lodging accommodations will exceed the change in supply during each of the next two years.*

For 2016, PKF-HR is projecting

> *room rates to increase by 5.5 percent, followed by an even greater 5.8 percent rise in 2017.*

And that

> *At this point in the cycle, the top tier cities are approaching all-time highs, limiting the potential for continued occupancy gains,* (and in) *the San Francisco market… occupancy level achieved was 90.3 percent* (in 2015).

The 80% to 90% occupancy rate for qualify hotels in Marin was corroborated when we conducted the *Marin Lodging Market Survey*, included in this report. This considered, if the assumed occupancy rate were increased by only +5%, to 80% occupancy (vs. 75%), we'd get an increase in annual gross revenue of almost $600,000.[3]

Average Room Rates

The applicant has shown a projected annual, average room rate of $175 per night for a newly developed hotel on the property. This figure is grossly inadequate. The existing Best Western Corte Madera Inn presently has an average, published (per its website), annual, average room rate of $239 per night. This rate is "as is" before any improvements. Even considering that online discount bookings are now reducing the published nightly rates at most hotels, the $175 per night for a newly developed hotel, in this prime location, is unsupportable. For comparative purposes we have used an average room rate of $209 per night for the existing Corte Madera Inn.

It is conservative to estimate that the average room rental rates of a new hotel would at least match the rates of the published room rates of the existing hotel. This would result in an estimated average room rate of $239 per night for the dual branded Marriott Residence Inn / Springhill Suites redevelopment, and $249 per night for the Marriott Residence Inn redevelopment. This difference is significant because of its impact on total revenues, project valuation and overall profitability / financial feasibility.

Cap rate and valuation of a new hotel

The applicant's data assumes a "cap rate" of 6% to estimate project value. A cap rate, or "capitalization rate," is the ratio of the net operating income ("NOI") to the property's value. It tells an investor what kind of "yield" the property will provide (the percentage of return on investment based on the project's value) so it can be compared to other investments.

[3] $175 per night multiplied by 185 rooms multiplied by 292 days (80% of 365 days a year) of rental equals $9,453,500 vs. $8,862,656, a differential of +$590.844.

To get the cap rate, you divide the net operating income by the project value and you get a percentage. So, for example, if a property was listed for $1,000,000 and generated a net operating income of $100,000, the cap rate would be $100,000/$1,000,000, or 10%. Conversely, if you know the NOI and have a rate that you think investors are looking for (the 6% suggested by the applicant, for example), you can divide the income by that rate and get a projected value or selling price.

The lower the cap rate, the higher the value of the hotel. And that value, just like in your house, is basically *profit to the developer / owner*.

A 6% cap rate is a reasonable number for a developer to submit to a lender when they're trying to obtain financing. However, again, this is only an average valuation metric for hospitality properties in Marin. In the southern Marin market, in this location, however, it's likely that the actual value of a new, premium hotel could be higher and therefore, the cap rate could be lower (perhaps 5.75%), and therefore, the resultant profits could be significantly greater.

If, for example, we use a slightly more aggressive 5.75% cap rate, it results in approximately *$4,500,000 more* in property value, and more than $100,000 in additional cash flow profit per year.

<u>Marriott Corporation's Comment letter</u>

The applicant has argued that constructing anything less than their preferred option (and filling in the pond), is not financially feasible, and they cite a letter from Marriott Corporation as evidence of that. However, the letter from Marriott Corporation that has been cited does not offer an opinion of financial feasibility. The letter from Marriott Corporation (see *061516 – CVP Army Corps Public Notice 2000-255330-N comment letter – Exhibit 10*) simply states that if the smaller hotel is built, it would probably be a Residence Inn, instead of a dual-branded hotel with a Marriott Springhill Suites. As this *Marin Lodging Market Survey & Financial Feasibility Evaluation* demonstrates, there is nothing that would lead one to conclude that a stand-alone Marriott Residence Inn hotel operation would not be feasible and highly profitable to operate in southern Marin.

Financial Feasibility Analysis

We have been asked to evaluate the subject property to determine if new development, redevelopment, or renovation of the existing hotel is "capable of being done" not just by the applicant but by any developer. In addition, we have been asked to evaluate if there are other "practicable" on-site alternatives that could achieve the project's basic purpose, which is to provide hotel lodging on the subject property, but without the loss of the wetlands pond.

To the best of our knowledge, the applicant has not provided or analyzed any alternative proposals. However, such alternatives do exist (Alternative 2, which proposes the development of a 147 room hotel and the preservation of the wetlands pond, noted in the Corte Madera Inn Redevelopment Project Draft EIR, dated November 17, 2014, Section 5. Alternatives (also as *Exhibit 3A* to the *061516 - CVP - Army Corps Public Notice 2000-255330N comment letter*). Therefore, in order to evaluate the feasibility of developing the project or alternative projects, or the "practicability" of such projects we must use methods and data that align with accepted industry standards.

Data and Assumptions

To address the questions of "capable of being done" and "practicable," one needs as much location specific information as possible. However, the information provided by the applicant is generally insufficient and/or inaccurate. Therefore, in order to make this determination, we have done market research to arrive at realistic income and expense figures.

The income and expense data used in any project feasibility analysis must reflect the unique characteristics of the subject property, rather than rely on national statistics or even statewide statistics. In addition to determining an appropriate land valuation, estimating development investment feasibility would also include construction costs, operating expenses, occupancy rates and market capitalization rates ("Cap Rates") for the given market area.

Financial feasibility is also highly dependent on the specific financial circumstances of the developer entity. For example, the developer's ability to raise capital, obtain financing, and secure favorable lending rates are all considerations. Also, the term of loans, the amount of equity to be invested vs. the amount of debt available (loan to value constraints), the terms of the property's purchase agreement, and so forth must also be determined. In addition, each investor group / developer may have different requirements or thresholds for return on investment ("cash on cash RIO"), or internal rate of return ("IRR"[4]), in order to determine if a purchase, redevelopment or new development is "feasible."

As one can imagine, metrics also vary considerably from one developer to the next. Among real estate development professionals, "feasibility" and "profit" are variable terms. There are also considerable variables with regard to the quality of any redevelopment proposal, its architecture, amenities choices of materials and fixtures, etc. Therefore, in order to evaluate financial feasibility, we need to consider both quantitative (room counts) and qualitative (construction type) variables.

The applicant has failed to address all of these issues except for providing figures for construction costs, operating expenses, occupancy rates and market capitalization rates.

Applicant's "Financial Analysis"

In "Attachment 3" to the January 8th Corte Madera Planning Staff Report, the applicant included a financial analysis, which is titled a *Hotel Development Residual Value Analysis - "Exhibit C"*. It purports to demonstrate why the applicant should be granted increased zoning rights (FAR) in order to construct the maximum size hotel. In addition, the applicant only provided one financial scenario; the one they want to build.

The applicant's analysis is as follows:

[4] Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment.

Applicant's Hotel Development Residual Value Analysis - 185 rooms

Item	**Amount**	**/SF**	**Notes**
Net building area	131,180		
Rooms	185		*
Projected occupancy	75%		
Average room rate	$175		
Annual room revenue	$8,862,656		
Operating and fixed costs	($5,574,611)		1
Net operating income	$3,288,045		
Cap rate	6%		
Potential Project Value	**$54,800,758**		2
Building and improvements	$29,515,500	$225	
FF&E (finishes, fixtures and)	$3,935,400	$30	
Offsite mitigation measures	$950,000	$7	
Soft costs	$2,361,240	$18	
Construction period property taxes	$250,000	$2	
Construction period interest	$918,260	$7	
Total Development Costs	**$37,930,400**	**$289**	
Developer Fee			
Residual Land Purchase Price	**$16,870,358**		
Total Project Development Cost	$54,800,758		

* Maximum number at .55 FAR
1 - 62.9% per PKF Hospitality
2 - Corrected: this item was mislabeled by the applicant as "potential income"

The applicant's analysis employs a method that determines what it calls "residual value" and "residual land purchase price." However, this methodology and terminology does not conform to industry standards, with regard to demonstrating financial feasibility. It also cannot be correlated with the applicant's own broker's opinion of value, which is "Attachment A" to that January 8, 2016 Staff Report, which shows a purchase price for the hotel and land of $9.7 million.

A principal at Skyline Properties, LLC, a veteran commercial real estate and hotel investor / developer, in Mill Valley, California, euphemistically referred to "residual land value" as "an interesting concept." Put simply, the "residual land value" calculation is not a method of analysis used by real estate professionals to determine if an investment should be made. It doesn't tell us whether or not the investment is actually profitable or if the project is financial feasible because it lacks most of the information described in the section above, *Data and Assumptions.*

In short, the applicant's analysis makes no sense. In reality, no developer would actually make a determination to purchase or redevelop a property based on this methodology. In addition, the estimates used for occupancy and average room rate, and even cap rate, are all questionable.

However, even if we employ the applicant's methodology, using the same income per room and cost assumptions, proportionately, and apply it to Alternative 2 (147 rooms and the preservation of the wetlands pond), we do not find any results that would suggest this Alternative is not feasible, profitable, or practicable.

Hotel Development Residual Value Analysis - 147 rooms

Item	Amount	/SF	Notes
Net building area	104,235		
Rooms	147		*
Projected occupancy	75%		
Average room rate	$175		
Annual room revenue	$7,042,219		
Operating and fixed costs	($4,429,556)		1
Net operating income	$2,612,663		
Cap rate	6%		
Potential Project Value	**$43,544,386**		2
Building and improvements	$23,464,823	$225	
FF&E (furniture, fixtures & equipment)	$3,128,643	$30	
Offsite mitigation measures	$0	$0	
Soft costs	$1,877,186	$18	
Construction period property taxes	$250,000	$2	
Construction period interest	$730,017	$7	
Total Development Costs	**$29,450,668**	**$283**	
Developer Fee			
Residual Land Purchase Price	**$14,093,718**		
Total Project Development Cost	**$43,544,386**		

* Maximum number at .55 FAR
1 - 62.9% per PKF Hospitality
2 - Corrected: this item was mislabeled by the applicant as "potential income"

The resultant difference in the "Residual Land Purchase Price" remains strongly positive. Therefore, even using the applicant's own irrelevant methodology, there is no reason to conclude that Alternative 2, which preserves the wetlands pond, is any less feasible or practicable than the larger hotel plan, which requires the filling of the wetlands pond.

However, again, **this methodology does not conform to industry standards and does not in any way determine financial feasibility.**

Comparative Sales Valuation Method

Comparative sales and valuation data is also very difficult to obtain in southern Marin because so few properties are developed or sold. However, there is one recent sale of a property that is somewhat comparable to the existing Corte Madera Inn: The Mill Valley Holiday Inn Express sold for $28 million in July of 2015.

Therefore, on a comparative value basis, the existing Best Western Corte Madera Inn would be valued at $30.8 million. A new 147 room Marriott Residence Inn hotel would be valued at $41.2 million, and in both cases, *before* accounting for the fact that it is better located, new, and with superior amenities.

Hotel Purchase / Redevelopment Analysis

The best way to evaluate the financial feasibility of redeveloping the existing Best Western Corte Madera Inn is to analyze the project from the perspective of how a potential third party purchaser / developer would evaluate the investment opportunity. This would include basing assumptions about financing (loan interest rate, loan term, loan to value) based on market conditions present.

Using more realistic data and assumptions (occupancy rate, average room rate, and cape rate) to assess financial feasibility of Alternative 2, would result in the following:

Actual Hotel Development Analysis - Alternative 2 - 147 rooms

Item	**Amount**	**/SF**	**Notes**
Net building area	104,235		
Rooms	147		*
Projected occupancy	80%		1,4
Average room rate	$249		2,4
INCOME			
Annual room revenue	$10,688,076		
Operating and fixed costs	($6,722,800)		3
Net operating income	$3,965,276		
Cap rate	6%		4
Potential Project Value	**$66,087,937**		
Debt Service	**$3,014,035**		6
Net Cash After Debt Service	**$951,241**		**
REDEVELOPMENT EXPENSE			
Building and improvements	$23,464,823	$225	
FF&E (finishes, fixtures and)	$3,128,643	$30	
Offsite mitigation measures	$0	$0	

Soft costs	$1,877,186	$18	
Construction period property taxes	$250,000	$2	
Construction period interest	$730,017	$7	
Total Development Costs	**$29,450,668**	**$283**	
Property Value / Purchase Price	**$30,800,000**		5
Total Project Costs	**$60,250,668**		
Developer Gain / ROI	**$5,837,269**	**38.75%**	7

* Maximum number at .44 FAR
1 - Projected occupancy based on market data and location
2 - Projected average room rate for new hotel based on market survey
3 - 62.9% per PKF Hospitality
4 - See discussion below
5 - Sale Price based on "per door" comparable sale of Holiday Inn Express: 2015
6 - Assumes 75% loan to value financing @ 4.5% for 25 years
7- Assumes 25% equity investment
** New IRS rulings on depreciation enhance post redevelopment tax returns.

The Financial Feasibility and Practicability of Alternative 4

The *061616 - CVP - Army Corps Public Notice 2000-255330N comment letter* identifies another new hotel alternative, which allows the development of a new 187 room hotel that also preserves the wetlands pond (Alternative D, known as Alternative 4 in the project Revised EIR, dated July 11, 2015). Since this evaluation shows that Alternative 2 (147 rooms) is both financially feasible and practicable, it is axiomatic that Alternative 4 is also financially feasible and practicable, and in fact even more so. The difference between a financial analysis of Alternative 2 and Alternative 4 is that in both cases the cost of the land is fixed at $30,800,000. Therefore, in Alternative 4, the cost of land decreases in relation to all other expenses (e.g., building and improvements, FF&E, soft costs, etc., which are reduced proportionately to the overall size). This fixed cost of land results in an increase in profitability / overall developer gain and ROI).

Owner's Redevelopment Options

In order to fairly assess financial feasibility and practicability of redeveloping the property as either a 147 room or a 187 room new hotel, this Market Study & Financial Feasibility Evaluation has been done from the perspective of an arm's length third party developer, and in doing so, has shown that alternatives exist that fit those criteria. However, redevelopment by the applicant is likely to have additional benefits to the applicant that might not be enjoyed by other developers.

The applicant's position in the property is vastly superior to that of a new third party developer because of his historic ownership and his equity basis in the property. Therefore, the applicant's individual returns are likely to greatly exceed those of other third party developers in any alternative development scenario.

We would also suggest that significant benefits to ownership can be achieved by gifting the wetlands pond acreage to the Town of Corte Madera, in order to ensure its preservation, to lower expenses and increase returns, and take advantage of the tax benefits and reduced property taxes resulting from such a gift. Given that the returns on investment are clearly attractive for doing so, it is in our opinion, difficult for the applicant to argue that any such redevelopment is not both feasible and practicable.

Conclusions on Financial Feasibility and Practicability

The results of this *Market Study & Financial Feasibility Evaluation* provide credible evidence to suggest that the redevelopment of the hotel and preservation of the wetlands pond is both practicable and financially feasible and that viable alternatives exist to accomplish this. This *Market Study & Financial Feasibility Evaluation* indicates that when this project is completed, there will be very little that is comparable in southern Marin. It is reasonable then to assume that a newly redeveloped hotel in this location will command a significant valuation premium. Further,

It is our opinion then that the results of this *Market Study & Financial Feasibility Evaluation*, indicate that Alternative 2 for the redevelopment of the hotel as a new 147 room hotel, and Alternative 4 for the redevelopment of a hotel as a new 187 room hotel, both of which preserve the pond, are both a financially feasible and practicable on-site alternatives that produces fewer environmental impacts.

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Maurice Bennett has been active in real estate finance, investment, and development for over 25 years, with a portfolio of projects and properties located in Denver, Colorado and San Francisco. His projects include Section 8 affordable housing, market rate rental housing, for sale condominium / urban loft development, neighborhood retail and shopping centers, and historic office/residential renovation. In conjunction with his investment and development career, Mr. Bennett worked as a manager at Household Finance (1988-91) and a licensed mortgage broker in California (1991-2000). He holds a Bachelors of Economics from Colorado State University and an MBA from San Francisco State University. He has taught Macroeconomics at Community College of Denver since 2000, and it currently a Board Member of Community Venture Partners, Inc., and the Denver Colfax-Mayfair Business Improvement District.
