

# REDACTED

## Proposal in Response to Hotel Asset Manager RFP

**Submittal Deadline:**  
July 19, 2023 – 2 p.m. Central

*July 2023*

**Prepared for:**



**Submitted by:**  
REVPAR International, Inc.  
1020 N. Fairfax Street, Suite 320  
Alexandria, VA 22314  
Telephone: (703) 838-9707

July 19, 2023

City of Topeka  
Contracts & Procurement Division  
City Hall  
215 SE 7<sup>th</sup> Street, Room 60  
Topeka, KS 66603



1020 N. Fairfax Street  
Suite 320  
Alexandria, VA 22314  
Phone: (703) 838-9707

***Re: Hotel Asset Manager RFP***

To Whom It May Concern:

REVPAR International, Inc. is pleased to submit the attached response to the above-referenced RFP. We understand that the City of Topeka (City) is seeking to contract with advisory and asset management services relative to the redevelopment of the former Hotel Topeka.

REVPAR International is interested in and ideally qualified for this project as it possesses the requisite level of experience and proper background to fulfill the needs and requirements of the City. In short, the required scope of work is within our collective areas of expertise and, thus, squarely in our proverbial "wheel house" as we have performed very similar studies many times over for public-sector agencies, as well as a wide variety of other clients and owners. Overall, our extensive experience and expertise relative to the type of hospitality consulting required in your RFP will allow REVPAR International to effectively "hit the ground running," and provide the City with well-informed, usable advice and solutions in all required areas. We have a team of highly qualified individuals to ensure that your project receives the necessary direction, technical advice, and quality assurance it requires. We know this is an important project to the City and REVPAR International has the staff and resources in-house to meet your schedules and needs.

We affirm that we meet the minimum qualifications and understand the City's redevelopment principles for the hotel.

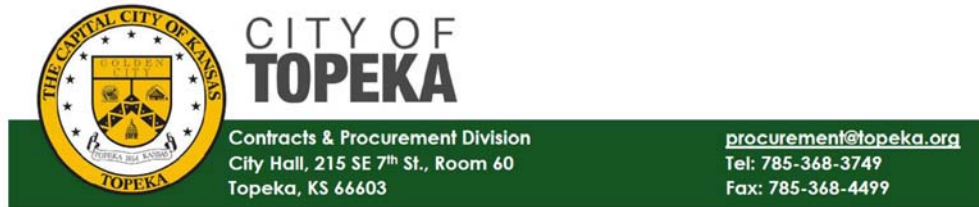
The individual representing REVPAR International and having authority to negotiate with the Town in connection with the assignment and sign the contract is myself:

Richard E. Pastorino, CEO/President  
REVPAR International, Inc.  
Telephone: 703-838-9707 | Email: [r.pastorino@revparintl.com](mailto:r.pastorino@revparintl.com)

We would be pleased to answer any questions you may have related to our submission, and would welcome the opportunity to review any aspect of our proposal with you in a presentation and interview session. In the event that the level of effort specified in our proposal is at variance with that envisioned by the City, we wish to acknowledge our willingness to negotiate on any aspect of our proposal. We appreciate the opportunity to submit this proposal, and look forward to the prospect of working with you and the City on this contract.

Respectfully submitted,  
**REVPAR International, Inc.**

  
Richard E. Pastorino  
CEO/Principal



ADDENDUM NO. I

Bid Event: **Event 2830 Hotel Asset Manager Request for Proposals**

Closing Date: July 19, 2023 2:00 p.m. Central Time

Addendum Date: June 27, 2023

Conditions of Addendum:

Bidders are instructed to read and to note the following described changes, corrections, clarifications, additions, deletions, and approvals for the bid documents.

**Addendum No. I** is part of the bid and documents and shall govern the performance of work. This addendum consists of 1 page and 0 attachments.

This addendum is issued for the following purposes:

Section **IV. RESPONSE COMPONENTS** within the "Event 2830 Hotel Asset Manager Request for Proposals.pdf" document within the attachment section of the RFP bid event has been modified to include the following requirement:

**IV. RESPONSE COMPONENTS**

Not including the cover page or table of contents page, proposals shall be no more than 35 pages. Font size shall be no smaller than size 11 font and page sizing shall be of 8 ½ inches by 11 inches, with 1 inch margins.

Contractor Signature: Rice Pst

Date: 07/06/23 Title: CEO/Principal

**BIDDERS ARE REQUIRED TO ACKNOWLEDGE ONE COPY OF THIS ADDENDUM BY SIGNING ABOVE WHERE INDICATED AND ONE SIGNED COPY MUST BE UPLOADED WITH YOUR BID.**

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ACCEPTANCE

ADDENDA

- Sample MAME (Monthly Asset Management Evaluation) Report – Deleted; Confidential Data
- REVPAR International - Corporate Brochure

## 1. QUALIFICATIONS

**i. The proposing firm's name, history, background, location(s), general description of services offered, and contact information**

Firm: REVPAR International, Inc.

Corporate Headquarters: Washington, D.C. Office  
1020 N. Fairfax Street, Suite 320  
Alexandria, VA 22314  
Telephone: (703) 838-9707

Office Locations: Washington, DC, Miami, and Denver

Primary POC: Richard E. Pastorino  
CEO/Principal  
Telephone: (703) 838-9707  
Email: [r.pastorino@revparintl.com](mailto:r.pastorino@revparintl.com)

Date of Incorporation: September 1992

Business Certification: Small, Women & Minority Owned



REVPAR International is a full-service advisory and asset management firm exclusively dedicated to the hospitality industry. The firm was established in 1992, giving us 30 years of successful service to the needs of the hospitality industry at large and its various stakeholders. We are a certified Small, Women & Minority Owned (SWaM) business. Since inception, our consultants have undertaken over 4,500 projects throughout the United States, Central America, the Caribbean, Europe, Middle East, and Asia. We have worked on almost every U.S. hotel brand.

The professionals comprising the REVPAR International team have extensive experience assisting clients, both in the public and private sectors, on projects ranging from feasibility studies to preparing strategic tourism plans for countries. Collectively, this experience equates to 100+ aggregate years in the hospitality field, inclusive of "hands on" operational experience with several of the major international hotel chains. Simply put, as consultants, we are well-seasoned veterans in all aspects of hospitality and tourism consulting -- experience that is brought to bear on each and every one of our assignments.

Additional information on the firm is provided at: [www.revparintl.com](http://www.revparintl.com).

### Services

We provide a complete set of advisory services for all phases of a hospitality project, which are all customized to the needs of each client. Our complete life-cycle approach and experience provides you with uninterrupted service and access to our professionals. It also ensures continuity in the process and goals during the complete development cycle. Following is a summary of our typical services:

#### Typical Services for Proposed Projects

- Appraisals and valuation studies
- Assistance with management/ownership issues and structure
- Brand selection and negotiation
- Construction cost estimates
- Development services
- Economic impact analysis
- Facilities planning and recommendations
- Feasibility studies (market and financial)
- Impact studies
- Litigation support
- Owner's representative services
- RFP process for selection of and negotiation with operators, brands, architects, interior designers, etc.
- Technical advisory services

#### Typical Services for Existing Properties

- Acquisition due diligence
- Advisory services as needed
- Appraisals and valuation studies
- Asset management
- Assistance with management/ownership issues and structure
- Brand selection and negotiation
- Critical asset reviews
- Feasibility studies (market and financial)
- Impact studies
- Litigation support
- Operational reviews
- Repositioning studies
- RFP process for selection of and negotiation with operators/brands
- Strategic planning and investment analysis

## Asset Types

The professionals at REVPAR International have experience and expertise with all types of hospitality and recreation facilities, to include:

#### Lodging Establishments

- All-Inclusive Resorts
- All-Suite Hotels
- Condo-Hotels
- Convention Hotels
- Cottages
- Destination Resorts
- Extended-Stay
- Full-Service
- Inns
- Limited-Service
- Luxury Hotels
- Recreational Lodging
- Select-Service
- University-Related Hotels
- Military Lodging

#### Meeting Facilities

- Civic Centers
- Conference Centers
- Convention Centers
- Executive Conference Centers
- Meeting Halls
- Banquet Halls

#### Restaurants/ Food & Beverage

- Cafeterias
- City, Country and Community Clubs
- Concessions
- Contract Food Service
- Employee Food Service
- Full Menu Restaurants
- Grab and Go
- Limited Menu Restaurants
- Lodging Food Service
- Military Food Service
- Quick Service Restaurants
- Recreation Food Service
- Theme Restaurants

#### Other Recreational Facilities

- Bowling Alleys
- Campgrounds
- RV Parks
- Child Development Centers
- Clubs
- Entertainment Complexes
- Field and Court Sports
- Fitness Centers
- Golf Courses
- Golf Clubhouses
- Marinas
- Tennis
- Recreation Centers
- School Age Centers
- Spas
- Swimming
- Youth/Teen Centers

## Why REVPAR International is Best Suited for the Project

### Market Feasibility Studies and Facility Expertise

REVPAR International's primary area of expertise is market feasibility studies for hotels.

### Full Complement of Advisory Services

REVPAR International offers a complete set of hospitality advisory services. Essentially, after we undertake the feasibility study, we can assist with identifying an operator and brand and then asset manage the subject hotel. This breadth of experience provides the City with uninterrupted service, access to our professionals, and ensures continuity in process and goals.

### Provide Recommendations Based on Data

REVPAR International is a research-intensive firm with a transparent, logical methodology. We undertake on-site research and direct interviews with area hotels and local firms to learn firsthand about the market and obtain historical operating data. This allows us to make informed decisions driven by data analysis. As a best practice, we do not make unsupportable decisions or assumptions. This will provide you with solid data based analysis.

### High Level of Repeat Clientele

Well over 60 percent of the work we do is for recurring clients, underscoring the high quality of our work and its usefulness in both assisting the developer in bringing the project to fruition and reflecting realistic projections.

### Client-Focused Approach

REVPAR International's CEO/Principal and senior leaders remain involved at all levels of every project. Our clients appreciate the high level of experience brought to their projects, the incisiveness of our advice, and the direct access to the CEO/Principal and senior leadership.

### Active in the Hospitality Industry

The professionals of REVPAR International attend, participate, and speak at prominent conferences. Furthermore, we are members of various associations, which include: HAMA (Hotel Asset Managers Association); ULI (Urban Land Institute); and ISHC (International Society of Hospitality Consultants).



### Independent

We are completely independent and conflict-free, which allows you to be assured that our recommendations and advice are unbiased and objective to the extent that they are not influenced by any investment relationships we have with the brands or other operators and owners, or other internal or external businesses under our influence or control.

### Well-Established and Positive Relationships with All Major Hotel Brands and Other Industry Stakeholders

We remain current on a real-time basis about the most pertinent aspects of the industry, brands, operations, transactions, etc. by maintaining ongoing positive relationships with senior-level executives of the various brands, management companies/operators, hotel equity and debt funds, brokers, lenders, and other market and industry participants.



**ii. A description of the proposer's staffing plan, including project team bios, their roles in the engagement, their backgrounds and qualifications, and their contact information**

## THE PROPOSED TEAM

A team of highly-qualified individuals has been assembled to ensure that the City will receive the necessary direction, technical advice, and quality assurance it requires. This group collectively offers the City unparalleled experience and expertise. REVPAR International's past experience with both the public and private sectors on similar assignments makes us extremely well suited as a contractor for this assignment. The organizational chart to the right outlines the key roles of those assigned to the project. Following are descriptions of each role

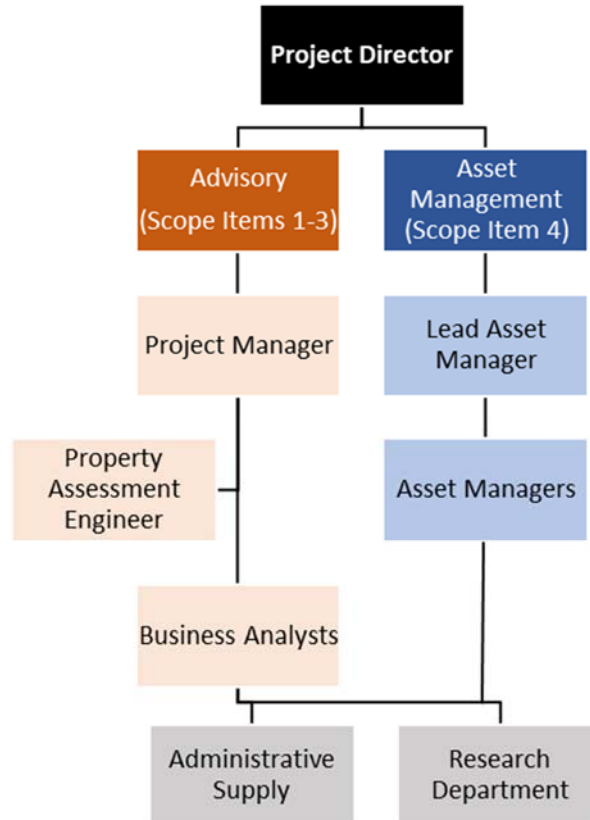
As outlined in the organizational chart, we have organized the team according to the two areas of focus – Advisory and Asset Management. To that end, a team of highly experienced and qualified subject matter experts will participate in each discipline to ensure that the City receives the appropriate level of experience and expertise

The proposed team will include a Project Director and a Project Manager under each area supported by Asset Managers and Business Analysts, who will support the daily, weekly and monthly efforts of the Project Director.

The leadership team has extensive experience and qualifications within the hospitality industry in general, market research and due diligence, financial feasibility, branding and operations, adaptive reuse, capital financing, design and operations. This means you will have significant senior leadership involvement, including the active participation of the team's principals, on a regular basis. Unlike many large firms where senior leadership and the Principal/Partners participate primarily in acquiring the new business, our principals and senior leadership are actively involved on an ongoing basis at all levels of your project. Following are descriptions of each role.

### Project Director

Richard Pastorino, CEO/Principal of REVPAR International, Inc., will have overall responsibility and accountability for the project and will be your point of contact for the engagement. He will provide overall organization, strategic direction, and input at key decision points for all components of the work. He will monitor all advisory, development, and asset management activities of the Project Manager and Lead Asset Manager to ensure compliance with the objectives, requirements and high standards of the City and those of REVPAR International. As Project Director, Rick will be involved in all critical aspects of the assignment, including reviewing all site, market, financial, and investment analysis, development of the





strategy, quality control, administration, contract management, supervision and briefings to Ownership. He will also ensure that deadlines and legal requirements are met.

## **Advisory Services**

### **Project Manager**

Either a Principal or Senior Vice President will act as Project Manager under each discipline. In conjunction and coordination with the Project Director, the Project Manager will be responsible for ensuring the timely execution of all aspects of the assignment. This will include developing the project-specific work plan; preparing the site visit; coordinating our activities with the City during all phases; reviewing all site, market, financial, operational and investment analysis; and overseeing the report production. The Project Manager will support the Project Director in administration and execution of all phases of the assignment.

### **Property Assessment Engineer**

B2R will review the results of the City's building system assessment on the hotel and provide recommendations to the City on an approach to renovations and upgrades

### **Business Analysts**

A market and financial specialist will support the Project Director and Project Manager in all aspects of the site visit: data collection; market opportunity analysis; market supply and demand analysis; demographic and economic research; and financial analysis, as needed.

## **Asset Management Services**

### **Lead Asset Manager**

Either a Principal or Senior Vice President will take the role of Lead Asset Manager. All of them have extensive experience and expertise in providing asset management services at hotel properties across the U.S. and will provide direct support to the City and be an advocate for City's financial interests, providing on-going owner's representative services in regards to the subject hotel.

In conjunction and coordination with the Principals, the Lead Asset Manager will be responsible for ensuring the timely execution of all aspects of the various disciplines of asset management, including the developing and execution of the work plan, site visits, market and financial research, coordination with the other development disciplines and consultants, review of budgets and marketing plans, coordinating the ongoing monthly activities and tasks as requested by the City, and managing the other Asset Managers supporting the Lead Asset Manager in executing the assignment. The Lead Asset Manager will conduct or oversee any analysis, undertake and/or review market, financial, operational and investment analyses, monitor the physical plant and evaluate CapEx needs and budgets, capital programming, and branding/franchise-related issues. This individual will interface with the City's main office and on-site property management to properly communicate and ensure proper execution of the strategies and tasks requested or required by the City. The Lead Asset Manager will also support the Project Director in administration and execution of all phases of the assignment.

### **Asset Managers**

These individuals will provide ongoing support to the Lead Asset Manager as needed and will take direction relative to the specific tasks and activities required under the asset management activities as outlined. These individuals have direct and extensive experience and qualifications specific to asset management. They may be called upon to support the Lead Asset Manager's efforts in data collection and review, market,

operational and financial analyses, ROI analyses, capital programming and brand requirements, and preparation of monthly reports, etc. These individuals will report directly to the Lead Asset Manager.

## Administrative Support and Research

In addition to the above personnel, we have administrative and research staff to support the team members for the duration of this project.

## TEAM PROFILES

Following are brief profiles of the key members of the REVPAR team. Resumes are provided in the Addenda.

### Richard Pastorino, ISHC, HAMA, MBA, President & Principal

Telephone: (703) 838-9707

Email: [r.pastorino@revparintl.com](mailto:r.pastorino@revparintl.com)

Over the past 30 years, Rick has been the President and sole principal owner of REVPAR International. Prior to that, he spent eight years with PKF Consulting, a global accounting and consulting firm with a hospitality focus. He started his hospitality career as a teenager in South Florida working in hotels and restaurants. He continued this operational work through college and his early years post-graduation before moving to the consulting side of the business. As a result, he has both direct operational, asset management and advisory experience providing these services to a broad array of domestic and international clients for well over 30 years.



Rick's areas of expertise include asset management, underwriting/due diligence, investment analysis, brand selection and value, hotel operator selection, management contract/franchise negotiations, economic and financial analysis including market repositioning and other value enhancement strategies, capital planning and programming, financing, market and financial analysis, valuation, strategic planning, impact analysis, and expert witness/litigation support. Rick has been engaged in numerous technical services and operational reviews for hotels located around the world, acting as Owner's Representative and negotiating agreements and contracts on their behalf.

On the advisory side, Rick has participated in a wide variety of projects on a global scale, ranging from the development of small hotels in tertiary markets and islands to major convention center hotels and luxury resorts in gateway international cities on four continents. In total, he has directed, managed and/or participated in over 4,500 projects throughout the United States, Caribbean, Europe, Middle East, and Latin America, with an aggregate value well in excess of \$15 billion in investment activity.

During his career, Rick has held various operations positions with several prominent, international hotel companies such as Westin Hotels and Resorts (now Starwood Hotels and Resorts), Holiday Inn Worldwide (now IHG), and The Boca Raton Hotel and Club. Over the past two decades, he has earned a well-deserved reputation for consulting and asset management excellence, while serving an impressive client base of public and private sector clients, including several of the industry's best known hotel companies, developers, operators, owners, lenders, lawyers, and special servicers.

Rick has authored many notable articles and studies and is a frequent speaker and moderator at major industry conferences on a variety of subject matters relative to the hotel industry. He served as an officer of the International Society of Hospitality Consultants (ISHC), including Chairman and President. He chaired the ISHC Membership Committee and ISHC Friends of Society Committee for years. ISHC is the most prestigious trade association for service providers to the hospitality industry. Rick was on the advisory committee to the American Hotel and Lodging Association's (AHLA) Foundation in the development and publication of the landmark study, "The Key to Best Practices in the U.S. Lodging Industry," prepared by several Cornell University professors. In addition, Rick has co-authored the recent editions of the CapEx reports (A Study of Capital Expenditures in the U.S. Hotel Industry), issued by ISHC, which represents a one-of-a-kind resource in the hospitality industry for tracking the cost of capital expenditures for hotels throughout their life cycle, now in its 6<sup>th</sup> iteration. Separately, Rick collaborated with the Hotel Asset Managers Association (HAMA) in updating the third publication of "Hotel Asset Management: Principles & Practices" by authoring the chapter on CapEx Spending. He is a frequent lecturer or guest speaker at universities, where a hotel degree is offered. Rick is a member of ISHC, HAMA, and the Urban Land Institute.

Rick holds an MBA in Finance from Virginia Tech University and a Bachelor of Science degree in Business Administration from the University of Denver, School of Hotel and Restaurant Management. He also attended the Institute of American Universities Aix en Provence, France.

## **Chris Cylke, ISHC, Chief Operating Officer**

Telephone: (954) 376-4754

Email: [c.cylke@revparintl.com](mailto:c.cylke@revparintl.com)

Chris has 25+ years of experience in the hospitality, recreational, and tourism industries regarding new development and acquisition of all hotel types with an emphasis on hotels and resorts located in Florida, Caribbean and Central America; market and financial analysis, valuation, strategic planning, investment decision analysis, asset management, operations analysis, impact analysis, litigation support, hotel operator selection, RFP process, management contract/franchise negotiations, and market repositioning and other value enhancement strategies. He has managed a broad range of public and private sector hospitality-related investments including hotels, conference centers, resorts, casinos, food and beverage facilities, spas, golf courses, and marinas. He has also advised leading hospitality organizations on strategic planning and investment decision analysis. He has directed and managed over 750 hospitality-related projects on individual hotel assets, as well as multiple hotel assets and portfolios, during his advisory career. The aggregate value of these projects represents well in excess of \$5 billion in investment activity. Chris has been with REVPAR International for 22 years.



Chris is a frequent speaker and moderator at major industry conferences on a variety of subject matters relative to the hotel industry. He served as an officer of the International Society of Hospitality Consultants (ISHC), including Chairman. He also chaired the ISHC Awards Committee for three years. ISHC is the most prestigious trade association for service providers to the hospitality industry. Prior to REVPAR International, Chris held various management positions with Hyatt Hotels. He has a B.A. in Government from Clark University.

## Paul Landry, Senior Vice President

Telephone: (720) 210-9111

Email: [p.landry@revparintl.com](mailto:p.landry@revparintl.com)

Paul oversees our Denver office and has been with REVPAR for 18 years. He possesses extensive experience in hotel and food service operations (including regional operations and management experience for an upscale hotel chain's food and beverage operations), economic feasibility, asset management, development, and acquisition-related financial and market analysis for all types of hospitality-related real estate for the public and private sector. Given his 30+ year tenure in the hospitality industry, he also has considerable experience with operational reviews, appraisals, brand and management selection, valuations and other analyses. Paul has managed a broad range of public and private sector hospitality-related investments including hotels, resorts, conference centers, banquet facilities, food and beverage facilities, and spas. The cumulative value of the assets that Paul has evaluated during his tenure is in excess of \$1 billion.



Prior to REVPAR International, Paul was the Regional Vice President of Food and Beverage for Kimpton Hotels and Restaurants, where he was responsible for over \$30 million in annual revenues and a staff of 250+ people and opening new food and beverage outlets in all Kimpton Hotels in the greater Washington, D.C. area. Paul was also the liaison with ownership for all food and beverage activities occurring within the various hotels. He has also redesigned restaurant operations and headed numerous opening and development teams for various food and beverage operations at full-service hotel and restaurant properties around the U.S.

Paul holds a Bachelor of Science degree in Business Administration with a major in Hospitality Administration from Florida State University.

## Robert Vitale, Vice President

Telephone: (703) 838-9707

Email: [r.vitale@revparintl.com](mailto:r.vitale@revparintl.com)

Robert has been with REVPAR International for 17 years. He has prepared market demand and feasibility studies for all types of hotel products, touching nearly every single brand and a wide variety of independent properties. Robert has experience in many Top 25 urban markets, as well university-campus, resort, airport, interstate, suburban, and rural market areas. Projects include estimating development costs, determining a fair lease structure and value, and identifying appropriate hotel developers/operators via both formal and informal RFP processes. Robert also provides asset management services, which have included providing operational review services, with best practice recommendations, monitoring on-site operations from the perspective of loan security and collateral protection, assessing hotel operating performance, participating in regular sales and operational calls with management, and researching variances to enhance revenue or reduce expenses. He establishes performance benchmarks and measures results, performing brand assessment and void analysis, and representing the client in dealings with hotel operators, franchisors, management companies, governmental agencies, media sources, community groups, and suppliers. He has prepared, evaluated, and made recommendations relative to borrower's proposed repositioning of hotel asset or portfolio through



rebranding, renovation, disposition, and/or expansion are all also some of the actions completed as an asset manager.

Prior to REVPAR International, Robert held various hotel management positions. He holds a Bachelor of Science degree in Hospitality and Tourism Management from Connecticut State University.

### iii. A detailed description of how the proposer meets the minimum qualifications described herein

REVPAR International is a full-service advisory and asset management firm exclusively dedicated to the hospitality industry. We have been preparing market feasibility studies for 30+ years. Since inception, our consultants have undertaken over 4,800 projects throughout the United States, Central America, the Caribbean, Europe, Middle East, and Asia.

Furthermore, the professionals comprising the REVPAR International team have extensive experience assisting clients, both in the public and private sectors, on projects ranging from feasibility studies to preparing strategic tourism plans for countries. Collectively, this experience equates to 100+ aggregate years in the hospitality field, inclusive of "hands on" operational experience with several of the major international hotel chains. Simply put, as consultants, we are well-seasoned veterans in all aspects of hospitality and tourism consulting -- experience that is brought to bear on each and every one of our assignments.

### iv. A narrative approach of the proposer's understanding of the project and how it would proceed if selected

We understand that the City purchased the former Hotel Topeka in June 2023. The hotel is adjacent to the Stormont-Vail Events Center, a 10,000 seat multipurpose arena, and connected to the Maner Conference Center. The hotel is currently unaffiliated with a flag. It has 224 rooms (102 king, 112 double, and 10 suites) on seven floors, and it sits on four acres, served by 260 parking spaces. According to county records, the hotel was constructed in 1997.

As currently envisioned, the City will own the hotel for the mid to long-term, using tax-exempt financing to cover the acquisition and renovation costs and contract with an experienced hotel operator to manage the facility.

At this time, the City would like an independent 3<sup>rd</sup> party to affirm the need for an upscale high-quality, full-service conference hotel alongside the Maner Conference Center and evaluate and provide recommendations for improvements to key building systems, including roofing, windows, MEP, HVAC and elevators. The City then requires assistance in securing an Operator and Brand. Once the hotel opens, the City will then require asset management services. Based on the foregoing and the requirements of the RFP, our approach to the assignment is broken down into components as summarized in the table to the right and outlined in our methodology. The corresponding methodology

| WORK PLAN                                                                                                      |
|----------------------------------------------------------------------------------------------------------------|
| <b>Scope Item 1 – Develop Overall Strategy for the Hotel Topeka and Validate Third-Party Feasibility Study</b> |
| Phase 1 – Market Overview and Validity of Third-Party Feasibility Study                                        |
| Phase 2 – Review City's Building Assessment                                                                    |
| Phase 3 – Review Potential Ownership Structures                                                                |
| Phase 4 – Prepare and Submit Deliverable                                                                       |
| <b>Scope Item 2 – Undertake Hotel Operator RFP Process</b>                                                     |
| <b>Scope Item 3 – Undertake Hotel Brand RFP Process</b>                                                        |
| <b>Scope Item 4 – Asset Management Services</b>                                                                |
| <b>Scope Item 5 - Additional Advisory Services (Optional)</b>                                                  |
| A. Update Hotel Facility Recommendations & Pro Forms/ROI                                                       |
| B. Technical Advisory and Pre-Opening Services                                                                 |



for each of the tasks is efficient in that we are verifying the feasibility of the proposed hotel prior to undertaking subsequent components and phases. Of note, based upon our findings, the City may require additional advisory services, which are further discussed in the Scope Item 5 of our methodology.

**v. A narrative illustrating the proposer's understanding of the Topeka market, this hotel's role in that market, and the proposer's vision for the role of the renovated hotel in the market**

Topeka is the capital of the state of Kansas and the seat of Shawnee County. Initially a region that was historically dependent on agriculture, Topeka has since diversified its economy tremendously to include robust government, corporate, medical, higher education, and leisure sectors. With a reasonable climate and cost-of-living, the city is also growing in population, aided by numerous city and county initiatives.

The Hotel Topeka is strategically located along Southwest Topeka Boulevard and anchors the southern entryway into downtown. It is also directly adjacent to some of the market's key event and gathering spaces. Renovating and revitalizing the Hotel Topeka in line with the city's vision will allow the hotel to re-establish itself as a quality lodging facility within the downtown core and be an asset to the event and meeting spaces next door. This will help both facilities increase their usage and contribute economically to the market. For many travelers to the city, the Hotel Topeka will be their first impression of visiting. In addition to improving Topeka's destination appeal, improving the Hotel Topeka will set the stage for positive reviews, additional word-of-mouth recommendations, and economic impact into the future.

**vi. A narrative describing any concerns regarding the ability of proposer to execute on the Grey Hospitality Study recommendations (full-service, Upscale hotel) or the City's principles with respect to the redevelopment of the hotel.**

## Concerns Related to Grey Hospitality Study

Since we have not yet reviewed the Grey Hospitality study, we cannot state any concerns that we have regarding the recommendations. That being said, once we review the study, we will highlight those areas of agreement, as well as opine on those recommendations that should be reviewed including the projected top line performance projections, and/or financial pro formas. Based on the foregoing, we have provided in our methodology in Scope Item 5, an optional service related to preparing a revised set of projections.

## Concerns with City's Principles with Respect to the Redevelopment of the Hotel

In regards to the City's principles with respect to the redevelopment of the hotel, we have no concerns; however, the methodology outlined in the RFP does not provide us the opportunity to assist the City in the redevelopment phase of the hotel – essentially, the phase after selecting the Operator and Brand until the hotel opens. Based on the foregoing, we have provided in our methodology in Scope Item 5 an optional service related to our technical advisory services during this redevelopment period.

**vii. Detailed information about the proposer's success in securing commitments from major hotel flags**

REVPAR International has undertaken numerous assignments relative to evaluating and analyzing hotel brands for existing and new hotel projects. This included a market analysis to evaluate the future prospects of the existing hotel relative to its competitive set and what, if anything, needed to be done from an



operational, physical facility, and/or brand affiliation perspective to properly (re)position the hotel for the next 20 years so as to continue to maximize its value to the ownership group. If available, a comparable analysis is used to further support the conclusions from the market analysis. If a repositioning/rebranding of the asset was recommended, the owners wished for us to identify the best affiliation, management structure (brand vs. 3<sup>rd</sup> party), capital expenditures required, and the subsequent return on investment under such a scenario. Once the foregoing was accomplished, we then recommended a plan of action to accomplish these changes.

For many of these projects, we were commissioned to undertake an RFP/solicitation process to identify and preliminarily secure the appropriate brand for the hotel. For more formal processes, REVPAR International uses a proprietary RFP process and evaluation tool for this portion of the work, along with our extensive contacts within the industry. As part of this process, REVPAR International completed the following:

- Developed and distributed RFP;
- Reviewed responses to RFP and developed a shortlist;
- Attended formal presentations of each of the finalists and assisted client in clarifying any outstanding issues and obtaining additional information so that the candidates can be objectively compared;
- Worked with client to assess the strengths and weaknesses of each candidate and to develop a negotiating strategy with each of the finalists to determine the optimal brand for the proposed hotel.

Below is a list of major hotel brands that we have successfully secured for our clients either via an RFP process or a direct solicitation of the brands:

|                         |                          |                     |
|-------------------------|--------------------------|---------------------|
| AC Marriott             | Hilton                   | Marriott            |
| Ascend Collection       | Hilton Garden Inn        | Ramada              |
| Autograph Collection    | Holiday Inn              | Radisson            |
| Best Western            | Home2 Suites             | Renaissance         |
| Comfort Suites          | Homewood Suites          | Residence Inn       |
| Conrad                  | Hyatt Regency            | Ritz-Carlton        |
| Courtyard by Marriott   | Hyatt House              | Rosewood            |
| Crown Plaza             | Hyatt Place              | Sheraton            |
| Dolce                   | Indigo                   | SpringHill Suites   |
| Doubletree              | InterContinental         | Staybridge Suites   |
| Embassy Suites          | Joie De Vivre            | Tribute Portfolio   |
| Fairfield Inn           | Kimpton Hotels & Resorts | Tapestry Collection |
| Four Points by Sheraton | Loews                    | W Hotels            |
| Four Seasons            | LXR                      | Westin              |
| Hampton Inn             | Luxury Collection        | Wyndham             |

## 2. METHODOLOGY

### **Contract Award & Kick-Off Meeting**

Upon notification of contract award, the key personnel from the REVPAR team would plan an initial in-person meeting with the City to discuss the assignment. At this time, we would review and discuss the methodology and required information for the assignment; discuss any administrative or technical issues related to the work; discuss milestone completion dates for all tasks; and discuss any other issues that may be of importance to the assignment.

### **Scope Item 1 – Develop Overall Strategy for Hotel Topeka & Validate 3<sup>rd</sup> Party Feasibility Study**

#### **Phase 1 – Market Overview and Validity of Third-Party Feasibility Study**

Initially, we understand that the City is requesting that the REVPAR team review all the prior work undertaken to date to gain a full understanding of the project evolution to this point in time. This would include the following:

- Review all pertinent white papers, studies, meeting minutes, etc., that have been completed to understand how the project has evolved and the key factors that determined the current facility scope. In addition, we will review the feasibility study prepared by Grey Hospitality.
- Review current hotel market information and data, as well as supply and demand trends for the market area.
- Gather and analyze relevant socioeconomic data regarding the market area as background for judging the future potential of the subject hotel. We would examine correlations between key economic factors and the demand for hotel rooms and utilize any available forecasts of these indicators in the evaluation of potential future demand.
- Evaluate the site as to its suitability for hotel development based on our evaluation of the following factors: access, visibility, image and ambiance, relationship of the site to demand generators, in terms of convenience, versus that of the existing and prospective competition; relationship of the site to retail centers, services, food and beverage facilities, recreation sites, area amenities, and other ancillary facilities (both existing and planned); relationship to existing and prospective growth patterns in the area; and advantages/disadvantages of the site, versus those of its major competitors.
- Conduct interviews with a variety of people to include:
  1. Select City Board Members and stakeholders;
  2. Representatives of potentially competitive and comparable lodging facilities;
  3. Local and regional officials in economic development, planning and tourism;
  4. The local/regional hotel association and other tourism-related entities;
  5. Other persons knowledgeable about tourism trends within the competitive market area as appropriate.

On the basis of the above, we will assess the reasonableness of the findings, recommendations and conclusions to date, including the financial operating pro formas, prepared by Grey Hospitality and provide feedback to the city on its reasonableness.

### **Phase 2 – Review City’s Building Assessment**

In this phase, B2R will review the reports and findings of the building system assessment performed by others. For each recommendation related to an immediate repair, maintenance, replacement, or refurbishment, B2R will analyze the information presented and develop an action program for corrective actions, renovations and/or upgrades as appropriate to provide proper functioning of the building and systems. The action program will include recommendations for further testing or evaluations if required to determine the best course of action and to provide alternatives for consideration.

### **Phase 3 – Review Potential Ownership Structures**

In this phase, we will evaluate potential ownership structures that include some form of public participation. Options may include:

- Public ownership/development of a portion of the facility;
- Public ownership of the facility with a 3<sup>rd</sup>-party management company (including sliver equity);
- A joint venture development agreement with a 3<sup>rd</sup>-party developer/operator;
- A long-term lease of the land at market or below market rates;
- Public development of the facility with an operating lease of the asset to operator;
- Selling the land outright to a developer; and
- Some permutation of the above alternatives.

### **Phase 4 – Prepare and Submit Deliverable**

We will then prepare a brief letter summarizing our opinions as to the quality of the information in the Grey Hospitality study and the reasonableness of the conclusions and recommendations as relates to if the hotel should be redeveloped as an upscale full-service conference hotel and what we would recommend be done going forward to update or improve upon the information and data collected to date. We would also include any proposed changes to any aspect of the planned program. We will also include our review of the City’s building system assessments and our recommendations, as well as a review of the potential ownership structures. The foregoing will be communicated to you in a brief summary letter, along with supporting charts and tables. It ***will not include*** any future projections for the market or your hotel project. ***Please keep in mind that this letter will be preliminary in nature and for internal use only.*** This would conclude Scope Item 1 of the study.

**\*\* Of note:** If we determine in Scope Item 1 that the findings and recommendations within the Grey Hospitality study are reasonable, we have provided in Scope Item 5 (Additional Advisory Services – Optional), our methodology to prepare updated findings and financial pro-formas.

### **Scope Item 2 – Undertake Hotel Operator RFP Process**

Assuming positive findings from Component 1, the REVPAR team will commence the Operator Selection process via a Request for Proposal (RFP).

Although the RFP has Scope Item 2 as the Brand RFP process, we recommend that that the hotel operator RFP process be undertaken before the Brand RFP process so the Operator, the City, and the REVPAR team can jointly determine that branding the subject hotel as an upscale hotel is the preferred option (versus being independent) and the Operator can provide input into the brand selection process.

The objective of the Operator RFP process will be to identify and select a 3<sup>rd</sup> party operator with significant experience and a strong track record in managing a hotel similar to that envisioned for the subject hotel. The successful Operator will have demonstrated an understanding of the subject hotel and how to maximize its performance. Finally, we would seek an Operator who understands the visions of the City and the subject facilities and how a shared vision can ultimately be achieved under mutually acceptable terms and allow for the operation to be financially successful. With the foregoing in mind, our scope of work for the RFP process includes the following:

- Develop an initial list of potential operators to solicit.
- Contact the foregoing operators individually to determine if the proposed hotel is suitable or desirable for their platform.
- Prepare an RFP for distribution to those operators that are interested. The RFP will be brief and tailored to highlight the strengths of the property and contain current data about the project – facility scope, location, conceptual design, and the planned timing for development, as well as an overview of the market and competitive/comparable facilities.
- Organize walk-through of site for interested parties if requested.
- Based on feedback and interest, we will request term sheets. Upon receipt of them, we will review the term sheets. This would include an evaluation of the business and economic terms using our proprietary scoring system and identifying any advantageous and disadvantageous economic terms such as onerous fees and termination clauses, etc.
- Evaluate the financial pro formas prepared by the various operators and prepare ROIs for each pro forma. (We will differentiate appropriate line items to the extent that there is expected to be a material difference between each operator.)
- Provide brief summary and ranking of operators to include charts, graphs, and matrices that illustrate the results of both the qualitative and quantitative comparisons of the responses. ***Please keep in mind that this letter will be for internal use only.*** This would include any tangible advantages and disadvantages of one over the other (such as onerous fees and termination clauses, etc.), as well as any intangibles that should be considered.

After your review and feedback to us, we will coordinate an “in person” presentation of the top two or three operators to the City. At the presentation, we will clarify any outstanding issues and obtain any additional information so that the candidates can communicate why they believe their firm should be selected. Upon completion of the interviews, we will pick an operator to begin final negotiations.

As needed, we will also assist in negotiating the selected hotel management agreement and technical services agreements.

### **Scope Item 3 – Undertake Hotel Brand RFP Process**

It is our understanding that the City would like to identify one or two upscale brands (i.e., Hilton, Marriott, etc.) and negotiate with those entities to secure a term sheet.

Once an Operator has been selected and it has been jointly determined by the team (i.e., the City, the REVPAR team, and the Operator) that branding the subject hotel as an upscale property is the preferred scenario (versus being independent), we can then undertake the RFP process for a brand as follows:

- Develop an initial list of potential hotel brands to solicit.
- Contact the foregoing brands individually to determine if the proposed hotel is suitable or desirable for their platform.

- Prepare an RFP for distribution to those brands that are interested. The RFP will be brief and tailored to highlight the strengths of the property and contain current data about the project – facility scope, location, conceptual design, and the planned timing for development, as well as an overview of the market and competitive/comparable facilities.
- Organize walk-through of site for interested parties if requested.
- Based on feedback and interest, we will request term sheets. Upon receipt of them, we will review the term sheets. This would include an evaluation of the business and economic terms using our proprietary scoring system and identifying any advantageous and disadvantageous economic terms such as onerous fees and termination clauses, etc.
- Coordinate an “in person” presentation of each of the selected brands. At the presentation, we will assist in clarifying any outstanding issues and obtaining additional information so that the candidates can communicate why they believe they should be selected. The information gathered will be used to objectively compare each brand. Upon completion of the interviews, we will rank the formal presentations of each brand utilizing a scoring matrix and provide the comparison to you for your review.
- Provide brief summary and ranking of brands to include charts, graphs, and matrices that illustrate the results of both the qualitative and quantitative comparisons of the responses. ***Please keep in mind that this letter will be for internal use only.*** This would include any tangible advantages and disadvantages of one over the other (such as onerous fees and termination clauses, etc.), as well as any intangibles that should be considered.
- Request any further information, data, and economic benefits from the brands so as to minimize the ongoing cost of the franchise/brand to the owner and maximize its value to the hotel.
- Upon completion of the interviews, we will pick a brand to begin final negotiations.
- As needed, we will also assist in negotiating the selected brand franchise agreement.

We will also assist the City in identifying the appropriate scope of the renovation project to ensure the requirements of the flag are met. We would work with the City and the brand to refine the conceptual building envelope for the brand on the specific site that fits their typical design standards. Based on the foregoing, we would then reconcile “the subject as proposed” versus “the requirements based upon the brand” to establish which, if any, of the brands/operators’ facilities and costs match the subject as proposed. This information can then be used by your design team and investment group to configure the space within the overall master plan development, as well as determine which, if any of the brands/operators maximizes the value of the asset.

#### **Scope Item 4 – Asset Management Services**

Per the RFP, we have provided Scope Item 4 which outlines our asset management services; however, prior to the opening of the hotel, we typically provide technical advisory and pre-opening services to our clients. Such services have been outlined in Scope Item 5 as an Optional Services.

Upon receipt of the annual budget plan and based upon your authorization to proceed, the REVPAR team will provide on-going asset management services to the City, acting as their owner’s representative with the hotel management team.

Prior to commencing the work, we will meet with pertinent representatives of the ownership team to discuss the overall objectives of the Asset over the short and long term - to include sales and marketing, guest satisfaction, financial, and human resources, among others, along with any specific strategies anticipated, and the time frame over which that is to occur. These objectives will then be used as the basis of our asset management strategy and tasks while asset managing the hotel on your behalf. We can also discuss the

advantages, disadvantages, opportunities and limitations associated with your financial objectives for the Asset and our strategy to achieve them.

### **Initial Annual Budget Plan**

We will review and approve the annual budget plan for the first operating year of the Asset in conformance with terms of the hotel management agreement. If such first operating year is shorter than six months, review the plan for the second operating year. The annual budget plan shall be generated and provided to City by Operator no later than 45 days prior to the anticipated opening date. Once the annual budget plan has been approved, we will then begin our on-going asset management services, which are summarized in the following tasks.

### **On-Going Asset Management Services**

#### **Support management and team performance by:**

- a. Meeting with hotel operator executives to establish a working relationship with individuals responsible for the management and operations of the hotel
- b. Coordinating with the hotel operator on the development of the annual budget and capital improvement plan, and meet with management on a regular basis to evaluate and monitor sales, marketing, and operational initiatives
- c. Monitoring weekly and monthly market penetration reports and reviewing any significant variance with the hotel operator
- d. Evaluating pricing strategies and yield management practices to ensure that the hotel is maximizing Revenue per Available Room (RevPAR)
- e. Monitoring the hotel's monthly operating expenses to ensure that effective cost-containment practices are in place, that operating expenses are in-line with those of comparable properties and industry standards, and that property management is maximizing cash flow
  - Assist/coach management in the identification and exploitation of new revenue opportunities if and as available in order to boost positioning, guest experience and profitability.
  - Assist/coach management in the identification of opportunities to reduce particular expenses together with the potential risks and profitability enhancements associated with such cost cutting.
  - Monitor the performance of management and assist and coach management in identifying areas with potential for improvement or areas where management may not be in full compliance with current industry standards.
- f. Reviewing guest satisfaction scoring, social media reviews and management responses
- g. Monitoring profit and loss (P&L) reports and budget-to-actual reporting including an analysis of department performance metrics
- h. As applicable, monitoring operator's progress on capital improvement plans and budgets
- i. Providing support in developing preventative maintenance plans
- j. Evaluating staffing plans and reviewing labor reporting and monitoring systems to ensure required salaries and benefits, per the management agreement are being applied
- k. Evaluating personnel training procedures and practices to ensure that all employees contribute to overall guest satisfaction
- l. Reviewing human resource policies and procedures, and by monitoring any legal or labor issues relating to the management of the hotel

#### **ii. Support sales, marketing, and public relations by:**

- a. Assisting the hotel operator in the development of annual sales and marketing plans, including sales goals and staffing plans
- b. Monitoring market conditions and assessing how supply and demand characteristics impact the asset's revenue and profitability
- c. Evaluating return on investment from advertising and promotional programs



- d. Evaluating and monitoring management teams strategies to maximize RevPAR
- e. Evaluating weekly sales report
  - Participate in weekly revenue management and operations call.
- f. Evaluating digital-marketing efforts including internet presence, rankings, search engine optimization, links to demand generators, social media reviews, and other product-to-market marketing programs
- g. Interfacing periodically with the hotel operator to review hotel performance

**iii. Owner representative and owner engagement:**

- a. Visit the hotel periodically to ensure that the management team is effectively managing, marketing, and maintaining the asset
  - Please note that we would plan to be on site once a month during the initial 12 months of opening the hotel. This is typically done in conjunction with distribution and review of the monthly financial package provided by the Operator to the City. After the initial year of operation, we would look to visit the hotel on a bimonthly basis as appropriate.
- b. Coordinate with the owner on for the approval of the annual budget, sales and marketing plan, and capital improvement plan. *(Please see section below for additional information on annual budget process.)*
- c. Provide periodic reports on the hotel performance, including progress in meeting budget and sales goals, identifying any areas of merit that should be recognized or concerns that should be addressed and other salience issues relating to the management and financial performance of the asset
  - For all of our asset management assignments, we submit a monthly proprietary report called a MAME (Monthly Asset Management Evaluation) that summarizes the prior month's performance and objectives, as well as forecasts of future market and financial performance for the asset. Our MAME includes a written analysis of the property's monthly and year-to-date financial performance and operational information, key metrics, relevant data, and our findings and conclusions about the Operator's recent achievements or lack thereof. The MAME also includes an "Action Items" checklist, tracking who is responsible for completing any required tasks and projects and the expected due date. A sample MAME is provided in the Addenda.

In addition to the foregoing, the following is included in our asset management services:

- 1. Review monthly (and quarterly) forecasts submitted by management and analyze same against the annual operating budget, year-to-date trending, current booking pace, and reservation levels, etc.
- 2. Maintain current knowledge of Asset and corporate initiatives and proposed changes in delivery standards that have the potential to positively or negatively impact the performance of the Asset or its ability to service its guests and groups.
- 3. Ongoing review of Asset's market position and competitive set position to ensure that the Asset is properly positioned against its most consistent and direct competitors.
- 4. Ongoing review and analysis of all pricing policies and other revenue centers together with a detailed analysis of major line-item expenses including departmental expenses, undistributed expenses, and fixed charges.
- 5. Review and analysis of any capital requests submitted by management so that we can develop recommendation as to their need and ROI potential to the Asset.
- 6. Review and analysis of any proposed equipment leases, space leases, licenses, concessions or similar arrangements concerning the Asset put forth by management for owner approval.
- 7. Assist management company on large CapEx projects but not directly conduct any PM services.
- 8. Review menu engineering and make recommendations/suggestions on proposed outlet and catering menu changes.
- 9. Assist property level team with engaging parent brand from ownership perspective to address issues

at Asset in a more timely, efficient fashion.

10. Review, comment, and negotiate potential extensions/addendums to the HMA.

In any instance where an aspect of the hotel operations falls outside our field of expertise, we would look to hire a 3<sup>rd</sup> party expert as needed (based upon your approval) to assist in those areas. Examples include IT-setup, insurance risk management, property condition reports, facility engineering, legal issues, etc.

### **Annual Budget Process**

Every year, we will review and approve the annual budget plan for the Asset in conformance with terms of the hotel management agreement. It is anticipated that the annual budget plan will be generated and provided to City by Operator no later than 45 days prior to the end of the year. The following summarizes our process for the budget process:

1. Review Annual Budget Package/Plan as submitted by Operator, to include:
  - a. Financial operating budget
  - b. Sales and marketing plan
  - c. Management's assessment of the Asset's competition, its competitive position, changing market mix and local visitation trends; review of any large group accounts and other sources of demand
2. Question management accordingly to ensure that the marketing plan creates a well-conceived basis for pricing and other operational decision-making in the year ahead.
3. Review and thoroughly analyze management's proposed annual operating budget, especially as it evolves from the marketing plan and perceived changes in the local operating environment. Compare budget to the actual and/or budgeted performance of comparable hotels.
4. Question and challenge management, as appropriate, in order to ensure that the annual operating plan is sufficiently aspirational without being unrealistic.
5. Evaluate the hotel's cost of acquisition by channel/market segment.
6. Make approval recommendation to ownership, as appropriate, and "benchmark" Asset's actual financial results against such approved annual budget thereafter.
7. Review and thorough analysis of management's proposed annual capital plan and any justification thereof. Thoroughly question and challenge management with respect to the return-on-investment or other support for any given capital project in order to ensure that funds are invested strategically.
8. Review timing of capital projects with respect to displacement of business, as necessary, in order to minimize same.
9. Review material contracts for goods and services (including insurance policies, if applicable) utilized by management and "benchmark" same against the "market" for such goods and services adjusting, as necessary, to ensure a fair comparison.
10. Review the Asset's or management's relationships with vendors or service providers, if any, and the cost-benefit of such relationship.
11. Review credentials and experience of on-site management team.
12. Evaluate real estate assessments (if applicable) for opportunities to successfully challenge values and realize savings on ad valorem taxes. As appropriate, recommend 3<sup>rd</sup> party experts to challenge local assessments and assist such experts in order to maximize prospects for success.

In conjunction with the delivery of the Annual Plan by the Operator to ownership (typically about 30 to 45 days out from January 1<sup>st</sup>), we would plan to visit the Asset and have the Operator present the Annual Plan to us, along with ownership, along with their supporting rationale and strategies in achieving it. From here, we will make recommended changes to the plan as appropriate until it is finalized and approved by Ownership.

## **SCOPE ITEM 5 - ADDITIONAL ADVISORY SERVICES (OPTIONAL)**

### **A. Update Hotel Facility Recommendations & Pro Forms/ROI**

Based upon the findings and conclusions in Component 1 and upon the City's authorization to proceed, we will undertake any necessary due diligence to update the market research, facilities recommendations, and financial pro formas for the proposed subject hotel.

### **B. Technical Advisory and Pre-Opening Services**

The REVPAR team will advise and/or assist the City on an as-needed basis (or more frequently if requested) during the development and construction process relative to the hotel project. In essence, the objective of our technical services is to provide you with on-going access to our knowledge base, experience and contacts within the industry, which in turn can be used by you in an effort to make the most informed decisions as regards the project and the operator's decisions so as to bring it to fruition in an expeditious and cost-effective manner. Examples of the technical services that can be provided under this agreement include, but are not necessarily limited to, the following areas of assistance:

1. Provide space programming recommendations and functionality for the hotel and work with the City to finalize blocking, stacking and space planning.
2. Provide brand positioning recommendations and work with the City to develop the Hotel brand identify, messaging, etc. Assist in the overall branding process.
3. Work with the City, the brand (if engaged), and the Operator during all steps of the development period to ensure that the project is properly positioned and offers the right amenity to be competitive in the marketplace.
4. Assist in franchise and/or loan sourcing and negotiations as needed.
5. Participate in and review branding of the hotel, architectural work, and interior design work.
6. Participate in, review and provide input on Hotel systems and technology.
7. Assist in Hotel FF&E selections, specifications, and sample/model room review.
8. Participate in weekly Owner's project update meetings and conduct regular meetings with key executives of the management team on-site.
9. Periodically visit the Property, meet with key project personnel, and review construction timeline.
10. Participate in quarterly board update meetings.
11. Pre-opening planning and coordination including systems, technology, operating supplies and equipment.
12. Review and provide input and oversight into Operator's sales and marketing plans and monitor for progress.
13. Review and approve the pre-opening budget for subsequent Owner approval; this includes all pre-opening labor, OS&E, sales and marketing programs, and IT.
  - a. Oversee and monitor the operator's preparation of a pre-opening plan and pre-opening budget.
  - b. Analyze operator's sales and marketing budget
  - c. Oversee the operator and ensure that the best IT systems are selected and assess all systems, software and SOPs for all key departments.
  - d. Liaise with operator's corporate team to ascertain upcoming corporate initiatives consistent with the Pre-Opening (e.g., marketing, IT, Revenue Management, etc.) which may impact the property.
  - e. Monitor and track pre-opening budget, ensure that operator operates within agreed upon Budget and delivers on proposed scope (marketing activity, key deadlines) and help identify cost containment opportunities.
  - f. Review the operating budget and ensure that revenue forecasts are consistent with market conditions and that expenses are sized to match the expected business activity. At the

- appropriate time, JLL will coordinate with operator to provide an updated Operational Plan (Budget), CapEx Budget and Proforma.
- g. Assess Human Capital, facilitate the approval process of key positions, participate with the interview of prospective candidates and make appropriate staffing recommendations as needed.
  - h. Review and assess all information provided by operator related to compensation offered to the Executive Committee and comment on whether it is aligned with industry standards and appropriate for the property. The Executive Committee is defined as the General Manager, Director of Finance, Rooms Director, Director of Sales and Marketing, Director of Revenue Management, F&B Director, Human Resource Director, Chief Engineer, Executive Housekeeper, and the Executive Chef;
  - i. Evaluate pre-opening marketing and sales efforts for Asset with the objective of assessing budgets and ROI and ability to create awareness in pertinent markets;
- 14. Recommend/suggest any value engineering to assist in meeting budget objectives;
  - 15. Undertake market research and due diligence work as needed;
  - 16. Review, negotiate and/or advise on all proposed leases, technical services, operating agreements put forth by the hotel operator or 3<sup>rd</sup> parties for services or products to be used at the Asset and assist in direct negotiations with the vendors on behalf of ownership and/or the Hotel Operator;
  - 17. Evaluation of and assistance in interpretation of any terms of the hotel management or franchise agreement;
  - 18. If needed, we will recommend potential PR agencies for the Asset and, at City's request, conduct a formal or informal "RFP-style" process to select an agency for the Asset;
  - 19. Assist in the arrangement of appropriate opening functions and ceremonies for the Asset;
  - 20. Use our efforts as reasonably expected in our capacity as an advisor to do all other things reasonably necessary for the proper and timely opening of the Asset in accordance with industry standards, within the confines of the Pre-Opening Budget.

Please note that our advice and recommendations are not intended for the purpose of determining constructability or compliance with applicable codes and laws.

## **Deliverables**

Deliverables will be prepared and issued as needed.

### 3. PROPOSER'S KEY PARTNERS

REVPAR International, Inc. is a hospitality advisory and asset management firm exclusively dedicated to the hospitality industry. So that we can provide the City with the highest level of expertise required for this project, REVPAR International has combined resources with B2R Consulting, which specializes in property condition assessments, to accomplish all the objectives under the RFP.

B2R's team of licensed architects, engineers, and contractors bring decades of experience providing building inspections, due diligence inspections, property condition assessments and reports, damage assessments, SB800 inspections, construction defect investigations, code analysis, and building expert consultation and testimony. Their many years of experience uniquely qualifies them to provide construction consulting, due diligence, and minimally invasive and cost-effective SB 326 and SB 721 inspections and reports. Their services are always performed in an ethical, unbiased, and confidential manner to serve the best interest of our clients.



REVPAR and B2R have worked together on numerous assignments over the years.

Additional information on the firm is provided at: <https://www.b2rconsultinggroup.com/>

## 4. RELEVANT PROJECT EXPERIENCE

The list of our relevant project experience is extensive. To that end, we have provided on the following pages relevant case studies, which were undertaken by the professionals of REVPAR International. For a complete list of projects, please visit our websites at [www.revparintl.com](http://www.revparintl.com).

### CASE STUDY 1

#### Operator RFP Process, Technical Advisory Services, and Asset Management Services

[TEXT REDACTED; CONFIDENTIAL INFORMATION]



## **CASE STUDY 2**

### **Market Financial Feasibility Study, Technical Advisory Services, and Asset Management Services**

[TEXT REDACTED; CONFIDENTIAL INFORMATION]

## **CASE STUDY 3**

### **RFP/Solicitation Process**

[TEXT REDACTED; CONFIDENTIAL INFORMATION]

## 5. TIMING

Based on current commitments, we would be prepared to commence the assignment shortly upon your authorization to proceed and receipt of the requested retainer. Barring any unusual circumstances, we would submit the deliverables for the various components within the following time frames:

| Component      | Timing                                                                                                                                                                                                                                                                    |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Component 1    | Within 4 to 6 weeks of commencement of fieldwork.                                                                                                                                                                                                                         |
| Components 2-3 | Development of each RFP should take approximately three weeks. The timing of the evaluation of the responses will depend on the amount of time we agree to allow for responses and the number of responses received. Therefore, it is difficult to quantify at this time. |
| Component 4    | We will commence mobilization and familiarization activities immediately and schedule the on-site visit within two weeks of authorization to proceed and receipt of the annual budget plan.                                                                               |

## 6. REFERENCES

Following are references for *REVPAR* International:

[TEXT REDACTED; CONFIDENTIAL INFORMATION]

## 7. DISCLOSURE

REVPAR International has never had any action, suit, proceeding, inquiry, or investigation at law or in equity before or by any court, public board or body, which was initiated by a client of the firm or its principals against the firm or its principals.

## 8. COST PROPOSAL

Our professional fees for undertaking the above assignment are based on our hourly rates multiplied by the time required to complete the assignment. Our hourly billing rates are as follows:

|                      |                      |
|----------------------|----------------------|
| Project Director     | \$565.00 to \$610.00 |
| Project Managers     | \$250.00 to \$425.00 |
| Analysts             | \$125.00 to \$240.00 |
| Administrative Staff | \$100.00             |

Given the open-ended nature of each component of the requested scope of work, we are unable to quote a fixed fee at this time. However, in an effort to provide you with some budgetary guidelines, we have estimated our professional fees by component based on prior experience with other assignments as follows:

|                                                                                                                                                                                                                                                        |                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope Item 1 – Develop Overall Strategy for the Hotel Topeka and Validate Third-Party Feasibility Study                                                                                                                                                | Hourly to Max of \$28,000 <sup>(1)</sup>                                                                                                                         |
| Scope Item 2 – Undertake Hotel Operator RFP Process                                                                                                                                                                                                    | Hourly to Max of \$35,000 <sup>(2)</sup>                                                                                                                         |
| Scope Item 3 – Undertake Hotel Brand RFP Process                                                                                                                                                                                                       | Hourly to Max of \$25,000 <sup>(2)</sup>                                                                                                                         |
| Scope Item 4 - Asset Management Services <sup>(3)</sup>                                                                                                                                                                                                |                                                                                                                                                                  |
| Base Monthly Fee                                                                                                                                                                                                                                       | 0.75% of total revenues or \$12,000.00 per month, whichever is greater.                                                                                          |
| Incentive Asset Management Fee                                                                                                                                                                                                                         | 5% of change in year-over-year EBITDA (Before Reserve & Operator) IMF. This would commence at the end of Year 2, as there is no comparison at the end of Year 1. |
| Scope Item 5 – Ongoing Advisory Services                                                                                                                                                                                                               | To Be Determined                                                                                                                                                 |
| Notes: <sup>(1)</sup> Assumes preparation of one set of financial projections. If more than one scenario is requested, additional projections can be prepared at our hourly rates, up to a maximum of \$4,800 each.                                    |                                                                                                                                                                  |
| <sup>(2)</sup> Assumes prior component has been commissioned and occurred.                                                                                                                                                                             |                                                                                                                                                                  |
| <sup>(3)</sup> The quoted monthly fees are for the first 6 months. After 6 months, we will meet to discuss the progress of the assignment and, based on that review, will review the terms of the Agreement and any need to revise them going forward. |                                                                                                                                                                  |

In addition, we request reimbursement for out-of-pocket expenses incurred in performance of the assignment, such as travel, subsistence of the consultants during fieldwork, telephone, economic/demographic data, and overnight courier services. Please note that all projects are charged a one-time \$595 flat fee for economic/demographic data and IT costs. If deemed necessary to more accurately depict historical monthly market or financial trends, we may purchase certain custom hotel reports (i.e., STR, HOST, Benchmark), which run \$200 to \$700 per report and billed as an out-of-pocket expense to

the client. Please note that all asset management assignments are charged an annual \$750 flat fee for economic-demographic data and IT costs.

If, at any time during the course of our study, we form an opinion that there is insufficient demand or financial support for the project, we will immediately suspend the assignment and discuss our findings with you. If you desire that we terminate the assignment at that point, we will write you a brief letter summarizing our findings and charge you only for that time actually incurred to-date at our regular hourly rates, plus expenses.

For this project, we request an initial retainer prior to commencing the work. We will subsequently issue invoices on a monthly basis. Furthermore, as we are commissioned for each additional component, we will request an additional retainer. All of our fees and expenses are payable prior to submission of the deliverable for each component.



## General Provisions

### Standard of Services, Meetings & Communications.

All Services rendered by REVPAR hereunder shall be performed to the best of REVPAR' ability in the best interests of the City with respect to the Asset. REVPAR shall perform the Services and tender its recommendations with a view toward (a) maximizing the profits of the Asset and (b) creating the maximum asset value in the Asset, always consistent with the precepts of prudent real estate and lawful, safe hospitality operations. To the extent that REVPAR is made aware of specific objectives and intentions of the City with respect to the Asset or any aspect thereof, then REVPAR shall discharge its obligations hereunder with such specific objectives and intentions in mind. ***The City expressly acknowledges that any recommendations made by REVPAR in the course of performing the Services hereunder necessarily involve subjective judgments and may result in unintended, adverse consequences. REVPAR shall not be responsible for any such negative consequences so long as REVPAR acted in good-faith and with reasonable care and diligence.***

### Agency, Liability & Indemnity

In taking any action pursuant to this Agreement, REVPAR will be acting as an agent for the City subject to the conditions and limitations hereunder, and all debts and liabilities to 3<sup>rd</sup> persons incurred by REVPAR in the course of its activities hereunder, shall be the debts and liabilities of the City and REVPAR shall not be liable for any such debts or liabilities. Nothing in this Agreement shall be constructed as (a) creating a partnership or any other relationship between the parties hereto, except that of principal and agent, or (b) as requiring REVPAR to bear any portion of any losses arising out of or connected with the Asset or operations of the Asset. REVPAR, including its agents, employees and subcontractors, shall not be liable to the City, the Operator or to any other person or entity for any act or alleged act of omission, negligence or gross negligence in the performance of or arising from this Agreement, excepting only fraud. The City shall indemnify REVPAR, including its officers, employees, agents and subcontractors (individually and collectively, the "Indemnitees"), from and against any and all damages, including attorney's fees and other litigation defense costs, which the Indemnitees may incur in connection

with or arising from REVPAR' performance under this Agreement. The indemnification set forth in this section shall survive the termination of this Agreement and remain enforceable by the Indemnitees against the City after the Maturity Date or any other earlier termination of this Agreement.

### Assignment

REVPAR may not assign, pledge or encumber its interest, or any portion thereof, in this Agreement without the prior written consent of the City, which consent shall not be unreasonably withheld. The City may, without the consent of REVPAR, assign its interest in this Agreement to any successor-in-interest that acquires all or substantially all of interest in the Asset provided that the City shall remain secondarily liable to REVPAR for the contractual obligations hereunder of such successor-in-interest to the Asset that becomes the City's assignee hereof. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

### Conflict of Interest & Confidentiality

During the Term hereof, REVPAR will not enter into an asset management agreement for another hotel that competes directly with the Asset without the Client's prior consent. REVPAR will keep confidential any and all sensitive information about the Asset which REVPAR may obtain during the course of providing the Services hereunder.

### Use of Names and Images

The City hereby agrees that REVPAR may use the name and/or image of the Asset and the identity and/or any trademarks or service marks of the Asset for REVPAR' own promotional purposes. REVPAR may, without in any way limiting the generality of the preceding sentence, distribute a press release describing its engagement by the City as evidenced by this Agreement. This provision shall survive the termination of this Agreement and shall remain in full force and effect by and between the parties hereto.

### Excluded Services

The above Services are not intended to include (i) any advisory or asset manager services of a type that are not generally provided within the above scope, (ii)

“extraordinary” advisory or asset management services that would not generally be contemplated within agreements of this type or provided to the Asset in consideration for the compensation described herein, or (iii) specialized services that are only properly provided by specifically licensed or credentialed professionals. Among the excluded services, without limitation, are the following:

- Accounting or preparation of annual or monthly profit and loss statements;
- Acquisition due diligence services;
- Appraisal or formal valuation services;
- Hotel brand changes, evaluation, or negotiation;
- Capital project management services;
- Design, construction, engineering, mechanical, structural, electrical or similar services;
- Detailed market research, consumer surveys, focus groups, or similar services;
- Forensic accounting, auditing, fraud detection, or bookkeeping services;
- Insurance loss adjustment and related advisory services;
- Legal advice or services, including litigation support services;
- Management/operator changes, evaluation, or negotiation;
- Negotiation and finalization of major ground leases or hotel management agreements;
- Negotiation of joint venture or partnership agreements or loan documents, etc.;
- Origination of debt and equity;
- Preparation and prosecution of challenges to ad valorem tax assessments;
- Promotional, public relations and media relations services;
- Real estate brokerage; and
- Others.

Some of the foregoing services may be offered by or available through REVPAR or its strategic partners even though they are not contemplated as services to be provided to the City and under this Agreement. The City may negotiate a separate agreement with REVPAR with respect to any Excluded Services that they desire to have REVPAR provide with respect to the Asset and as to which REVPAR is otherwise qualified to perform.

## Notices

All notices relating to termination, assignment, or material breach shall be sent to the parties at the addresses listed below by certified mail or overnight courier. All other notices may be sent by regular mail. Notice by facsimile or email transmission shall be effective upon receipt but shall be confirmed by certified mail or overnight courier, as is appropriate to the type of notice. Notices to the parties shall be addressed as follows, provided, however, that either party may, from time to time, designate different individuals and/or addresses to which notices are to be delivered.

| To City of Topeka | To REVPAR International                                                                                                                                                                     |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TBD               | Mr. Richard E. Pastorino<br>Principal<br>REVPAR International,<br>Inc.<br>Telephone: (703) 838-9707<br>Email:<br><a href="mailto:r.pastorino@revparintl.com">r.pastorino@revparintl.com</a> |

## Miscellaneous Provisions

(a) Any waiver of any provision hereof shall be deemed to be given only for the provision or the occasion involved, and shall not be deemed a waiver of any other provision or for the future. (b) This Contract shall be governed by and shall be construed and interpreted in accordance with the law of the Commonwealth of Virginia. (c) Headings have been inserted for convenience only, and shall not be considered in, or affect in any way, the interpretation of this Contract. (d) In the event that a dispute arises under this Agreement, the prevailing party in any litigation or arbitration will be entitled to recover all costs and expenses incurred in this action, including reasonable attorney’s fees.

## Entire Agreement

This instrument contains the entire agreement by and between the parties as to the subject matter hereof, and it may not be changed, modified, altered, amended or discharged, except in writing, signed by both of the parties hereto.

## ACCEPTANCE AND RETAINER INVOICE

| BILL TO                                                                                                           |  | FROM                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| City of Topeka<br>Contracts & Procurement Division<br>City Hall<br>215 SE 7th Street, Room 60<br>Topeka, KS 66603 |  | REVPAR International, Inc.<br>1020 N. Fairfax Street, Suite 320<br>Alexandria, VA 22314<br>Telephone: (703) 838-9707<br>Email: <a href="mailto:accounting@revparintl.com">accounting@revparintl.com</a><br><br>Federal Tax ID Number: 52-1795367 |
| PROJECT INFORMATION                                                                                               |  | PROPOSAL NUMBER:                                                                                                                                                                                                                                 |
| Hotel Asset Manager RFP                                                                                           |  | 7087                                                                                                                                                                                                                                             |
| COMPONENTS                                                                                                        |  | RETAINER                                                                                                                                                                                                                                         |
| Initial Retainer                                                                                                  |  | \$20,000.00                                                                                                                                                                                                                                      |
| Name _____                                                                                                        |  |                                                                                                                                                                                                                                                  |
| Signature _____                                                                                                   |  |                                                                                                                                                                                                                                                  |
| Date _____                                                                                                        |  |                                                                                                                                                                                                                                                  |
| <b>TOTAL DUE</b>                                                                                                  |  |                                                                                                                                                                                                                                                  |
| WIRE DETAILS AVAILABLE UPON REQUEST                                                                               |  |                                                                                                                                                                                                                                                  |

# ADDENDA





REVPAR  
International

HOSPITALITY ADVISORY & ASSET MANAGEMENT

WASHINGTON, DC | MIAMI | DENVER



*Customized  
Advice and  
Representation  
to Hotel  
Stakeholders*

Development

Operations

Asset Management







We are a full-service advisory and asset management firm exclusively dedicated to the hospitality industry. The firm was established in 1992, giving it 30 years of successful service to the needs of the hospitality industry at large and its various stakeholders. Since inception, our consultants have undertaken over 4,500 projects throughout the United States, Caribbean, Europe, Middle East, and Asia. We have worked on virtually every U.S. hotel brand within the industry.

We serve the needs of the hospitality industry-at-large and its various stakeholders, by providing unparalleled sector experience; a broad industry network; global reach; and well-researched, detailed reports.

# *Premier Hospitality Advisory & Asset Management*

## **Global in Scope**

North America

Central America

Caribbean

Asia

Europe

Middle East

**We Bring 30+ Years of Building and Solidifying Relationships**

**With Industry Stakeholders - Including Owners, Brands, 3rd**

**Party Operators, Lenders, & Vendors**

[www.revparintl.com](http://www.revparintl.com)

 **REVPAR**  
International  
HOSPITALITY ADVISORY & ASSET MANAGEMENT  
WASHINGTON, DC | MIAMI | DENVER

# Asset Types

We advise on all hospitality-related facilities with dedicated industry expertise.

## Lodging Establishments

- All-Inclusive Resorts
- All-Suite Hotels
- Condo-Hotels
- Convention Hotels and Resorts
- Cottages
- Destination Resorts
- Extended-Stay
- Full-Service
- Inns
- Limited-Service
- Luxury Hotels
- Recreational Lodging
- Select-Service
- University-Related Hotels

## Meeting Facilities

- Civic Centers
- Convention/Conference Centers
- Executive Conference Centers
- Meeting/Banquet Halls

## Restaurants/ Food & Beverage

- Cafeterias
- City County and Community Clubs
- Concessions
- Contract Food Service
- Employee Food Service
- Full Menu Restaurants (Formal & Casual)
- Grab and Go
- Limited Menu Restaurants
- Lodging Food Service (Within Hotels and Free-Standing)
- Military Food Service
- Quick Service Restaurants
- Recreation Food Service
- Theme Restaurants

## Other Recreational Facilities

- Bowling Alleys/Centers
- Campgrounds/RV Parks
- Child Development Centers
- Clubs
- Entertainment Complexes
- Field and Court Sports
- Fitness Centers
- Golf Courses and Clubhouses
- Marinas
- Tennis
- Recreation Centers
- School Age Centers
- Spas
- Swimming
- Youth/Teen Centers







# Our Core Services and Clients

Our services are customized and tailored to your needs and situation.

## *For Proposed Facilities*

- Appraisals and valuation studies
- Brand evaluation, selection, and negotiation
- Development services
- Due diligence
- Economic impact analysis
- Facilities planning and recommendations
- Feasibility studies (market and financial)
- Litigation support
- RFP process for brands, operators, architects, etc.
- ROI analysis
- Technical advisory services

## *For Existing Facilities*

- Acquisition due diligence
- Appraisals and valuation studies
- Asset management
- Brand evaluation, selection, and negotiation
- CapEx and PIP requirement assessments
- Value enhancement strategies / Repositioning
- Feasibility studies (market and financial)
- Litigation support
- Management/ownership issues and deal structure
- Operational reviews
- RFP process to identify brands, operators, etc.

## *Our Clients*

- Private Hotel Investors (Stateside & International)
- Hotel Operators (Branded & Independent)
- Hotel Developers
- Banks and Financial Institutions
- Country and City Clubs
- Universities and Colleges
- Fortune 500 Companies
- Public-Sector Government Agencies (City, County, State, and National)
- International Tourism Agencies
- U.S. Military/Department of Defense
- Law Firms
- Other Professional Groups

### *Asset Repositioning/Redevelopment/ Capital Project Modeling*

- Identify best redevelopment strategies and product/brand positioning;
- Prepare and evaluate pro forma projections for multiple scenarios;
- Analyze all factors relating to deferred maintenance, brand PIPs, and market appropriate renovations/refurbishments;
- Prepare detailed property assessment reports for redevelopment plans and CapEx programming.

### *Ongoing Asset Review Services*

- Comprehensive operational reviews;
- Ensure effective cost-containment practices;
- Evaluate the operator's ability to contain costs and maximize hotel profitability;
- Develop and implement new revenue opportunities;
- Prepare economic feasibility and ROI analyses for asset related projects;
- Participate in the development of annual asset strategic plans, capital improvement plans, and operating budgets; and
- Benchmark the operator's performance against comparable defined competitive hotel set and comparable assets, if applicable.

### *Internal Asset Valuations*

- Prepare internal asset valuations to assess ROI;
- Prepare detailed pro forma operating results and valuation estimates for ownership;
- Monitor performance of hotel's market and competitive sets;
- Analyze market conditions and assess how it will impact the asset's revenues and profitability.

# *Asset Management Services*



Custom Services

Tailored to

Your Needs

# Our Value to You

- Trusted & Experienced Asset Managers
- Extensive Management, Market & Financial Knowledge
- Hands on Experience With All Chain Scales
- Current on Brand Standards
- Investor Profile Experience
- Wide Variety of Strategies and On-Going Tasks
- Ensure You Achieve the Highest Financial Returns
- Create Enduring Value

Preserving &  
Enhancing  
Owner Value



LUXURY  
RESORTS



UPPER-  
UPSCALE  
HOTELS



UPSCALE  
HOTELS



MIDSCALE  
& ECONOMY  
HOTELS





# REVPAR International

HOSPITALITY ADVISORY & ASSET MANAGEMENT



**Richard E. Pastorino, ISHC**

*CEO/Principal*

TELEPHONE: (703) 838-9707

EMAIL: [r.pastorino@revparintl.com](mailto:r.pastorino@revparintl.com)



**Christopher Cylke, ISHC**

*Chief Operating Officer*

TELEPHONE: (954) 376-4754

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