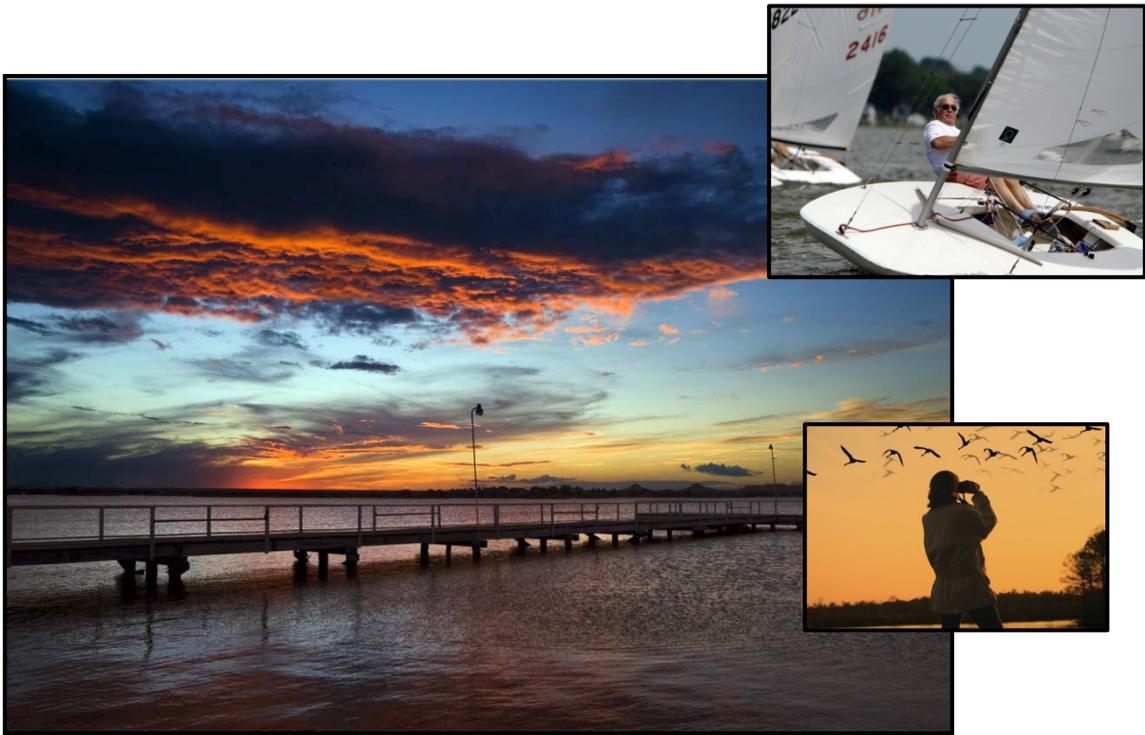


REQUEST FOR PROPOSALS
RESORT DEVELOPMENT OPPORTUNITY/GROUND LEASE

Lake Nasworthy

San Angelo, Texas



SUBMISSIONS DEADLINE
May 22, 2015, 2: 00 P. M., Local Time



Request For Proposal

The City of San Angelo, Texas invites all qualified individuals, firms or joint venture entities to submit qualifications to ground lease and repurpose a portion of Mary E. Lee Park, approximately 19.547 acres, located at 7409 Knickerbocker Road, San Angelo, Texas 76904 into a vibrant resort and entertainment destination on Lake Nasworthy.

- **Pre-Submission Meeting**

The City will host a non-mandatory pre-submission meeting on April 1, 2015, 3:00 P.M., Local Time, at the 2nd floor conference room, Community Development Building, 52 W College Ave, for any potential respondent seeking additional information about the opportunity. Potential respondents may call into a conference call at that time at (877) 31- 2008, Access Code 988308#

- **Document Availability**

Proposals documents are available and may be examined or obtained without charge in the Purchasing Department, Suite 330, City Hall, San Angelo, Texas. The Request for Proposal is also available at <http://www.cosatx.us>. The proposal documents may be found by following the links.

- City Departments > Purchasing > Bid Information > RFP: PL-01-15/Lake Nasworthy

- **Digital Format**

If Respondent obtained the specifications in digital format in order to prepare a proposal, the proposal must be submitted in hard copy according to the instructions contained in this package. If, in its response, Respondent makes any changes whatsoever to the published specifications, the specifications as published shall control. Furthermore, if an alteration of any kind to the specifications is discovered after the contract is executed and is or is not being performed; the contract is subject to immediate cancellation without recourse.

- **Interpretations**

All questions about the meaning or intent Contract Documents, including specifications, shall be submitted to the Purchasing Division via email sapurch@cosatx.us or writing. Please include the RFP Number and Title "RFP: PL-01-15/Lake Nasworthy" in the subject line. For questions regarding the site and the initial planning, the City's Lake Nasworthy Planning Team can be contacted through Scott Polikov with Gateway Planning at (512) 754-3527.

Questions received less than ten (10) days prior to the date for opening of submissions will not be answered.

Replies will be issued by Addenda and posted on the City's website. Only questions answered by formal written Addenda are binding. Oral interpretations or clarifications will be without legal effect.

- **Addenda**

Should these documents or specifications be revised prior to the deadline for submittals, the City's Purchasing Division will issue an addendum addressing the nature of the change. Respondents must review all addendums and complete, sign and include the Addendum Acknowledgement form with their response.

Addenda will be posted on the City's website as they are issued. Respondent is responsible for contacting the City or checking the City's website to determine if any addendums have been issued prior to submitting a response. It is the Respondents' responsibility to ensure all addendums have been considered prior to submitting a proposal.

- **Submission Deadline**

Sealed submittals must be received and time stamped by May 22, 2015, 2:00 P.M., Local Time. The clock located in Purchasing will be the official time. Faxed or electronically transmitted RFP submittals will not be accepted. It is the sole responsibility of the respondent to ensure that the sealed RFP submittal arrives at the above location by specified deadline regardless of method chosen by the respondent for delivery. Late submissions will not be considered.

- **Submittal Instructions**

- **Copies**

Please submit One (1) original, five (5) copies and one (1) copy in PDF format on CD or USB flash drive of all proposal documents, including questionnaire.

- **Sealed Container Addressing**

- Lower Left Hand Corner: *"RFP: PL-01-15/Lake Nasworthy"*
- Top Left Hand Corner: *Enter your company name and address.*

- **Delivery Addresses**

- **USPS:** Purchasing Division
RFP: PL-01-15/Lake Nasworthy
City of San Angelo
72 West College Avenue
San Angelo, Texas 76903

- Delivery Services (FedEx, UPS, etc): Purchasing Division
RFP: PL-01-15/Lake Nasworthy
City of San Angelo
72 West College Avenue, Suite 330
San Angelo, Texas 76903

Please ensure the delivery envelope/container is marked, "RFP Enclosed".

- **Disqualification**

Disqualification may occur for any of the following reasons:

- The respondent is involved in any litigation against the City of San Angelo;
- The respondent is in arrears on any existing contract or has defaulted on a previous contract with the City;
- The respondent is debarred, suspended, or otherwise excluded from or ineligible for participation in State or Federal assistance programs.

- **Confidentiality**

All proposals submitted shall remain confidential. After award, proposals will be made available for public inspection. The City shall not be responsible for the confidentiality of any trade secrets or other information contained or disclosed in the proposal unless clearly identified as such.

- **Award of Contract**

The City reserves the right to accept or reject any or all proposals, and to waive any informalities or irregularities in the RFP process. The City is an equal opportunity employer

The City will select the most highly qualified respondent(s) of the requested services based on the published selection criteria and then attempt to negotiate with respondent(s) a contract(s) at a fair and reasonable price.

- **Acceptance of Proposal Content**

Before submitting a proposal, each Respondent shall make all investigations and examinations necessary to ascertain all conditions and requirements affecting the performance of the contract and to verify any representations made by the City upon which the proposal will rely. If the Respondent receives an offer because of its proposal,

failure to have made such investigation and examinations will in no way relieve the Respondent from its obligation to comply in every detail with all provisions and requirements.

- **Proposal Term**

Proposal shall be in effect for at least 180 days from the submission date.

Points of Contact:

Roger Banks, Division Manager

Purchasing Division

City of San Angelo

72 West College Avenue, Suite 330.

San Angelo Texas, 76903

Email: sapurch@cosatx.us

Telephone: (325) 657-4220

AJ Fawver, Planning & Development

Services Administrator

Planning & Development Services

Department, Office of the Director

City of San Angelo

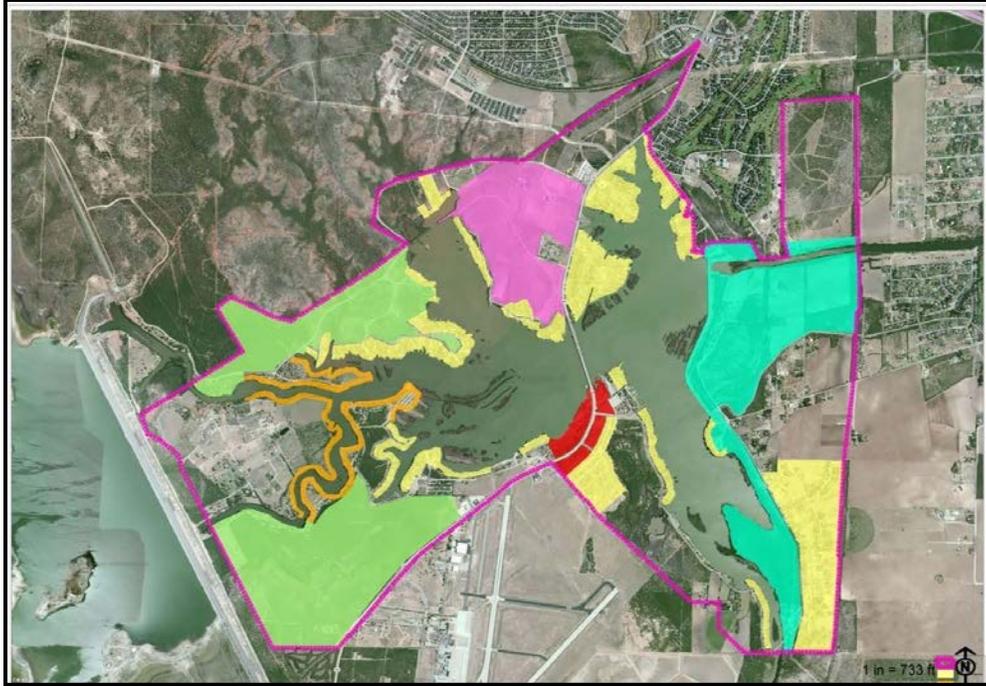
72 West College Avenue

San Angelo Texas, 76903

Introduction

The City of San Angelo, Texas invites all qualified individuals, firms or joint venture entities to submit qualifications to ground lease and repurpose a portion of Mary E. Lee Park, approximately 19.547 acres, located at 7409 Knickerbocker Road, San Angelo, Texas 76904 into a vibrant resort and entertainment destination on Lake Nasworthy. See the area depicted in red below.

A portion of the site is currently the location of the City's Nature Center, a facility that is in need of relocation. In addition, the site is next to the privately owned marina on Lake Nasworthy in the area.



Recently the City of San Angelo undertook the development of a Master Plan for the lake area to provide a long term, comprehensive guide for conservation, development, redevelopment and appropriate utilization of Lake Nasworthy. The Master Plan can be accessed on the web at <http://www.cosatx.us/home/showdocument?id=1028>.

As that plan underscores, Lake Nasworthy is a unique recreation destination for visitors and locals alike, is currently widely used yet also holds potential for further enhancement and investment. It is not only a regional recreational lake; it also includes several residential neighborhoods. The diversity of Lake Nasworthy's surrounding context includes various public holdings, ground leases, and private owners, which necessitate that the Lake be linked through a common vision and strategy.

The Master Plan is a comprehensive summary of the work undertaken by Gateway Planning Group on behalf of the City of San Angelo to identify issues and opportunities for a Lake Nasworthy redevelopment strategy.

The vision and strategy reflected in the plan represents the intersection of a market study to understand the true potential of the lake with its surrounding context, as well as the insight of scores of stakeholders representing public institutions, neighborhoods, business owners, recreation advocates, city leaders, and other key opinion leaders. An updated market study by Market Feasibility Advisors is provided in this request.

What emerged early in the planning process was that Lake Nasworthy represents an amazing quilt of unique physical areas and multiple organized activities and attractions, many of which have already claimed regional and national recognition such as the Super Nations Drag Boat Races.



Key Considerations

This ground lease development opportunity entails several key considerations:

- The site is currently a park, which has been determined suitable for public-private development by the City and its legal counsel through a long term ground lease.
- The site is adjacent to a privately owned marina that is not currently in operation and has been for sale intermittently over the past several years. However, the dock and ramp for the marina are owned by the City. See image below.
- Lake Nasworthy has developed a national reputation for destination lake activities such as speedboat races.
- Multiple public and private users surround the lake including the U.S. Air Force facility for lake recreation, several well established neighborhoods and Angelo State University.
- The site is literally within a 5 minute drive of the San Angelo Airport with service on American Airlines daily to DFW Airport.
- The lake is a rare substantial body of water in West Texas, drawing many second home and recreational users from other surrounding communities such as Midland, Abilene, Odessa in addition to San Angelo.
- The beach area in the park provides and popular destination for families locally and regionally, but it is also a beach for the local adjacent neighborhoods.



A Concept for the Resort-Destination Opportunity

For the Master Plan, the City's consultant, Gateway Planning Group, created an illustrative concept for the site. The concept is based on the preliminary market study below undertaken by MFA, the context of the site and the team's comprehensive understanding of the opportunity. The concept below—depicting a resort hotel, a destination restaurant and an enhanced marina—is provided, however, merely for illustrative purposes and should not be relied upon.



Site Attributes

- **Survey** – a survey has been undertaken for this property and is attached hereto.
- **Soils Information** – a soils analysis has not been undertaken for the site.
- **Environmental Status** – there are no known environmental hazards; however, an environmental study has not been undertaken, and the adjacent marina’s environmental status is not known. Regardless, the City makes no warranties regarding environmental status.
- **Beach Shore, Dock and Boat Ramp Conditions** - The adjacent beach shore, boat ramp and dock are suitable for full recreational activities and would need to be coordinated carefully into any development project. Issues of public access for all three of these amenities will need to be carefully considered and managed by the developer as public access shall be maintained to the park and the beach, as well as between the beach and the adjacent neighborhood
- **Relationship to Knickerbocker** - Knickerbocker Road is a state highway controlled by the Texas Department of Transportation (TxDOT). It may be desired that the functional design of Knickerbocker may need to be modified depending on the design and program strategy for the development. The City will consider working with the development team to coordinate with TxDOT in order to facilitate potential design improvements if needed. The City, however, does not control the right-of-way; and, therefore, any final decisions will be made by TxDOT.
- **Drought Implications** – West Texas suffers from drought conditions on a regular basis. The lake is certainly susceptible to drought impacts. The site, however, is generally not negatively impacted negatively by drought factors. Nevertheless, the lake generally could be impacted. The proposer, therefore, should undertake its own due diligence on potential long term impacts.

Preliminary Market Study

THE INFORMATION IN THIS MARKET STUDY SHALL NOT BE RELIED UPON BY ANY PROPOSER FOR INVESTMENT-GRADE UNDERWRITING OR INVESTMENT DECISIONS. INDEPENDENT ANALYSIS OF THE MARKET BY THE RESPONDENT MAY BE NECESSARY DUE TO PARTICULAR CONSIDERATIONS AND THE CHANGING NATURE OF REAL ESTATE MARKETS.

The subject site on Lake Nasworthy is located in San Angelo, Texas. Founded in 1867 around Fort Concho (on the Concho River), San Angelo is the county seat of Tom Green County. Today it is also the home of Angelo State University, Goodfellow Air Force Base and a thriving diversified economy.

In 2013, *Forbes* magazine named San Angelo fourth among "Best Cities for Jobs"; in 2010 *Kiplinger's Personal Finance* named San Angelo one of the "Best Cities of the Next Decade"; and in 2009, CNN Money ranked San Angelo as one of the best cities to launch a small business. With a population today of just under 100,000 people, the city has grown steadily in every census since 1920.

This section describes the business market, resident and drive-in market, and the hotel market over recent years.

The resident market is defined as a one-hour drive time market area and, for visitors, a 2.5-hour drive time market area. The 2.5-hour market picks up the Texas cities of Abilene, Midland and Odessa. The three are 89, 112, and 132 miles distant, respectively. The populations of Midland and Odessa already have a relationship with Lake Nasworthy as some residential properties around the lake are owned by residents of those cities.

The larger Texas metros of Austin, San Antonio, and Dallas-Ft. Worth are 205, 212, and 227 miles from San Angelo, respectively. American Airlines offers frequent service from DFW.

An important issue in west Texas in these times of drought, is water availability. The cities of San Angelo, Abilene and Midland have formed the West Texas Water Partnership, a coalition addressing long-term water needs of the region. The municipalities will share costs and combine efforts to find enough drinking water and also address water treatment together. To some extent they have actually pooled their existing resources.

The principal lodging sales magnets for a hospitality facility on Lake Nasworthy include premium lodging for visitors to:

- Goodfellow Air Force Base - graduates more than 13,000 annually from its training program and has seen steady expansion of its training and support facilities in recent years
- Angelo State University – draws 6,100 students from across and outside Texas

- Cultural visitors to Ft. Concho and other area attractions
- Recreational visitors to Lake Nasworthy
- Business visitation including long-term stays in the oil and gas sector

Area Business Profile

Within the one-hour market are 7,700 businesses. Visitation to these businesses is already occurring in San Angelo area in support of local hospitality properties and would be an important contributor to the success of the proposed hospitality facility.

On the table below, green shading indicates where the one-hour market posts higher numbers than the national norm; yellow shading indicates where the numbers are lower. The high numbers of companies and employees in the oil and gas industries is evident but so too are the higher than typical numbers in agriculture. The lower numbers in manufacturing and services are the flip side of the higher employment in agriculture and oil and gas. Also high are the numbers of government entities and employees. This is typical for a regional administrative center like San Angelo. Lower numbers in construction are surprising in an area with steady growth, but they may reflect lower union membership in San Angelo and fewer specialties required for mid- and high-rise construction.

In the hotel sector, the number of properties appears to be in line with national norms, but employment is below the national norm. This may be due to a low average size for properties (80 rooms), the prevalence of limited-service properties in the market, or simply fewer operating staff per property. These arguments may apply to lower company and employee counts in the food and beverage industry sector as well.

In general, San Angelo as a regional center (expressed in the government figures) includes industrial sectors that require steady visitation and often long-term stays for the hotel sector.

Companies & Employees By Category in One-Hour Market and in Comparison to US

Industry Category (SIC Code)	Companies			Employees		
	One-Hour Market		US Percent	One-Hour Market		US Percent
	Number	% of All	Distribution	Number	% of All	Distribution
Agriculture & Mining (Includes Oil & Gas)	849	11.0%	4.6%	3,699	6.3%	2.2%
Construction	603	7.8%	8.8%	2,560	4.4%	5.6%
Manufacturing	204	2.6%	3.6%	3,170	5.4%	9.4%
Transportation	227	2.9%	3.1%	1,721	2.9%	3.4%
Communication	61	0.8%	0.8%	3,990	6.8%	1.1%
Utility	31	0.4%	0.3%	229	0.4%	0.6%
Wholesale Trade	389	5.0%	4.5%	1,602	2.7%	4.4%
Retail Trade	990	12.8%	10.9%	7,037	12.0%	12.2%
Eating & Drinking Places	277	3.6%	3.8%	2,261	3.9%	4.9%
Finance, Insurance, Real Estate	488	6.3%	6.8%	1,685	2.9%	4.5%
Banks, Savings, & Lending Institutions	75	1.0%	1.1%	781	1.3%	1.5%
Hotels & Lodging	54	0.7%	0.6%	445	0.8%	1.3%
Cinema & Amusement	128	1.7%	2.2%	700	1.2%	1.8%
Services Summary	3,159	41.0%	47.6%	16,781	28.6%	39.4%
Government	174	2.3%	1.3%	11,940	20.4%	7.6%
Total	7,709	100%	100%	58,601	100%	100%

Source: ESRI BAO, MFA

The services summary category includes a number of industries including automotive services, health care, legal, education, libraries, and other service categories. Two sub categories typically included under the services summary are hotels & lodging and cinema & amusement. Those categories were pulled out of the services summary and presented in their own line as they are especially relevant for this market study.

The Resident and Drive-In Visitor Market

Two markets, the one-hour and 2.5-hour markets, are profiled here. For a hospitality property the one-hour market would be a source of the visiting friends and relatives (VFR) market as well as business and family special events in function spaces. The drive-in market will be a source of day, overnight, or weekend visitors looking to get away for recreation on the lake.

In 2013 the estimated population for the one-hour drive market is 139,000 and is expected to rise to 146,000 by 2018. The 2.5-hour drive market was estimated to have 976,000 residents in 2013, expected to rise to just over a million by 2018. The two markets are relatively young, at 36 years for the one-hour drive time and 37 for the 2.5 hour. These are just under the overall US figure of 38.

The 2013 median and average household income stats for the one-hour drive time were \$42,000 and \$58,000, respectively. For the 2.5-hour drive times the figures were \$44,000 and \$61,000. In contrast, the US the figures were higher, at \$51,000 and \$72,000, respectively.

Race and ethnic composition for the one-hour in 2013 was 81% white, 4% black, 15% other, and 36% Hispanic (of any race). For the 2.5-hour the breakdown was 80% white, 5% black, 15%

other, and 35% Hispanic (any race). For the US, the breakdown was 72% white, 13% black, 15% other and 16% Hispanic (any race).

Spending in the one-hour and 2.5-hour drive times is significant. In 2013 there were an estimated 53,000 households in the one hour and 367,000 in the 2.5 hour market. They spent, in the one-hour market: \$453/year on movies, theater and similar. In the 2.5 hour it was a slightly higher \$475/year. In total the one-hour market spent \$24 million in this category and the 2.5 hour, \$174 million. The one-hour spent \$6 million at sporting events of all kinds and the 2.5 spent \$44 million. In the sports, recreation and equipment category the one-hour market spent \$7 million and the 2.5, \$51 million. There were significant amounts of spending in the boating and other water sports categories as well.

Overall, the one-hour market is projected in 2018 to spend \$147 million on entertainment not including dining and an additional \$139 million on dining. For the 2.5-hour market, the figures are \$1 billion on entertainment and another \$1 billion dining out.

Recreation Visitation

There are a number of outdoor activities that can only take place on a body of water. Even with limited access to water in west Texas, a wide variety of water activity is available at Lake Nasworthy. The following table lists water-oriented activity projections for the populations in the one-hour and 2.5-hour markets.

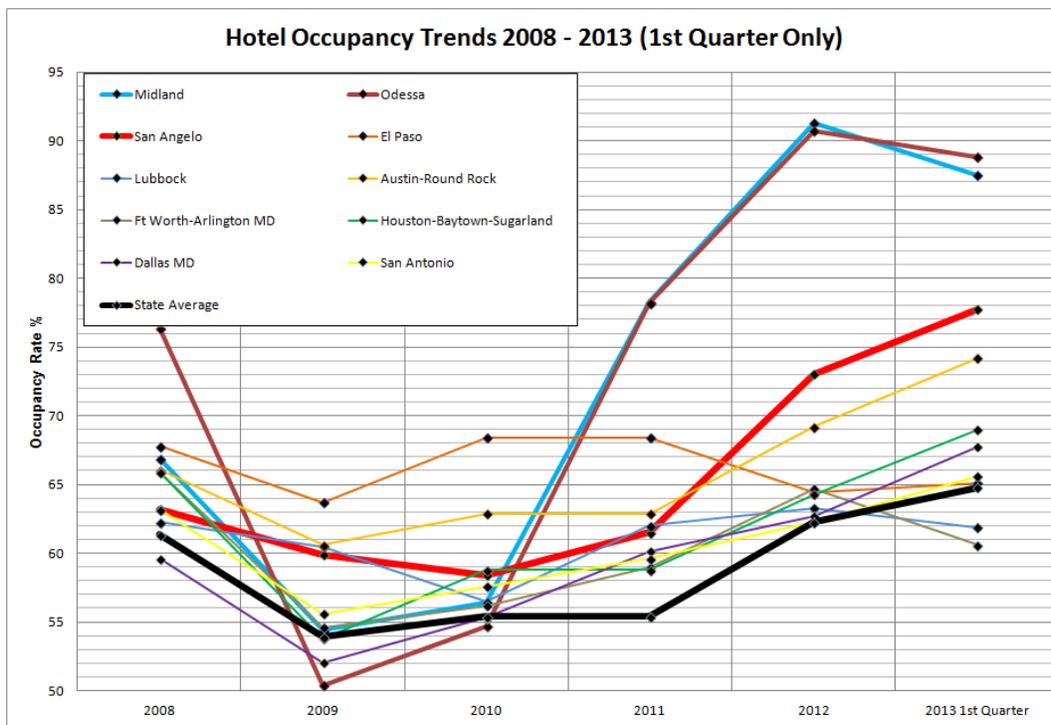
Interestingly, several categories such as power boating, freshwater fishing, bird watching, and ATV uses have far higher participation levels than the US norms. Canoeing/kayaking is just below the US norm and swimming is well-below the US norm, suggesting that swimming facilities are not currently well managed or below capacity and/or perhaps personal facilities (such as pools) are discouraged by a persistent drought.

Water Oriented Activities in Market Areas				
Activity	One-Hour Market		2.5 Hour Market	
	Participants	US=100 Norm	Participants	US=100 Norm
Power Boating	5,953	104	40,346	102
Canoeing/Kayaking	5,172	98	34,606	95
Freshwater Fishing	15,468	114	107,315	114
Went to Beach	20,126	79	139,430	79
Birdwatching	6,833	114	46,730	113
ATV	3,559	119	27,058	131
Source: ESRI BAO, MFA				

Texas Hotel Market

Texas hotels collected an estimated \$8.1 billion in revenues in 2012, an increase of 10% over the previous year. More than 90 million room nights were sold statewide, with occupancy rates increasing 2.8% points to 62.3% over the previous year.

Areas closely related to oil and gas production (O&G counties) showed a 15.7% revenue gain in 2012, and accounted for 56% of the state's total revenue gain (from 38% of the state room supply). The 62% of room supply in non-O&G counties generated a modest but healthy 7% revenue gain for 2012. Room-nights sold in O&G areas garnered real growth of 8.5% while the non-O&G balance of Texas showed 4.7%. In the fourth quarter, O&G revenues achieved +15.7% and non-O&G areas +7%.



Year-over-year, lodging performance measures are now stabilizing at healthy growth levels after a three-year recovery period. Occupancy levels are above 60% and average daily rates are growing at a healthier 3.8% pace, aiding significant RevPar (revenue per available room) improvement.

Supply additions remain well below gains in room-nights sold. With 2012 RevPar reaching \$55.83 (equal to 2008), and occupancy slightly above long-term averages, overall new hotel development projects will likely commence selectively.

Opportunities in the San Angelo Hotel Market

The San Angelo hotel industry finds itself the beneficiary of a recent and continuing growth in demand for housing due to a sharp rise in employment in the oil and gas industry and the many support industries for oil and gas. San Angelo's other room night generators, Goodfellow AFB, Angelo State University, ongoing strength in the cultural tourism category, and the potential for additional visitation due to the recreational development of Lake Nasworthy all combine for a solid outlook for the San Angelo lodgings industry.

With the exception of increased recreational tourism from across west Texas, a category only beginning to be activated, the hotel numbers have been improving dramatically:

- The Average Daily Rate, or ADR, has rocketed up in recent years. In 2011 it was \$71.18 (above pre-recession levels) but by 2014 year-to-date it was \$111.12 – as national figures have languished.
- Revenue per Available Room or RevPar rose as well. From \$43.71 in 2011 (above pre-recession levels) to \$76.10 in 2014. The 2014 figure, however, is a minor jump from 2013, possibly suggesting a plateau ahead.

Demand from the oil and gas industry in particular has resulted in a development surge in temporary housing and in new hotel development. An example of the temporary housing is the railhead development about five miles outside of town. In this development, 30 fully furnished 336-square foot (very small) two-bedroom units are complete and 20 more are nearing completion. The target is 163 units.

Year over year building permits also illustrate a growth story about multifamily, hotels, and commercial. The year to date building permit values for 2013 and 2014 were \$26 million by March 2013 but more than double that at \$61.6 million by March of 2014.

As of the Fall of 2014, there were 2,453 hotel rooms in 30 hotel properties that are existing or under construction. Two midscale properties, a Baymont and a Hawthorn Suites (both Wyndam) have opened with 138 rooms in 2014. Four additional hotels are currently under construction and will bring another 371 rooms to the market. They include two in the upscale category, a Courtyard and Residence Inn (both Marriott), a Home2 Suites (Hilton) in the Upper Midscale category and a Candlewood Suites (Intercontinental Group) in the Midscale category.

It should be noted that several other non-flagged hotels have been announced. Whether or not a permit has been issued for these properties, we have no indication that they are under construction.

When all of the properties under construction are open, the categorical distribution of rooms will be: 30% economy, 14% independent, 20% midscale, 21% upper midscale, and 15% upscale. It is important to note that the categories reflect the market. That is many of the properties in these categories are listed as a category above where they would fall in a large metro area.

The 30 properties (existing and under construction) are small, on average 82 rooms per property. Five existing properties top 100 rooms. In order of size they are: LaQuinta (171 rooms), Clarion (148 rooms), Inn of the Conchos (125 rooms), Days Inn (113 rooms) and Rodeway (100 rooms). These would all be small hotels in most metro areas.

Only one of the hotels that was under construction in 2014, the Courtyard at 103 rooms, is over 100 rooms.

A table listing the properties discussed follows.

San Angelo, TX 50 Closest Hotels - STR Data September 2014				
		Under Construction		Opened in 2014
Property Name	Rooms	Chain Scale	Open Date	Parent Company
Springhill Suites San Angelo	96	Upscale	Feb-10	Marriott International
Courtyard San Angelo	103	Upscale	U/C	Marriott International
Residence Inn San Angelo	92	Upscale	U/C	Marriott International
Staybridge Suites San Angelo	80	Upscale	Aug-01	Intercontinental Hotels Group
Subtotal/Marketshare	371	15%		
Clarion Hotel San Angelo	148	Upper Midscale	Apr-87	Choice Hotels International
Fairfield Inn & Suites San Angelo	73	Upper Midscale	Sep-04	Marriott International
Home2 Suites San Angelo	93	Upper Midscale	U/C	Hilton Worldwide
Holiday Inn Express & Suites San Angelo	68	Upper Midscale	Sep-05	Intercontinental Hotels Group
Comfort Suites San Angelo	65	Upper Midscale	Sep-05	Choice Hotels International
Hampton Inn San Angelo	63	Upper Midscale	Dec-96	Hilton Worldwide
Subtotal/Marketshare	510	21%		
Baymont Inn & Suites San Angelo	76	Midscale	Feb-14	Wyndham Worldwide
Ramada Limited San Angelo	39	Midscale	Jul-97	Wyndham Worldwide
La Quinta Inns & Suites San Angelo & Conference Center	171	Midscale	Dec-74	LQ Management LLC
Candlewood Suites San Angelo	83	Midscale	U/C	Intercontinental Hotels Group
Best Western San Angelo	55	Midscale	Sep-97	Best Western Company
Hawthorn Suites by Wyndham San Angelo	62	Midscale	May-14	Wyndham Worldwide
Subtotal/Marketshare	486	20%		
Knights Inn San Angelo	41	Economy	Jun-91	Wyndham Worldwide
Motel 6 San Angelo	98	Economy	Jan-79	G6 Hospitality
Econo Lodge San Angelo	75	Economy	Jun-81	Choice Hotels International
Super 8 San Angelo	81	Economy	May-56	Wyndham Worldwide
Americas Best Value Inn San Angelo	80	Economy	Jun-73	Vantage Hospitality
Days Inn San Angelo	113	Economy	Jun-83	Wyndham Worldwide
Travelodge San Angelo	72	Economy	Jun-60	Wyndham Worldwide
Rodeway Inn San Angelo	100	Economy	Jun-85	Choice Hotels International
Microtel Inn & Suites by Wyndham San Angelo	83	Economy	Aug-10	Wyndham Worldwide
Subtotal/Marketshare	743	30%		
Grande Motel	33	Indep	N/A	
Sands Motel	28	Indep	N/A	
Inn Of The Conchos	125	Indep	Jun-83	
San Angelo Lodge	60	Indep	Oct-52	
Dun Bar East Motel	97	Indep	Jun-61	
Subtotal/Marketshare	343	14%		
San Angelo, TX Total Rooms	2,453			
San Angelo, TX Available Room Nights	895,345			

None of the new or existing properties have a specifically dramatic or notable location. They are clustered around the outskirts of the city center, typically with their fellow brands by group. For example, the Marriott and IHG brands are proximate to one another. This is common in many markets but essential when the branded properties all have such small room counts and are typically jointly managed. The Clarion differs from the others in that it functions as the lead property for the convention center, to which it is adjacent.

As of mid-year 2014, there were no genuine upscale (a step below luxury) hotels in San Angelo. The only two hotel properties in the market that carry the designation “upscale” are the Staybridge Suites and the SpringHill Suites, with a combined total of 176 rooms – about 9% of the rooms in the market. Both are fine properties, one a Marriott brand and the other an IHG brand, but neither truly upscale.

The Clarion could be classified as upscale. The brand family also has the Comfort and Quality brands among others and has designated Clarion as its upscale brand. However, the San Angelo Clarion does not operate as an upscale full-service hotel and is accurately classified as upper midscale.

The market has no Hilton (not even its understudies: Hilton Garden Inn or DoubleTree) nor is there a Marriott, Sheraton (or Four Points), or Holiday Inn. The closest Westin, Renaissance, or Hyatt, all up a step from those in the previous sentence, is 200 miles away in San Antonio. None of the properties, existing or under construction, are on the lake or close to the airport. All are roadside hotels. Of the coming hotels, a Courtyard by Marriott is a step above what is currently available but it's no Marriott.

So it is ironic that San Angelo was the location of the 4th Hilton hotel anywhere, developed by Conrad Hilton himself. Built in 1928 the grand 250-room 14-story structure was/is the tallest building in the city. Today it has been redeveloped as a mixed use center. Across the world the main Hilton brand survives today as the parent of a hotel family with more than ten hotel brands.

The risk for the existing and planned properties is that they are all so clearly middle-market or budget and located, with just a few exceptions, in uninteresting roadside locations which if the market falls, they all fall as one commodity product. This is especially risky for the rising millennial market segment (up to about 30/35 years old). This segment is now rivaling the Baby Boomers in number of business trips (ahead of the Gen Xers) and they have identified differences in what they like in hotels. They are the US's most diverse generation yet.

There is also a feminization of business travel that can be seen in the proliferation of suite hotels in today's San Angelo market. Female business travelers (and families) have tended to prefer suite properties like Staybridge, Springhill, Embassy, Comfort Suites, Homewood, Residence, and Candlewood.

In this assortment of small branded mid-market hotels that arrays like common candy bars, a lakefront branded suite hotel property at May Lee Park represents an opportunity to establish a new, better, top of the market property in a regional center community without one. It singularly can offer premium lake and marina views where all of the other properties offer roadside west Texas views.

It can offer recreational activities for weekend getaways in a region where few hotels can genuinely offer that opportunity. All existing and under-construction properties are limited service or select service properties. Even with the new crop of properties, there is no full-service property in the city and there is no other hotel site on a lake in the region.

Our recommendation for the site would be a full service property, in part because an attractive lakeside site with great views, backed by a hotel full of guests, can support a full-service “event” destination restaurant for area residents as well as a casual dining facility. Great onsite restaurants and bars are the missing link separating full and limited service hotels today. Similarly such a site could have attractive meeting and event spaces with balconies, decks and views of a marina – unlike any property in town.

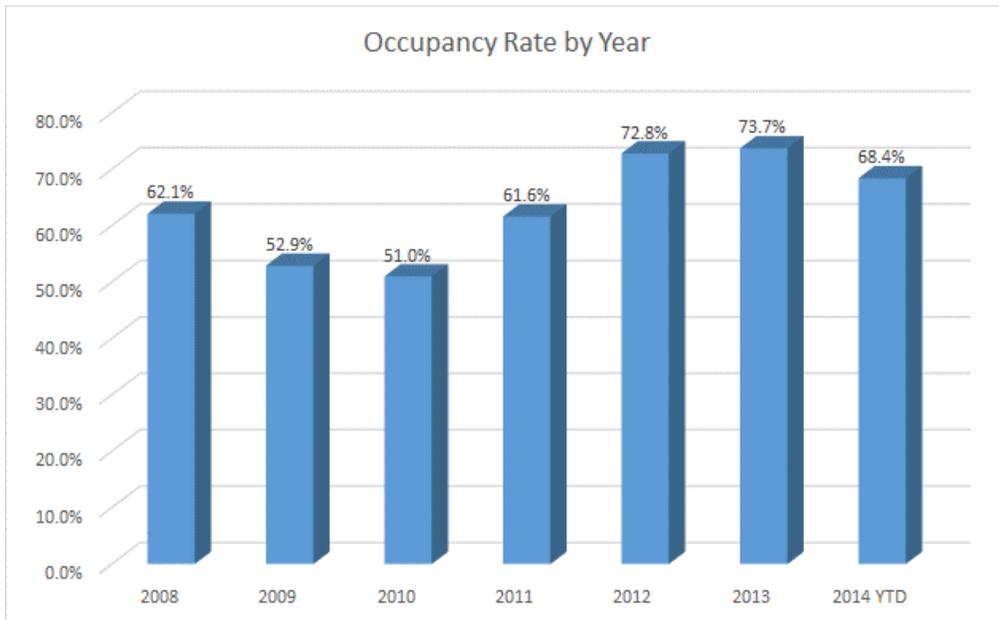
As Lake Nasworthy has grown in the number of boat races and other events in recent years and can be expected to in the future, we see this property as the host hotel for all of these events, i.e., the property with the press rooms, where competitors and sponsors stay.

Since the upscale full-service positioning in the market is unoccupied at this time (none of the four properties listed as Upscale are full-service), we recommend an initial build of an upscale full-service property of at least 200 rooms with a possible expansion. The expansion would be triggered in part by what we expect will be a successful meetings business. We do want to be clear that we are not recommending a premium upscale brand like Westin, Renaissance, or Hyatt. Full-service and upscale for the west Texas market could be a Holiday Inn, Doubletree, Sheraton, or the return of a Hilton.

Lastly and importantly, this would easily be the closest property to the San Angelo airport. While the airport does not have the enplanements to justify an airport hotel, this property could handle the airport niche along with the other ones cited.

Market ADRs and RevPars are in the charts that follow.

San Angelo TX: Hotel ADR and RevPar, Occupancy Rates



Contents of Submission

- 1. Business Plan and Development Program:** Provide a detailed description of the proposed business venture, use of the buildings, programming, special requirements and special benefits. This business plan should include a preliminary pro-forma. In addition, the respondent shall identify weaknesses and strengths in the plan as well as possible challenges. Special attention should be paid to describing the benefits to the community in the context of the new Nasworthy Master Plan. In addition, details of the development program as it relates to the adjacent marina (either as part of the plan or how the program and design of the site will be coordinated with the marina if the marina is not held under the same venture) and the opportunities for the Lake generally will be critical to a successful project.
- 2. Preliminary Lease Terms:** Terms of the lease including value, duration, and other financing elements.
- 3. Conceptual Site Plan and Operations:** Provide a conceptual site plan and conceptual elevations of the proposed buildings, including transitions to the existing neighborhood, relationship to the adjacent marina, dock, boat ramps and the beach, including a public access plan for those elements. In addition, include site access/circulation relative to and design changes of, if necessary, Knickerbocker Road. Upon selection, the qualified respondent will be requested to provide a detailed site plan and architectural renderings for the proposed structures. Post-contracting, if an respondent secures development rights, the City will reserve the right for architectural review as final architecture is developed. The City may pursue, in partnership with TXDOT, design improvements to Knickerbocker Road during or after the RFP process. Parking on the site and in the area will be challenging. A general parking strategy and program relative to the location and its lake context should be addressed, including a proposed approaches and challenges.
- 4. Proposed Incentives:** Description of the type and magnitude of any incentives required to achieve the proposed venture. If public infrastructure is required to be installed by the city, cost and description is required. Describe why the incentives are necessary. The pro forma of the venture shall indicate the role of the incentives. Also describe the following as appropriate:
 - a. Performance guarantees – provide any alternatives that protect the City but still meet the needs of the respondent.
 - b. Other financial participation opportunities.

5. Experience/Qualifications: Provide information regarding the entity and team members of the respondent as well as relevant experience.

- a. Names and qualifications of the project team and firm, including those to be involved directly with design, architecture, engineering, programming, financing, tenant merchandising and construction, and management.
- b. Include pertinent state registrations, licenses and certifications for firms and individuals to be involved with the project.
- c. Financial information including the balance sheet of the responsible entity of the respondent and other pertinent indicators of capacity to perform the project and finance the investment.
- d. Provide a list of relevant projects and references (include contact person and phone numbers/email addresses) that may be contacted for verification of reputation, experience and capacity to perform.

6. Project Timing: Preliminary timeline to start and complete the project, as well as any phasing that may be required to support a successful market-driven project .

Provide any additional information deemed relevant by the respondent to assist the City in its selection process.

Process and Selection Method

Submissions will be reviewed by an evaluation team for the purpose of identifying and selecting the team offering in total, the highest qualifications and experience for project and which offers the “best value” to the city in terms of achieving the stated development program in the context of the opportunity to enhance the Mary E. Lee Park location, as well as the overall goals of the Nasworthy Master Plan.

The submissions will be evaluated on criteria as follows:

- 1. Present value of the financial lease terms offered.** (15 points)
- 2. Development-Business Plan/Program** – Conformity to overall Nasworthy Plan vision, nature of program, creative use of the site, basis for market analysis, coordination or integration of adjacent marina site, proposed tenant commitment phasing/strategy to establish financial viability, quality of urban design/architecture, relocation strategy for Nature Center (optional). (30 points)
- 3. Value to be realized from the project/development** in terms of increased visitors supporting the lake, enhancement of other businesses adjacent to the lake, increased sales tax, increased ad valorem value, and other value that can be demonstrated in the proposal. (20 points)
- 4. Previous experience with successfully completing** the type, scale and quality of a project of this type. Character, integrity, reputation and judgment of the Successful Bidder as well as financial stability and ability to perform. (20 points)
- 5. Timing and phasing of the project.** Early start dates and early completion dates are encouraged. In addition, city may establish claw-back provisions based on project milestones relative to performance, therefore, bidder proposals are encouraged to establish timing and mechanisms for milestones for performance relative to revisionary interests of the City. (10 points)
- 6. Creative use of incentives** required to complete the project such as public infrastructure participation by the City, including providing a relative risk analysis between the proposer and City. (5 points)

An interview of one or more qualified proposers may be undertaken. If such an interview is undertaken with more than one qualified proposers, the weighting of the elements above

will be re-apportioned based on assigning 50% of total points to the interview. If interviews are not necessary to determine the selection of the best value proposal, the City may enter into negotiations with a qualified proposer based on the written submissions alone.

All submissions will remain confidential during the evaluation. In the event clarification is needed on a submission, a written request will be made to the respondent for a written response.

The property will be conveyed by lease of not less than 60 years, subject to any easements, reservations, conditions for termination, covenants and restrictive covenants affecting the property.

The City will retain subsurface mineral rights to the property, but will waive the surface rights in order to not interfere with its use.

Prior to final contract for disposition of the property, a request of the Successful Bidder to present the proposal to the community may be required.

Upon selection, a qualified respondent will be requested to participate in a detailed negotiation of terms consistent with this RFP and the submission.

THE CITY RESERVES THE RIGHT TO REJECT ALL SUBMISSIONS UNDER THE RFP. IN ADDITION, THE CITY RESERVES THE RIGHT TO SELECT ANOTHER QUALIFIED RESPONDENT IF NEGOTIATIONS ARE NOT SUCCESSFUL WITH THE INITIALLY SELECTED RESPONDENT.

Company Contact Information

Please Print

Contact Name:
Mailing Address:
City, State Zip Code:
Accounts Receivable Address
City, State Zip Code
Tax ID:
Payment Terms:
Telephone: FAX:
Email:

Attach IRS W9 FORM

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



CITY OF SAN ANGELO
PURCHASING DEPARTMENT
72 West College Avenue, San Angelo, Texas 76903
Tel: (325) 657-4219 or 657-4220

Disclosure of Certain Relationships

NOTICE TO VENDORS

Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local governmental entity make certain disclosures concerning any affiliation or business relationship that might cause a conflict of interest with the local governmental entity. The provisions of Chapter 176 and the Form CIQ questionnaire that you must complete to comply with this law, are available at the Texas Ethics Commission website at <http://www.ethics.state.tx.us/whasnew/confliict forms.htm>.

A current list of City of San Angelo and City of San Angelo Development Corporations officers is available in the office of the City of San Angelo City Clerk's office located in Room 201 of City Hall or on the City's website at <http://sanangelotexas.org>. If you are considering doing business with the City of San Angelo or the City of San Angelo Development Corporation and have an affiliation or business relationship that requires you to submit a completed Form CIQ, it must be filed with the records administrator (City Clerk) of the City of San Angelo not later than the seventh (7th) business day after the date you become aware of facts that require the form to be filed. See Section 176.006, Texas Local Government Code. It is a Class C misdemeanor to violate this provision.

By Submitting a response to a City of San Angelo or City of San Angelo Development Corporation Request for Proposals, Request for Bids, or Request for Qualifications or by conducting business with either of those two entities, you are representing that you are in compliance with the requirements of Chapter 176 of the Texas Local Government Code.

A handwritten signature in black ink, appearing to read "Roger S. Banks".

Roger S. Banks
Division Manager

LOCAL GOVERNMENT OFFICERS OF THE CITY OF SAN ANGELO

As defined by Chapter 176 of the Texas Local Government Code

(Revised 8/6/13)

For purposes of completion of the required Conflict of Interest Questionnaire for the City of San Angelo (required by all Vendors who submit bids/proposals), Local Government Officers are:

City of San Angelo City Council:

Mayor: Dwain Morrison, Mayor

Councilmembers: Rodney Fleming, SMD 1
Marty Self, SMD 2
Johnny Silvas, SMD 3
Don Vardeman, SMD 4
Elizabeth Grindstaff, SMD5
Charlotte Farmer, SMD 6

City Manager: Daniel Valenzuela

City of San Angelo Development Corporation officers are:

Scott Tankersley, President
John Edward Bariou, Jr. - First Vice President
Tony Villarreal - Second Vice President
Daniel Anderson - Director
Richard Crisp - Director
Tommy Hiebert - Director
Pedro Ramirez – Director

Executive Director: Roland Peña

CONFLICT OF INTEREST QUESTIONNAIRE

FORM CIQ

For vendor or other person doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.

A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of person who has a business relationship with local governmental entity.

2 **Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)

3 Name of local government officer with whom filer has employment or business relationship.

Name of Officer

This section (item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?

Yes No

B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

Yes No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

Yes No

D. Describe each employment or business relationship with the local government officer named in this section.

4

Signature of person doing business with the governmental entity

Date

THIS FORM MUST BE RETURNED WITH THE PROPOSAL

Adopted 06/29/2007



Debarment and Suspension Certification

- (1) The prospective primary participant certifies to the best of its knowledge and belief that it and its principals:
 - (a) Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective primary participant shall attach an explanation to this proposal.

Company

By

Title

Address

City, State Zip

Note: Agents must provide evidence of authority to bind corporation.

THIS FORM MUST BE RETURNED WITH THE PROPOSAL



INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the determination whether to enter into this transaction. However, failure of the prospective participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the City of San Angelo determined to enter into this transaction. If it is later determined that the prospective participant knowingly rendered an erroneous certification, in addition to other remedies available, the City of San Angelo may terminate this transaction for cause.
4. The prospective participant shall provide immediate written notice to the City of San Angelo to which this proposal is submitted if at any time the prospective participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549(13 CFR Part 145). You may contact the City of San Angelo for assistance in obtaining a copy of these regulations.
6. The prospective participant agrees by submitting this proposal that, should the proposed transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the City of San Angelo.
7. The prospective participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment And Suspension" provided by the City of San Angelo, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the ineligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the City of San Angelo, the City of San Angelo may terminate this transaction for cause.



Certifications **(Negotiated Contracts)**

1. The RESPONDENT certifies to the best of its knowledge and belief, that it and its principals:
 - a) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction; violation of Federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - b) Are not presently indicted for or otherwise criminally or civilly charged by a public entity with commission of any of the offenses enumerated in paragraph (1) (b) of this certification:
 - c) Have not within a three-year period preceding this proposal had one or more public transactions. terminated for cause or default; and
 - d) Have not been disciplined or issued a formal reprimand by any State agency for professional accreditation within the past three years.

2. The RESPONDENT further certifies to the best of its knowledge and belief, that it (or its surety, parent, or subsidiary companies) and its principals:
 - a) Does not currently have any claims against or are not currently involved in any litigation with the City of San Angelo.
 - b) Is not indebted to the City of San Angelo.

3. Where the RESPONDENT is **unable to certify to any of the statements in this certification, such** RESPONDENT shall attach an explanation to this certification.

Typed or Printed Name of Certifying Official	Date
Signature of Certifying Official	Title

THIS FORM MUST BE RETURNED WITH THE PROPOSAL

END OF PROPOSAL DOCUMENTS