

ADDENDUM ONE
REAL ESTATE CONSULTING SERVICES FOR THE SALE OF THE CHATTANOOGAN
HOTEL
CITY OF CHATTANOOGA, TENNESSEE

**PLEASE CONTACT PURCHASING FOR AN APPOINTMENT FOR
DOCUMENTATION REVIEW**

QUESTION

- 1) Will the City/CDRC seriously consider a marketing approach for this property that utilizes Competitive Bidding rather than solely Traditional List/Sell Methods. If not, why not?

ANSWER

Yes, we will consider any approach that maximizes the outcome

QUESTIONS

- 2) If so, will the City/CDRC allow the use of the "Buyer Premium," which when added to the High Bid Price, achieves the Total Contract Price? The City/CDRC would receive the High Bid Price and we would receive the Buyer Premium as our compensation for the brokerage transaction. This is an accepted practice in our business.

ANSWER

Will consider this approach with some limitations on the disposition of "Buyer Premium" Final terms will remain subject to negotiations

QUESTION

- 3) If so, will the City/CDRC reimburse our firm for our pre-budgeted and pre-approved out-of-pocket marketing and advertising costs to reach the greatest number of qualified potential purchasers to purchase the property? This is the only cost we would ask the CDRC to reimburse us for.

ANSWER

Subject to negotiations for item #2 above

QUESTION

- 4) If so, will the City/CDRC be willing to consider selling the property "Absolute" to the highest bidder regardless of price? Utilizing this method will draw the most number of bidders to purchase the property by far. The more bidders there are, the higher the price will go.

ANSWER

May reserve the right to accept or reject any and all bids at City/CDRC discretion

QUESTION

- 5) Can the City/CDRC provide a recent set of financial statements (Income Statement and Balance Sheet) of the property so that we can give an effective estimate to the City/CDRC on what the property may sell for? This would also include the rent roll from any commercial tenants and lease abstracts from current leases, as well as financing documents for any debt currently against the property.

ANSWER

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

QUESTION

- 6) Can the City/CDRC provide copies of the following documents:

ANSWER

- a) Property Survey (ALTA) - Copy of recorded plat for property will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm
- b) Phase 1 Environmental Assessment - Not Available
- c) Engineering Inspection Report - Terracon Geotechnical Engineering Report, May 3 2012 - Limited Scope to 1-story portion of the property will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm
- d) Appraisal - HVS Consulting and Valuation Services Appraisal, 2008 will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm
- e) Title Insurance Policy - Not Available
- f) Last 3 years Capital Improvements - Foundation Stabilization project currently in process for a 1-story portion of the property.
- g) Any known Capital Improvements needed - Information not available
Any contracts or agreements in which Buyer will be required to assume, such as, but not limited to, employment, maintenance, etc? Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

QUESTION

- 7) Has the City/CDRC previously attempted to market and sell this building within the past 10 years and if so, what was the previous listing price?

ANSWER

No formal attempt to market since construction, although there have been private inquiries.

QUESTION

- 8) Has the City/CDRC previously employed a licensed real estate broker to market and sell the property and if so, which firm(s)?

ANSWER

No

QUESTION

- 9) We may choose to joint venture this proposal with another real estate brokerage firm who holds a real estate broker's license in Tennessee (we are licensed as real estate brokers in several other states, but not in Tennessee). Is this acceptable?

ANSWER

Yes

QUESTION

- 10) What is the City/CDRC's capitalized cost of the property to date and is there any debt or equity financing on the property?

ANSWER

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

QUESTION

- 11) What is/are the Assessor's Parcel Number(s) for the property? The Hamilton County Assessor shows this parcel at 1201 S. Broad Street being owned by the United States Government.

ANSWER

145F-H-004 (Hotel)
145F-H-004.01 (Garage)
145F H 004.02 (Vacant Parcel)

QUESTION

- 12) We understand the hotel was constructed in 2001 and renovated in 2013. Did the City/CDRC build the hotel in 2001 or did the City/CDRC purchase the hotel after it was built?

ANSWER

The City contracted for the design and construction of the property in 1999 with the hotel operations beginning in 2001.

QUESTION

- 13) Does the current operator of the hotel, Benchmark Resorts and Hotels have a long-term contract to operate the hotel whomever the owner is, or will the new owner have the option to change the existing operator of the hotel? As part of the documents the City/CDRC is providing, can it provide a current copy of the operating agreement between the City/CDRC and Benchmark?

ANSWER

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

QUESTION

- 14) Does the City/CDRC have an objective scoring matrix relative to the Selection Criteria (weighting, etc.) and if so, can it provide it, or is the evaluation on a subjective basis for each of the categories listed in the RFQ?

ANSWER

The evaluation shall be made on the criteria listed in Request for Qualifications, REAL ESTATE CONSULTING SERVICES FOR THE SALE OF THE CHATTANOOGAN HOTEL, 4.3 SELECTION CRITERIA. Each individual member will appraise each submittal using the RFQ Scorecard.

QUESTION

- 15) Who will be reviewing the proposals and making recommendations for award and whom ultimately will make the decision on the award of contract?

ANSWER

After the Request for Qualifications responses are received, an Evaluation Committee is established by the Department Administrator consisting of:

- a. A total of five people
- b. Three representatives from the Chattanooga Downtown Redevelopment Corporation a representative from purchasing, and an at large representative from a separate department or division

Based on the Selection Committee's scoring results, a recommendation is made for award approval by the City Mayor's office, and the Chattanooga City Council.

QUESTION

- 16) When you publish the response to these questions, will you please also list which firms responded with questions to this RFQ?

ANSWER

No

QUESTION

- 17) If after we've received answers to the questions above, will we have the opportunity to ask follow-up questions prior to the bid deadline, especially on some of the material we've asked for (title policy, financials, etc.)?

ANSWER

As stated in the Request for Qualifications, additional requests for information submitted in writing to the City by 12:00 p.m. EDT, on August 10, 2016, will be addressed to the fullest extent possible by the City in writing and sent to each responder to the RFQ by end of day on August 17, 2016. After that time, no further requests for information will be received or responded to.

The City's considers further inquiry into requested documentation (see items in Question 29, below) to be beyond this scope of this determination of Qualifications, and to instead be within the scope of the actual performance of the subsequent professional services agreement that may result from this determination of the Qualifications.

QUESTION

- 18) Are you providing tours of the Property prior to the August 29th RFQ submission deadline?

ANSWER

Yes, at a time to be scheduled by our Purchasing Division in conjunction with Benchmark (current facility manager). Monday, August 22, 2016 at 9:00 am

QUESTION

- 19) Is the property on a ground lease?

ANSWER

No, the underlying land was conveyed to the City/CDRC via a grant of permanent easement from the United States of America/TVA.

QUESTION

- 20) Is the public bond financing transferrable to a new owner upon sale?

ANSWER

No

QUESTION

- 21) Are there any tax incentives available to a new owner

ANSWER

No, not for current use. Possible if the anticipated use changes

QUESTION

22) Are additional buildable development rights (FAR) Rights available?

ANSWER

No - Floor Area Ratio per City Code.

QUESTION

23) Is the hotel encumbered by a management agreement?

ANSWER

There is a management agreement in place but is cancellable, upon notice, if necessary

QUESTION

24) Is the hotel's parking garage part of the disposition or does the hotel lease spaces? Who operates the parking garage?

ANSWER

Republic Parking. Hotel pays a monthly fee for valet and employee spaces to Republic Parking. Hotel pays Republic Parking \$8 for each overnight self-parking vehicle.

QUESTION

25) Is the spa operated by a third party or by the hotel management

ANSWER

Spa is operated by Hotel.

QUESTION

26) Regarding Requirement 3.1(G) Points 1 and 2, we will provide the information that C-III Capital Partners LLC. NAI Global was formed in Delaware on July 2, 2010. Is this information sufficient or do you need additional information on the parent entity?

ANSWER

Would like information on both entities

QUESTION

27) Regarding Requirement 3.1 (H), what proof of sound financial standing is acceptable to the CDRC?

ANSWER

Audited financial statements that demonstrate positive operational results and fiscal position.

QUESTION

28) Regarding Requirement 2.5 (C), please confirm that the Affirmative Action Plan requirements need to be addressed only after we are selected as the Consultant.

ANSWER

Said requirements must be effective and included in proposal response.

QUESTION

29) Additionally, we would like to request the following due diligence to complete our analysis.

29.A) Detailed Property Level Operating Statements

- a) 2016 Actual Year-to-Date
- b) 2016 Budget
- c) 2016 Re-Forecast
- d) 2015
- e) 2014
- f) 2013

ANSWER:

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

29.B) Capital Expenditures

- a) Five-Year Projected Expenditures
- b) Five-Year Historical Detailed

ANSWER

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

29.C) Commercial Leases or Third-Party Management Agreements (Gift Shop, Spa, etc.)

ANSWER

Spa is operated by Hotel.

29.D) Parking Agreements

See answer to Question 25

29.E) STR Reports

- a) Year-to-Date 2016
- b) Year-End 2015
- c) Year-End 2014
- d) Year-End 2013

ANSWER

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

29.F) Business Mix (breakdown of revenues by corporate, leisure, group, etc.)

ANSWER

Information not available at this time

29.G) Marketing Plan

- a) 2016
- b) 2015

ANSWER:

Proprietary Information

29.H) Advance Booking List / Pace Reports

ANSWER

Available documentation will be available for review in the Purchasing Office until August 24, 2016 at 2:00 pm

29.I) Top Account List

ANSWER

Proprietary Information

29.J) Property Condition Report or similar report providing

- a) mechanical and structural overview/review of the building

ANSWER:

Not available.

29.K) Environmental (Phase 1) / Engineering / ADA Study

ANSWER

See Answers to Question 6.

29.L) Land Survey

ANSWER

See Answers to Question 6.

29.M) Recent Appraisal

ANSWER

See Answers to Question 6.