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DEMOGRAPHICS

Ottawa, Illinois Demographic Overview

Ottawa is in the Illinois Valley area southwest of metropolitan Chicago. The area is also known as the I & M Canal Corridor for the historic area that parallels the river. The river and its centuries of commerce have left a legacy of river towns including Morris, Seneca, Marseilles, Ottawa, Utica, LaSalle, and Peru. Southwest of Peru the number of river towns declines until the river reaches Peoria and begins its long ramble through rich farmland until it empties into the Mississippi north of St. Louis. Interstate 80, running several miles north of the river towns is the new river - a coast to coast highway from New York City to the San Francisco Bay area. It has been equally and possibly more important to recent economic development for the river towns. Trucks carrying commodities, truck stops, travel services, and distribution centers have kept the local economies alive. Some, but certainly not all, of the river towns have turned back to their original asset, the river, and are looking at it as the ticket to a new industry, tourism. Ottawa, the community where Heritage Harbor is built, is one of the towns that has aggressively embraced tourism as a part of its economic future. Heritage Harbor is uniquely positioned to capitalize on this focus on tourism in the Ottawa market.

The impetus for this idea is partly cultural, the US has a seemingly insatiable desire for new places to visit, christen and embrace as attractive second home destinations – especially in recent years as the baby boomers have reached a position in life to embrace travel and second home lifestyles. For those in the area willing to embrace tourism and the change it can bring to a community, the upper Illinois River valley area presents itself as the next such destination--especially for the Chicago market. It has key assets:

- Proximity, it's much closer than the traditional destinations in Wisconsin and for many, even southeastern Michigan
- An attractive setting
- Water
- A great historical story
- Value
- Quaint towns, rich in history, experiencing rediscovery.

Discussions of each of these assets, how they relate to the site, and Ottawa's embrace of tourism follow.

Proximity -- The Heritage Harbor site, located east of downtown Ottawa on Canal Road, is easily accessible from Interstate 80. Because Interstate 80 provides a fairly direct route from both downtown Chicago (downtown Chicago is within 1.5 hour driving distance) and the greater Midwest via the other major interstate arterials proximate to the area, the site is available to a large population base, particularly an upper-income base. On a local scale, potential linkages to downtown Ottawa via a river path demonstrate a unique opportunity to transform the private development of Heritage Harbor into a multi-faceted public amenity to the surrounding region.

Attractive Setting -- The natural amenities of the area now bring hundreds of thousands of visitors each year. The most visited tourist attraction in the area is Starved Rock State Park, known for its appealing topography, scenic sandstone bluffs, and thriving bald eagle habitat along the Illinois River. The confluence of the Fox and Illinois Rivers is in downtown Ottawa, just a few miles from Heritage Harbor. In addition, Matthiessen State Park, Buffalo Rock State Park, the Vermillion River (highly ranked for white water activities), and the Fox River (known for canoeing), along with many beautiful country roads and villages add to the area's appeal.

Water – A primary feature of the Heritage Harbor development is its direct access to a variety of water destinations (along the riverfront) and water activities (including waterskiing, wakeboarding, tubing, and cruising) that the area and Heritage Harbor affords -- with the intent to create a lifestyle that is found in few places in the Midwest. Sportsmen will appreciate the area's strength in hunting and fishing and other recreational opportunities like area golf courses.



DEMOGRAPHICS

Boating and water-related activities are expected to be the dominant activities for second home owners. An assessment of boating lifestyle suggests the following:

- Boating and berthing that is less-crowded, more cost-effective, than elsewhere in northern Illinois or surrounding states.
- Specific boating opportunities from the site include: cruising to downriver marinas and cities, such as Henry, Peoria, Grafton, Alton, St. Louis; visits to secluded island beaches and riverside parks; and to raft your boat with a group of friends and party.
- Generally speaking, on the Illinois River boating, when compared to Great Lakes boating, is safer, has a longer boating season, and fewer “foul weather” days.
- Ottawa and the stretch of water of the Illinois going toward Peoria is one of the top-ranked Walleye and Sauger fisheries in the United States, this section of water has been named “The Sauger Capital of the World” by ESPN—there is a great amount of water, so fishermen are not crowded.
- The Illinois River has great smallmouth and largemouth bass, crappie, white bass, catfish, striped bass, etc. There is access to fine fisheries in other lakes and streams for the fisherman wanting fishing diversity in North Central Illinois (with a trailer-able boat).
- Unlike the Great Lakes, residents can have the flexibility of a smaller boat—the ability to use it on the Illinois River, but to be able to trailer that boat to other local waterways, or even to Florida, etc. For the age demographic 50 yrs. + this will likely be a selling point.

The Backstory -- The historical significance of Ottawa and the surrounding area is considered as an important aesthetic component, especially as it relates to the Illinois & Michigan (I&M) Canal, and the Illinois River. The historic I&M Canal parallels the northern edge of the property directly across Canal Road from the site. A multi-purpose trail has been developed by the Illinois Department of Natural Resources that follows the historic route of the I & M Canal from its starting point near Lemont to the termination point in LaSalle. The canal became the final link in an all-water route between the east coast and the Gulf of Mexico in the mid-1800s, serving to open the Chicago area to commerce. Currently, a 61-mile trail, part of the I&M Canal National Heritage Corridor, provides scenic hiking, bicycling and snowmobiling opportunities between Brandon Road in Rockdale and the canal's western terminus at LaSalle/Peru. Abraham Lincoln's presidential career and the Boy Scouts of America also began in Ottawa. The first Lincoln Douglas Debate was held at Washington Park in downtown Ottawa. Ottawa's claim to expanding Lincoln-based tourism continues to expand.

Value – For the developer, land development costs are lower in this area than in most of the traditional destinations in Wisconsin and southwestern Michigan. For the buyer, Heritage Harbor presents an opportunity to be involved in the initial stages of an exciting investment in the Midwest.

Starved Rock Country's Brand Emergence – Ottawa is flanked by the other river towns and small towns in Starved Rock Country, all of which have their own distinct quaintness and appeal, along with Ottawa this region has embraced tourism and is continuing to improve. 2014 has been a record setting year for tourism within Starved Rock Country.

DEMOGRAPHICS

Ottawa Itself

One of the key questions for a community that is moving into a tourism economy is whether or not it embraces tourism and is planning for it. A willingness to embrace tourism is important for developments like Heritage Harbor Ottawa. Support for tourism suggests that amenities important to creating a destination will be developed and other development will follow cementing the community's identity. The best case scenario is that a community plans for the tourism development. A community that plans for further development suggests that new development will be subjected to a high and consistent level of planning.

To successfully become a destination community, Ottawa will require the efforts of local officials to be champions and leaders of area tourism promotion while maintaining current quality of life characteristics that make Ottawa unique and more appealing than other destinations currently accessible to Chicagoland residents – keeping the level of traffic and pedestrian congestion low, maintaining a laid-back, friendly and welcoming “Centerville, USA” atmosphere and a comfortable, safe community feel, and attracting tourism-oriented business that not only benefits visitors but local residents.

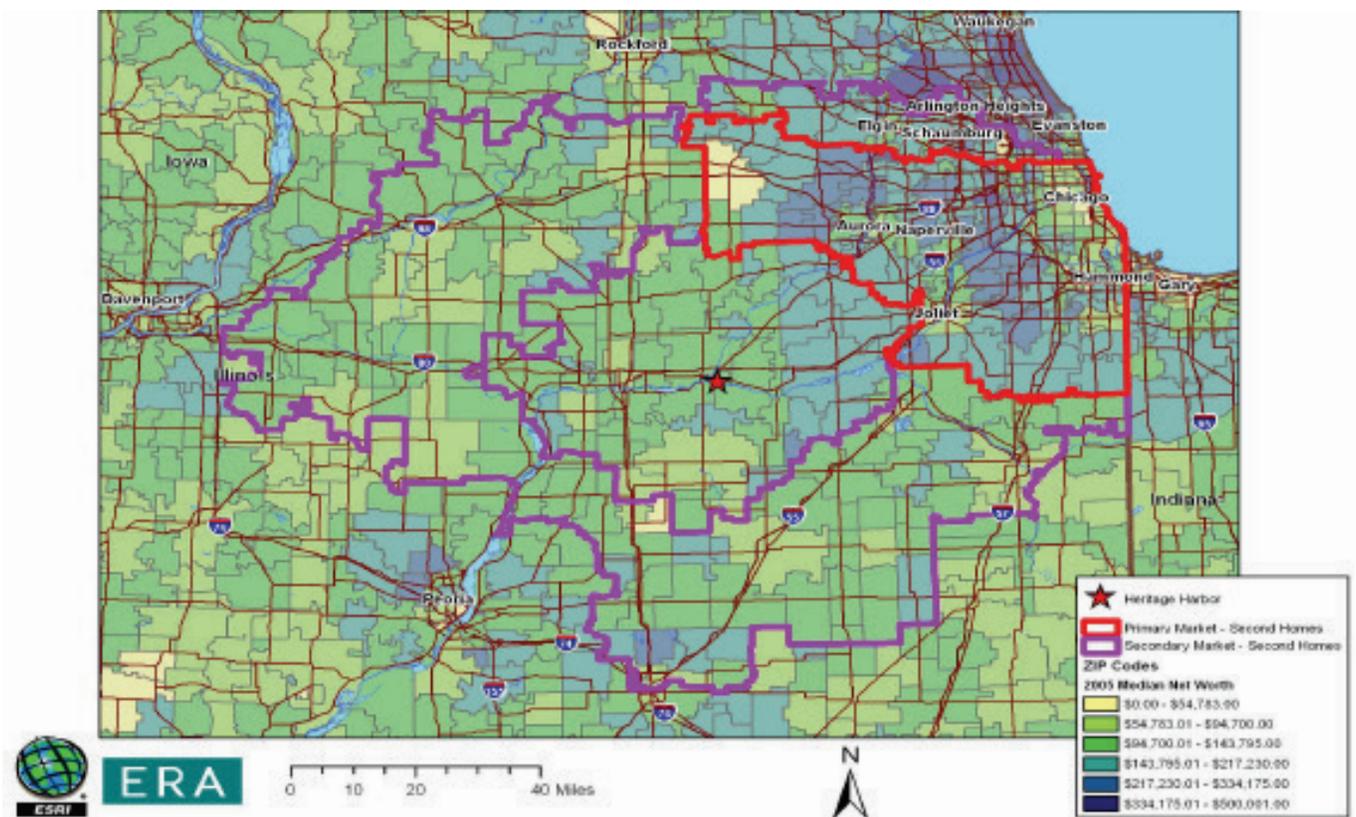
Evidence of Ottawa's desire to present itself as a community that plans for tourism development is widespread:

- In the downtown, a waterfront plan that permits direct recreational access to the Fox and Illinois Rivers has been partially implemented and work continues;
- Ottawa's downtown already has attracted successful businesses, including well regarded restaurants, and continues to establish its downtown area as a dynamic center for its residents and visitors.
- Also in the downtown, the 2014 Comprehensive Plan features a strong emphasis on tourism and recreational use enhancement;
- Ottawa has a well-staffed and very active visitor's bureau.
- The city has planned for a river walk stretching several miles from the downtown to the Heritage Harbor Ottawa;
- The city has approved an ordinance that will allow NEVs (Neighborhood Electric Vehicles)—such as Gemcars—to traverse almost all streets in the Ottawa community;
- The local political structure, especially the Mayor and council have been very supportive of the project; and
- Most of all, Heritage Harbor Ottawa itself is well supported with a very strong city-granted Tax Increment Finance district.
- Ottawa was the winner of the 2014 America In Bloom. Botanical arts are a very important part of the tourism appeal for Ottawa.

That said, great low-cost local services and shops for everyday needs are available including hardware stores, cleaners, housekeeping services, marine services, and big box stores.



DEMOGRAPHICS



DEMOGRAPHICS



Heritage Harbor

OTTAWA

A Marina Resort Community



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Economic Impact Analysis

HERITAGE HARBOR OTTAWA

Analysis conducted using the on-line Boating Economic Impact Model
developed by

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National Marine Manufacturers Association

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Executive Summary

This report provides estimates of the economic impacts of ~~the~~ HERITAGE HARBOR OTTAWA MARINA. The marina produces direct and indirect revenues for many different types of businesses (e.g., retail, restaurants) in the local area. It also contributes to the visual character of the waterfront and contributes to the community's quality of life. Unfortunately, the economic contributions of marinas like this often go unrecognized or are undervalued. This report provides estimates of the direct and indirect economic impacts associated with the spending by the owners of boats that rent seasonal and annual slips, and the direct spending by transient boaters (tourists) staying at ~~the~~ HERITAGE HARBOR OTTAWA marinaMARINA.

Economic impacts are estimated using a boater spending and impact model. Boater spending averages on a per day basis for trip spending and per boat basis for annual craft spending are adapted from spending profiles developed from two different national boater surveys conducted by the Recreation Marine Research Center (RMRC) at Michigan State University in 2005. Estimates of annual craft spending for boats kept at marinas are taken from a national survey of more than 12,500 boaters conducted in 2005 and 2006.

Annual craft spending averages were price adjusted to 2013 using consumer price indices for each spending category. Annual craft spending includes storage (during the boat season), insurance, taxes, replacement outboard motors, trailers, fuel, repairs & marine services and accessories. Loan payments for the year are included, but purchases of new boats are not. Since most boats, trailers, motors and other equipment purchased by boaters are not manufactured in the local area, only the retail and wholesale margins on these purchases are included as local impacts.

Trip spending estimates, including what boaters spend on groceries, lodging, entertainment and restaurants, came from a 2006 national survey of more than 6,000 boaters that gathered information about more than 13,000 boating trips. Trip spending includes what boaters spend on boating trips for fuel, groceries, lodging, entertainment, and restaurants. Spending averages were price inflated to 2013. Spending profiles were developed for different size and type boats in different regions of the country. The craft

and trip spending averages used here are for boats kept at marinas in Great Lakes Region.

The spending averages are applied to the [current](#) number of slip renters and transient boaters at HERITAGE HARBOR OTTAWA. Distinct spending averages are used for power and sail boats divided into two size classes. Spending is divided into 12 trip spending categories and eight craft spending categories.

Total spending by these boaters who rent slips seasonally or annually or are transient renters is applied to a set of economic ratios and multipliers that reflect the local economy. The impact region is defined to include roughly a 30 mile radius of the marina. Economic ratios and multipliers were estimated with the IMPLAN input-output modeling system. Because the size of multipliers differ depending on the size and nature (e.g., types of businesses) of the local economy distinct sets of multipliers were developed for rural (population less than 100,000), small metro (populations 100,000-500,000), and larger metro regions (population over 500,000). Multipliers representing "Small Metro Areas" were selected for this analysis. Economic ratios translate the spending into wages and salaries and jobs supported by the boater spending. Multipliers estimate the secondary effects as this spending flows through the local economy. Total effects include the (1) direct sales, jobs and income in firms selling directly to boaters, (2) indirect effects in firms that supply goods and services to boating businesses, and (3) induced effects resulting from household spending of income earned directly or indirectly from boater spending.

A total of 130 boats are [being](#) kept at HERITAGE HARBOR OTTAWA during 2013. This includes 130 power boats ranging from 16' to more than 40'. It is estimated that the 130 seasonal/annual slip renters will take their boats out on the water a total of 5,170 days in 2013. The average number of boating days per boat is 32 days. The marina rented slips to transient boaters a total of 1,032 nights [thus far](#) in 2013.

The boaters who rent slips for the season or annually contribute to the local and state economies through spending on the upkeep and maintenance of their craft and also spending on their boating trips. Boaters who [currently](#) keep their boats in [slips](#) at [the marina](#) will spend [an estimated \\$2.6](#) million annually on craft upkeep and maintenance not counting fuel. This spending is broken down as follows: 19% on slip/storage fees, 36% to

loan payments including principal and interest, 19% for repairs, 6% for insurance, and 14% for accessories. ~~Combining trip and craft spending, a typical boat spends \$10,800 per year on boating trips and \$12,242 per year on other craft-related expenses.~~

Total trip spending by these ~~boaters currently using boats kept at the~~ marina is estimated to be \$1.57 million, with 15% spent on marina services, 21% on restaurants and bars, 18% groceries, 5% auto fuel and 32% boat fuel.

Average per-boat expenditures are therefore estimated to be \$9,007 per year for boating trips, and \$20,039 per year on craft-related expenses, for a total of \$29,046.

The direct economic effects on the local economy of this spending are 28 jobs¹, \$1.62 million in labor income and \$1.35 million in value added². The marina's non-labor operating costs such as purchases of supplies and services from other firms are not included as value added by the marina. Direct effects cover the impacts in businesses selling goods and services directly to these boaters. This includes 25 jobs in marina services, 7 jobs in restaurants and bars, and 6 jobs in retail stores, among others.

Including secondary effects, the total impact on the local economy is 38 jobs, \$1.92 million in labor income and \$2.2 million in value added.

¹ Jobs are not full time equivalents, but include full time and part time jobs. Seasonal positions are adjusted to an annual basis, e.g., two jobs for six months equates to one job on an annual basis. Labor income includes wages and salaries, payroll benefits and income of sole proprietors. Value added includes labor income as well as profits and rents and sales taxes and other indirect business taxes.

² Value added is the income accruing to households in the region plus rents and profits of businesses and indirect business taxes. As the name implies, it is the net value added to the region's economy. For example, the value added by a marina includes wages and salaries paid to employees, their payroll benefits, profits of the marina, and sales and other indirect business taxes.

Summary of the Economic Impact Analysis Result

Table 1 - Number of Boats Kept at the Marina and Their Estimated Number of Boating Days

Boat Type and Size	Number of Boats	Average Days Per Boat	Total Boat Days
Power <40'	25	29	737
Power 40'+	105	32	3,401
Sail <40'	-	-	-
Sail 40'+	-	-	-
Transient Power	-	-	1,000
Transient Sail	-	-	32
Total	130	32	5,170

Table 2 - Total Spending on Boat Trips by Boats Kept at the Marina (\$ Thousands)

Category	Total	Percentage
Lodging	7.9	0.7%
Marina services	181.5	15.5%
Restaurant	244.3	20.9%
Groceries	210.2	18.0%
Boat fuel	377.9	32.3%
Auto fuel	57.6	4.9%
Repair & Maintenance	-	-
Marine supplies	-	-
Recreation & Entertainment	34.2	2.9%
Shopping	47.3	4.0%
Other services	-	-
Other goods	10.0	0.9%
Total	1,170.9	100%

Table 3 – Total Annual Craft Spending by Boats Kept at the Marina (\$ Thousands)

Category	Total	Percentage
Slip	500.0	19.2%
Loan Payments	949.9	36.5%
Motors	6.0	0.2%
Trailers	1.6	0.1%
Insurance	164.3	6.3%
Repairs	502.8	19.3%
Accessories	371.2	14.3%
Taxes	109.1	4.2%
Total	2,605.1	100%

Table 4 – Economic Impacts of Trips Spending and Annual Craft Spending by Boats Kept at the Marina

	Trip Spending	Annual Craft Spending	Total
Direct Effects			
Sales (\$ Thousands)	637.8	1,198.5	1,836.3
Jobs	12.1	16.3	28.3
Labor Income (\$ Thousands)	247.1	371.9	619.0
Value Added (\$ Thousands)	337.4	665.9	1,003.4
Total Effects			
Sales (\$ Thousands)	958.6	1,747.7	2,706.3
Jobs	15.6	22.3	37.9
Labor Income (\$ Thousands)	350.3	551.1	901.4
Value Added (\$ Thousands)	514.6	965.3	1,479.8

Table 5 - Economic Impact of both Craft and Trips Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	7.9	0.2	3.5	5.6
Marina Services	681.5	12.2	250.1	419.1
Restaurant	244.3	5.7	96.0	108.5
Recreation & Entertainment	34.2	0.6	12.6	21.0
Repair & Maintenance	502.8	3.3	96.0	220.7
Insurance&Credit	45.2	0.5	21.2	38.4
Gas Service	97.1	0.9	37.6	48.8
Other Retail Trade	223.2	4.9	102.1	141.2
Wholesale Trade	-	-	-	-
Other Local Production of Goods	-	-	-	-
Total Direct Effects	1,836.3	28.3	619.0	1,003.4
Secondary Effects	870.0	9.6	282.3	476.5
Total Effects	2,706.3	37.9	901.4	1,479.8

Detailed Results of the Economic Impact Analysis

Input to the Economic Impact Analysis Model

Table 1 - Number of Boats Kept at the Marina and Their Estimated Number of Boating Days

Boat Type and Size	Number of Boats	Average Days Per Boat	Total Boat Days
Power <40'	25	29	737
Power 40'+	105	32	3,401
Sail <40'	-	-	-
Sail 40'+	-	-	-
Transient Power	-	-	1,000
Transient Sail	-	-	32
Total	130	32	5,170

Spending Profiles by Boats Kept at the Marina

Table 1 - Average Spending on Boat Trips by Boats Kept at the Marina (\$ Per Boat Day)

Category	Boat Type and Size					
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	Transient Power	Transient Sail
Lodging	1.2	0.4	1.9	2.8	5.5	5.4
Marina services	22.2	32.8	13.3	23.4	52.4	36.5
Restaurant	31.7	47.7	21.3	39.9	57.3	43.7
Groceries	26.5	43.4	19.6	32.7	41.9	36.4
Boat fuel	51.9	77.7	4.5	10.1	75.1	10.6
Auto fuel	11.6	10.9	7.3	8.4	11.7	7.5
Repair & Maintenance	-	-	-	-	-	-
Marine supplies	-	-	-	-	-	-
Recreation & Entertainment	4.7	5.7	2.6	8.4	11.1	8.3
Shopping	3.7	8.1	3.7	6.7	16.5	14.9
Other services	-	-	-	-	-	-
Other goods	3.0	2.3	2.4	3.5	-	-
Total	156.5	229.0	76.6	135.9	271.5	163.3

Table 2 - Average Spending on Annual Craft Spending by Boats Kept at the Marina (\$ Per Boat Per Year)

Category	Boat Type and Size			
	Power <40'	Power 40'+	Sail <40'	Sail 40'+
Slip	3,200.0	4,000.0	2,400.0	3,600.0
Loan Payments	1,408.3	8,711.4	1,092.1	5,175.1
Motors	43.7	47.2	13.5	16.8
Trailers	21.1	10.5	8.4	7.3
Insurance	376.7	1,475.4	338.4	1,620.5
Repairs	1,160.3	4,512.5	1,307.1	6,084.7
Accessories	726.0	3,362.8	1,138.3	4,230.5
Taxes	66.7	1,023.4	66.3	610.7
Total	7,002.8	23,143.2	6,364.1	21,345.6

Estimates of Total Spending by Boats Kept at the Marina

Table 1 - Total Spending on Boat Trip by Boats Kept at the Marina (\$ Thousands)

Category	Boat Type and Size						Total	Percentage
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	Transient Power	Transient Sail		
Lodging	0.9	1.4	-	-	5.5	0.2	7.9	1%
Marina services	16.4	111.5	-	-	52.4	1.2	181.5	15%
Restaurant	23.4	162.2	-	-	57.3	1.4	244.3	21%
Groceries	19.5	147.6	-	-	41.9	1.2	210.2	18%
Boat fuel	38.3	264.2	-	-	75.1	0.3	377.9	32%
Auto fuel	8.5	37.1	-	-	11.7	0.2	57.6	5%
Repair & Maintenance	-	-	-	-	-	-	-	-
Marine supplies	-	-	-	-	-	-	-	-
Recreation & Entertainment	3.5	19.4	-	-	11.1	0.3	34.2	3%
Shopping	2.7	27.5	-	-	16.5	0.5	47.3	4%
Other services	-	-	-	-	-	-	-	-
Other goods	2.2	7.8	-	-	-	-	10.0	1%
Total	115.3	778.8	-	-	271.5	5.2	1,170.9	100%

Table 2 - Total Spending on Average Annual Craft Spending by Boats Kept at the Marina (\$ Thousands)

Category	Boat Type and Size				Total	Percentage
	Power <40'	Power 40'+	Sail <40'	Sail 40'+		
Slip	80.0	420.0	-	-	500.0	19%
Loan Payments	35.2	914.7	-	-	949.9	36%
Motors	1.1	5.0	-	-	6.0	0%
Trailers	0.5	1.1	-	-	1.6	0%
Insurance	9.4	154.9	-	-	164.3	6%
Repairs	29.0	473.8	-	-	502.8	19%
Accessories	18.2	353.1	-	-	371.2	14%
Taxes	1.7	107.5	-	-	109.1	4%
Total	230.7	1,557.6	-	-	2,605.1	100%

Table 3 - Numbers of Boats, Boating Days and Craft and Trip Spending by Different Size and Type Boats Kept at the Marina

Category	Boat Type and Size						Total
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	Transient Power	Transient Sail	
Number of boats	25	105	-	-	-	-	130
Annual craft spending per boat	\$7,003	\$23,143	-	-	-	-	\$2,242
Total craft spending (\$ Thousands)	\$175	\$2,430	-	-	-	-	\$2,605
Average days per boat	29	32	-	-	-	-	32
Total boat days	737	3,401	-	-	1,000	32	5,170
Average trip spending per boat day	\$157	\$229	-	-	\$272	\$163	\$226
Total trip spending per boat per year	\$4,614	\$7,417	-	-	\$272	\$163	\$1,008
Total trip spending (\$ Thousands)	\$115	\$779	-	-	\$272	\$5	\$1,171
Total craft & trip spending per boat per year	\$11,617	\$30,560	-	-	\$272	\$163	\$3,250
Total craft & trip spending (\$ Thousands)	\$290	\$3,209	-	-	\$272	\$5	\$3,776
Pct of spending by boats	8%	85%	-	-	7%	0%	100%
Pct of boats	2%	9%	-	-	86%	3%	100%
Pct of boat days by boats	14%	66%	-	-	19%	1%	100%
Pct of spending on trips by boats	40%	24%	-	-	100%	100%	31%

Economic Impact Result/Tables

Table 1 - Economic Impact of Trips Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	7.9	0.2	3.5	5.6
Marina Services	181.5	3.3	66.6	111.6
Restaurant	244.3	5.7	96.0	108.5
Recreation & Entertainment	34.2	0.6	12.6	21.0
Repair & Maintenance	-	-	-	-
Grocery Stores (Margin&Sales)	53.2	1.0	21.6	28.9
Gas Service Stations (Margin&Sales)	97.1	0.9	37.6	48.8
Sporting Goods/Equipment Retail Margins	-	-	-	-
Other Retail Trade (Margins&Sales)	19.6	0.5	9.3	13.0
Wholesale Trade (Margins&Sales)	-	-	-	-
Local Production of Goods	-	-	-	-
Total Direct Effects	637.8	12.1	247.1	337.4
Secondary Effects	320.8	3.6	103.1	177.2
Total Effects	958.6	15.6	350.3	514.6

Table 2 - Economic Impact of Annual Craft Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Boat Manufacture	-	-	-	-
Slip	500.0	9.0	183.5	307.5
Repairs	502.8	3.3	96.0	220.7
Insurance	32.9	0.4	16.1	28.6
Credit Intermediaries	12.3	0.1	5.1	9.8
Retail Margins	150.4	3.5	71.2	99.3
Wholesale Trade	-	-	-	-
Manufacture: Motors, Trailers, Accessories	-	-	-	-
Total Direct Effects	1,198.5	16.3	371.9	665.9
Secondary Effects	549.2	6.0	179.2	299.3
Total Effects	1,747.7	22.3	551.1	965.3

Table 3 - Economic Impact of both Trip and Annual Craft Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	7.9	0.2	3.5	5.6
Marina Services	681.5	12.2	250.1	419.1
Restaurant	244.3	5.7	96.0	108.5
Recreation & Entertainment	34.2	0.6	12.6	21.0
Repair & Maintenance	502.8	3.3	96.0	220.7
Insurance&Credit	45.2	0.5	21.2	38.4
Gas Service	97.1	0.9	37.6	48.8
Other Retail Trade	223.2	4.9	102.1	141.2
Wholesale Trade	-	-	-	-
Other Local Production of Goods	-	-	-	-
Total Direct Effects	1,836.3	28.3	619.0	1,003.4
Secondary Effects	870.0	9.6	282.3	476.5
Total Effects	2,706.3	37.9	901.4	1,479.8

Shown below are multipliers selected in this economic impact analysis.

Sector	IMPLAN Sector	Jobs/ MM sales	Direct effects			Total effects multipliers					
			Personal inc/sales	Property Inc/sales	Value Added /sales	Sales II	JobsII/ MMsales	InclI/ sales	VA II/sales	Sales I	RPC
Hotels and motels* including casino hotels	479	19.250	0.437	0.183	0.708	1.431	24.154	0.580	0.954	1.153	100%
Marina Services	478	17.930	0.367	0.198	0.615	1.459	23.214	0.519	0.874	1.208	100%
Food services and drinking places	481	23.214	0.393	-0.004	0.444	1.524	28.681	0.550	0.719	1.259	100%
Other asement* gambling* and recreation industri	478	17.930	0.367	0.198	0.615	1.459	23.214	0.519	0.874	1.208	100%
Automotive repair and maintenance* except car wash	483	6.648	0.191	0.224	0.439	1.459	11.372	0.337	0.674	1.296	100%
Food and beverage stores	405	18.923	0.407	0.046	0.543	1.527	24.983	0.587	0.847	1.246	100%
Gasoline stations	407	9.467	0.387	0.012	0.503	1.544	15.727	0.573	0.817	1.268	100%
Sporting goods* hobby* book and sic stores	409	26.861	0.346	0.048	0.475	1.538	33.056	0.531	0.786	1.284	100%
General merchandise stores	410	23.233	0.473	0.083	0.661	1.485	28.804	0.637	0.941	1.183	100%
Nondep credit intermediaries	425	4.867	0.410	0.325	0.791	1.355	8.987	0.530	1.002	1.068	20%
Other accommodations	480	6.592	0.121	0.162	0.290	1.569	12.806	0.307	0.609	1.420	100%
Wholesale trade	390	8.713	0.377	0.095	0.659	1.418	13.590	0.521	0.901	1.170	-
Insurance agencies* brokerages* and related	428	12.866	0.490	0.380	0.870	1.350	16.988	0.600	1.080	1.070	20%
Boat building	358	7.857	0.220	0.148	0.341	1.337	11.153	0.327	0.525	1.178	-
Other engine equipment manufacturing	286	2.797	0.150	0.130	0.290	1.337	3.973	0.230	0.470	1.178	-
Travel trailer and camper manufacturing	349	5.274	0.183	0.067	0.249	1.429	8.955	0.307	0.449	1.283	-
Sporting and athletic goods manufacturing	381	6.719	0.185	0.061	0.249	1.505	11.598	0.351	0.518	1.331	-
auto dealers	401	11.837	0.489	0.030	0.611	1.528	17.910	0.668	0.916	1.209	100%
All other food manufacturing	84	3.851	0.125	0.082	0.191	1.523	8.776	0.271	0.449	1.389	-
Cut and sew apparel manufacturing	107	7.222	0.182	0.122	0.290	1.348	10.836	0.296	0.484	1.205	-

Terms used in this Economic Impact Analysis

Term	Definition
Sales	Sales of firms within the region resulting from boater spending.
Jobs	The number of jobs in the region supported by the boater spending. Job estimates are not full time equivalents, but include part time positions. Seasonal jobs are adjusted to annual equivalents, e.g. four jobs for three months each equates to one job.
Income	Labor income, including wages and salaries, payroll benefits and incomes of sole proprietor's
Value added	Income accruing to households in the region plus rents and profits of businesses and indirect business taxes. As the name implies, it is the net value added to the region's economy. For example, the value added by a marina includes wages and salaries paid to employees, their payroll benefits, profits of the marina, and sales and other indirect business taxes. The marina's non-labor operating costs such as purchases of supplies and services from other firms are not included as value added by the marina.
Direct effects	Direct effects are the changes in sales, income and jobs in those business or agencies that directly receive the boater spending.
Secondary effects	These are the changes in the economic activity in the region that result from the re-circulation of the money spent by boaters. Secondary effects include indirect and induced effects.
Indirect effects	Changes in sales, income and jobs in industries that supply goods and services to the businesses that sell directly to boaters. For example, restaurant supply firms benefit from boater spending in restaurants.
Induced effects	Changes in economic activity in the region resulting from household spending of income earned through a direct or indirect effect of the boater spending. For example, marina employees live in the region and spend their incomes on housing, groceries, education, clothing and other goods and services.
Total effects	Sum of direct, indirect and induced effects. <ul style="list-style-type: none"> ▪ Direct effects accrue largely to boating and tourism-related businesses in the area ▪ Indirect effects accrue to a broader set of businesses that serve these firms. ▪ Induced effects are distributed widely across a variety of local businesses that provide goods and services to households in the region.
Multipliers	Multipliers capture the size of the total effects relative to the direct effects. A sales multiplier of 2.0 means that for every dollar of direct sales, there is another dollar of sales in the region due to secondary effects. Direct effect multipliers convert sales to the associated income, jobs and value added by using simple ratios. For example, nationally 34 cents of every dollar of sales in restaurants goes to wages and salaries and 48 cents to value added. There are about 22 jobs for every million dollars in restaurant sales. These ratios are used to convert estimates of sales in each economic sector to the associated income, jobs, and value added. The job to sales ratios vary from region to region.

Economic Impact Analysis

HERITAGE HARBOR OTTAWA

Analysis conducted using the on-line Boating Economic Impact Model
developed by

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National Marine Manufacturers Association

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Executive Summary

This report provides estimates of the economic impacts of ~~the~~ HERITAGE HARBOR OTTAWA MARINA. The marina produces direct and indirect revenues for many different types of businesses (e.g., retail, restaurants) in the local area. It also contributes to the visual character of the waterfront and contributes to the community's quality of life. Unfortunately, the economic contributions of marinas like this often go unrecognized or are undervalued. This report provides estimates of the direct and indirect economic impacts associated with the spending by the owners of boats that rent seasonal and annual slips, and the direct spending by transient boaters (tourists) staying at ~~the~~ HERITAGE HARBOR OTTAWA marinaMARINA.

Economic impacts are estimated using a boater spending and impact model. Boater spending averages on a per day basis for trip spending and per boat basis for annual craft spending are adapted from spending profiles developed from two different national boater surveys conducted by the Recreation Marine Research Center (RMRC) at Michigan State University in 2005. Estimates of annual craft spending for boats kept at marinas are taken from a national survey of more than 12,500 boaters conducted in 2005 and 2006.

Annual craft spending averages were price adjusted to 2013 using consumer price indices for each spending category. Annual craft spending includes storage (during the boat season), insurance, taxes, replacement outboard motors, trailers, fuel, repairs & marine services and accessories. Loan payments for the year are included, but purchases of new boats are not. Since most boats, trailers, motors and other equipment purchased by boaters are not manufactured in the local area, only the retail and wholesale margins on these purchases are included as local impacts.

Trip spending estimates, including what boaters spend on groceries, lodging, entertainment and restaurants, came from a 2006 national survey of more than 6,000 boaters that gathered information about more than 13,000 boating trips. Trip spending includes what boaters spend on boating trips for fuel, groceries, lodging, entertainment, and restaurants. Spending averages were price inflated to 2013. Spending profiles were developed for different size and type boats in different regions of the country. The craft

and trip spending averages used here are for boats kept at marinas in Great Lakes Region.

The spending averages are applied to the [current](#) number of slip renters and transient boaters at HERITAGE HARBOR OTTAWA. Distinct spending averages are used for power and sail boats divided into two size classes. Spending is divided into 12 trip spending categories and eight craft spending categories.

Total spending by these boaters who rent slips seasonally or annually or are transient renters is applied to a set of economic ratios and multipliers that reflect the local economy. The impact region is defined to include roughly a 30 mile radius of the marina. Economic ratios and multipliers were estimated with the IMPLAN input-output modeling system. Because the size of multipliers differ depending on the size and nature (e.g., types of businesses) of the local economy distinct sets of multipliers were developed for rural (population less than 100,000), small metro (populations 100,000-500,000), and larger metro regions (population over 500,000). Multipliers representing "Small Metro Areas" were selected for this analysis. Economic ratios translate the spending into wages and salaries and jobs supported by the boater spending. Multipliers estimate the secondary effects as this spending flows through the local economy. Total effects include the (1) direct sales, jobs and income in firms selling directly to boaters, (2) indirect effects in firms that supply goods and services to boating businesses, and (3) induced effects resulting from household spending of income earned directly or indirectly from boater spending.

A total of 130 boats are [being](#) kept at HERITAGE HARBOR OTTAWA during 2013. This includes 130 power boats ranging from 16' to more than 40'. It is estimated that the 130 seasonal/annual slip renters will take their boats out on the water a total of 5,170 days in 2013. The average number of boating days per boat is 32 days. The marina rented slips to transient boaters a total of 1,032 nights [thus far](#) in 2013.

The boaters who rent slips for the season or annually contribute to the local and state economies through spending on the upkeep and maintenance of their craft and also spending on their boating trips. Boaters who [currently](#) keep their boats in [slips](#) at [the marina](#) will spend [an estimated \\$2.6](#) million annually on craft upkeep and maintenance not counting fuel. This spending is broken down as follows: 19% on slip/storage fees, 36% to

loan payments including principal and interest, 19% for repairs, 6% for insurance, and 14% for accessories. ~~Combining trip and craft spending, a typical boat spends \$10,800 per year on boating trips and \$12,242 per year on other craft-related expenses.~~

Total trip spending by these ~~boaters currently using boats kept at the~~ marina is estimated to be \$1.57 million, with 15% spent on marina services, 21% on restaurants and bars, 18% groceries, 5% auto fuel and 32% boat fuel.

Average per-boat expenditures are therefore estimated to be \$9,007 per year for boating trips, and \$20,039 per year on craft-related expenses, for a total of \$29,046.

The direct economic effects on the local economy of this spending are 28 jobs¹, \$1.62 million in labor income and \$1.35 million in value added². The marina's non-labor operating costs such as purchases of supplies and services from other firms are not included as value added by the marina. Direct effects cover the impacts in businesses selling goods and services directly to these boaters. This includes 25 jobs in marina services, 7 jobs in restaurants and bars, and 6 jobs in retail stores, among others.

Including secondary effects, the total impact on the local economy is 38 jobs, \$1.92 million in labor income and \$2.2 million in value added.

¹ Jobs are not full time equivalents, but include full time and part time jobs. Seasonal positions are adjusted to an annual basis, e.g., two jobs for six months equates to one job on an annual basis. Labor income includes wages and salaries, payroll benefits and income of sole proprietors. Value added includes labor income as well as profits and rents and sales taxes and other indirect business taxes.

² Value added is the income accruing to households in the region plus rents and profits of businesses and indirect business taxes. As the name implies, it is the net value added to the region's economy. For example, the value added by a marina includes wages and salaries paid to employees, their payroll benefits, profits of the marina, and sales and other indirect business taxes.

Summary of the Economic Impact Analysis Result

Table 1 - Number of Boats Kept at the Marina and Their Estimated Number of Boating Days

Boat Type and Size	Number of Boats	Average Days Per Boat	Total Boat Days
Power <40'	25	29	737
Power 40'+	105	32	3,401
Sail <40'	-	-	-
Sail 40'+	-	-	-
Transient Power	-	-	1,000
Transient Sail	-	-	32
Total	130	32	5,170

Table 2 - Total Spending on Boat Trips by Boats Kept at the Marina (\$ Thousands)

Category	Total	Percentage
Lodging	7.9	0.7%
Marina services	181.5	15.5%
Restaurant	244.3	20.9%
Groceries	210.2	18.0%
Boat fuel	377.9	32.3%
Auto fuel	57.6	4.9%
Repair & Maintenance	-	-
Marine supplies	-	-
Recreation & Entertainment	34.2	2.9%
Shopping	47.3	4.0%
Other services	-	-
Other goods	10.0	0.9%
Total	1,170.9	100%

Table 3 – Total Annual Craft Spending by Boats Kept at the Marina (\$ Thousands)

Category	Total	Percentage
Slip	500.0	19.2%
Loan Payments	949.9	36.5%
Motors	6.0	0.2%
Trailers	1.6	0.1%
Insurance	164.3	6.3%
Repairs	502.8	19.3%
Accessories	371.2	14.3%
Taxes	109.1	4.2%
Total	2,605.1	100%

Table 4 – Economic Impacts of Trips Spending and Annual Craft Spending by Boats Kept at the Marina

	Trip Spending	Annual Craft Spending	Total
Direct Effects			
Sales (\$ Thousands)	637.8	1,198.5	1,836.3
Jobs	12.1	16.3	28.3
Labor Income (\$ Thousands)	247.1	371.9	619.0
Value Added (\$ Thousands)	337.4	665.9	1,003.4
Total Effects			
Sales (\$ Thousands)	958.6	1,747.7	2,706.3
Jobs	15.6	22.3	37.9
Labor Income (\$ Thousands)	350.3	551.1	901.4
Value Added (\$ Thousands)	514.6	965.3	1,479.8

Table 5 - Economic Impact of both Craft and Trips Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	7.9	0.2	3.5	5.6
Marina Services	681.5	12.2	250.1	419.1
Restaurant	244.3	5.7	96.0	108.5
Recreation & Entertainment	34.2	0.6	12.6	21.0
Repair & Maintenance	502.8	3.3	96.0	220.7
Insurance&Credit	45.2	0.5	21.2	38.4
Gas Service	97.1	0.9	37.6	48.8
Other Retail Trade	223.2	4.9	102.1	141.2
Wholesale Trade	-	-	-	-
Other Local Production of Goods	-	-	-	-
Total Direct Effects	1,836.3	28.3	619.0	1,003.4
Secondary Effects	870.0	9.6	282.3	476.5
Total Effects	2,706.3	37.9	901.4	1,479.8

Detailed Results of the Economic Impact Analysis

Input to the Economic Impact Analysis Model

Table 1 - Number of Boats Kept at the Marina and Their Estimated Number of Boating Days

Boat Type and Size	Number of Boats	Average Days Per Boat	Total Boat Days
Power <40'	25	29	737
Power 40'+	105	32	3,401
Sail <40'	-	-	-
Sail 40'+	-	-	-
Transient Power	-	-	1,000
Transient Sail	-	-	32
Total	130	32	5,170

Spending Profiles by Boats Kept at the Marina

Table 1 - Average Spending on Boat Trips by Boats Kept at the Marina (\$ Per Boat Day)

Category	Boat Type and Size					
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	Transient Power	Transient Sail
Lodging	1.2	0.4	1.9	2.8	5.5	5.4
Marina services	22.2	32.8	13.3	23.4	52.4	36.5
Restaurant	31.7	47.7	21.3	39.9	57.3	43.7
Groceries	26.5	43.4	19.6	32.7	41.9	36.4
Boat fuel	51.9	77.7	4.5	10.1	75.1	10.6
Auto fuel	11.6	10.9	7.3	8.4	11.7	7.5
Repair & Maintenance	-	-	-	-	-	-
Marine supplies	-	-	-	-	-	-
Recreation & Entertainment	4.7	5.7	2.6	8.4	11.1	8.3
Shopping	3.7	8.1	3.7	6.7	16.5	14.9
Other services	-	-	-	-	-	-
Other goods	3.0	2.3	2.4	3.5	-	-
Total	156.5	229.0	76.6	135.9	271.5	163.3

Table 2 - Average Spending on Annual Craft Spending by Boats Kept at the Marina (\$ Per Boat Per Year)

Category	Boat Type and Size			
	Power <40'	Power 40'+	Sail <40'	Sail 40'+
Slip	3,200.0	4,000.0	2,400.0	3,600.0
Loan Payments	1,408.3	8,711.4	1,092.1	5,175.1
Motors	43.7	47.2	13.5	16.8
Trailers	21.1	10.5	8.4	7.3
Insurance	376.7	1,475.4	338.4	1,620.5
Repairs	1,160.3	4,512.5	1,307.1	6,084.7
Accessories	726.0	3,362.8	1,138.3	4,230.5
Taxes	66.7	1,023.4	66.3	610.7
Total	7,002.8	23,143.2	6,364.1	21,345.6

Estimates of Total Spending by Boats Kept at the Marina

Table 1 - Total Spending on Boat Trip by Boats Kept at the Marina (\$ Thousands)

Category	Boat Type and Size						Total	Percentage
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	Transient Power	Transient Sail		
Lodging	0.9	1.4	-	-	5.5	0.2	7.9	1%
Marina services	16.4	111.5	-	-	52.4	1.2	181.5	15%
Restaurant	23.4	162.2	-	-	57.3	1.4	244.3	21%
Groceries	19.5	147.6	-	-	41.9	1.2	210.2	18%
Boat fuel	38.3	264.2	-	-	75.1	0.3	377.9	32%
Auto fuel	8.5	37.1	-	-	11.7	0.2	57.6	5%
Repair & Maintenance	-	-	-	-	-	-	-	-
Marine supplies	-	-	-	-	-	-	-	-
Recreation & Entertainment	3.5	19.4	-	-	11.1	0.3	34.2	3%
Shopping	2.7	27.5	-	-	16.5	0.5	47.3	4%
Other services	-	-	-	-	-	-	-	-
Other goods	2.2	7.8	-	-	-	-	10.0	1%
Total	115.3	778.8	-	-	271.5	5.2	1,170.9	100%

Table 2 - Total Spending on Average Annual Craft Spending by Boats Kept at the Marina (\$ Thousands)

Category	Boat Type and Size				Total	Percentage
	Power <40'	Power 40'+	Sail <40'	Sail 40'+		
Slip	80.0	420.0	-	-	500.0	19%
Loan Payments	35.2	914.7	-	-	949.9	36%
Motors	1.1	5.0	-	-	6.0	0%
Trailers	0.5	1.1	-	-	1.6	0%
Insurance	9.4	154.9	-	-	164.3	6%
Repairs	29.0	473.8	-	-	502.8	19%
Accessories	18.2	353.1	-	-	371.2	14%
Taxes	1.7	107.5	-	-	109.1	4%
Total	230.7	1,557.6	-	-	2,605.1	100%

Table 3 - Numbers of Boats, Boating Days and Craft and Trip Spending by Different Size and Type Boats Kept at the Marina

Category	Boat Type and Size						Total
	Power <40'	Power 40'+	Sail <40'	Sail 40'+	Transient Power	Transient Sail	
Number of boats	25	105	-	-	-	-	130
Annual craft spending per boat	\$7,003	\$23,143	-	-	-	-	\$2,242
Total craft spending (\$ Thousands)	\$175	\$2,430	-	-	-	-	\$2,605
Average days per boat	29	32	-	-	-	-	32
Total boat days	737	3,401	-	-	1,000	32	5,170
Average trip spending per boat day	\$157	\$229	-	-	\$272	\$163	\$226
Total trip spending per boat per year	\$4,614	\$7,417	-	-	\$272	\$163	\$1,008
Total trip spending (\$ Thousands)	\$115	\$779	-	-	\$272	\$5	\$1,171
Total craft & trip spending per boat per year	\$11,617	\$30,560	-	-	\$272	\$163	\$3,250
Total craft & trip spending (\$ Thousands)	\$290	\$3,209	-	-	\$272	\$5	\$3,776
Pct of spending by boats	8%	85%	-	-	7%	0%	100%
Pct of boats	2%	9%	-	-	86%	3%	100%
Pct of boat days by boats	14%	66%	-	-	19%	1%	100%
Pct of spending on trips by boats	40%	24%	-	-	100%	100%	31%

Economic Impact Result/Tables

Table 1 - Economic Impact of Trips Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	7.9	0.2	3.5	5.6
Marina Services	181.5	3.3	66.6	111.6
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Recreation & Entertainment	34.2	0.6	12.6	21.0
Repair & Maintenance	-	-	-	-
Grocery Stores (Margin&Sales)	53.2	1.0	21.6	28.9
Gas Service Stations (Margin&Sales)	97.1	0.9	37.6	48.8
Sporting Goods/Equipment Retail Margins	-	-	-	-
Other Retail Trade (Margins&Sales)	19.6	0.5	9.3	13.0
Wholesale Trade (Margins&Sales)	-	-	-	-
Local Production of Goods	-	-	-	-
Total Direct Effects	637.8	12.1	247.1	337.4
Secondary Effects	320.8	3.6	103.1	177.2
Total Effects	958.6	15.6	350.3	514.6

Table 2 - Economic Impact of Annual Craft Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Boat Manufacture	-	-	-	-
Slip	500.0	9.0	183.5	307.5
Repairs	502.8	3.3	96.0	220.7
Insurance	32.9	0.4	16.1	28.6
Credit Intermediaries	12.3	0.1	5.1	9.8
Retail Margins	150.4	3.5	71.2	99.3
Wholesale Trade	-	-	-	-
Manufacture: Motors, Trailers, Accessories	-	-	-	-
Total Direct Effects	1,198.5	16.3	371.9	665.9
Secondary Effects	549.2	6.0	179.2	299.3
Total Effects	1,747.7	22.3	551.1	965.3

Table 3 - Economic Impact of both Trip and Annual Craft Spending by Boats Kept at the Marina

Sector/Spending category	Sales (\$ Thousands)	Jobs	Labor Income (\$ Thousands)	Value Added (\$ Thousands)
Direct Effects				
Lodging	7.9	0.2	3.5	5.6
Marina Services	681.5	12.2	250.1	419.1
Restaurant	244.3	5.7	96.0	108.5
Recreation & Entertainment	34.2	0.6	12.6	21.0
Repair & Maintenance	502.8	3.3	96.0	220.7
Insurance&Credit	45.2	0.5	21.2	38.4
Gas Service	97.1	0.9	37.6	48.8
Other Retail Trade	223.2	4.9	102.1	141.2
Wholesale Trade	-	-	-	-
Other Local Production of Goods	-	-	-	-
Total Direct Effects	1,836.3	28.3	619.0	1,003.4
Secondary Effects	870.0	9.6	282.3	476.5
Total Effects	2,706.3	37.9	901.4	1,479.8

Shown below are multipliers selected in this economic impact analysis.

Sector	Direct effects					Total effects multipliers					
	IMPLAN Sector	Jobs/ MM sales	Personal inc/sales	Property Inc/sales	Value Added /sales	Sales II	JobsII/ MMsales	InclI/ sales	VA II/sales	Sales I	RPC
Hotels and motels* including casino hotels	479	19.250	0.437	0.183	0.708	1.431	24.154	0.580	0.954	1.153	100%
Marina Services	478	17.930	0.367	0.198	0.615	1.459	23.214	0.519	0.874	1.208	100%
Food services and drinking places	481	23.214	0.393	-0.004	0.444	1.524	28.681	0.550	0.719	1.259	100%
Other asement* gambling* and recreation industri	478	17.930	0.367	0.198	0.615	1.459	23.214	0.519	0.874	1.208	100%
Automotive repair and maintenance* except car wash	483	6.648	0.191	0.224	0.439	1.459	11.372	0.337	0.674	1.296	100%
Food and beverage stores	405	18.923	0.407	0.046	0.543	1.527	24.983	0.587	0.847	1.246	100%
Gasoline stations	407	9.467	0.387	0.012	0.503	1.544	15.727	0.573	0.817	1.268	100%
Sporting goods* hobby* book and sic stores	409	26.861	0.346	0.048	0.475	1.538	33.056	0.531	0.786	1.284	100%
General merchandise stores	410	23.233	0.473	0.083	0.661	1.485	28.804	0.637	0.941	1.183	100%
Nondep credit intermediaries	425	4.867	0.410	0.325	0.791	1.355	8.987	0.530	1.002	1.068	20%
Other accommodations	480	6.592	0.121	0.162	0.290	1.569	12.806	0.307	0.609	1.420	100%
Wholesale trade	390	8.713	0.377	0.095	0.659	1.418	13.590	0.521	0.901	1.170	-
Insurance agencies* brokerages* and related	428	12.866	0.490	0.380	0.870	1.350	16.988	0.600	1.080	1.070	20%
Boat building	358	7.857	0.220	0.148	0.341	1.337	11.153	0.327	0.525	1.178	-
Other engine equipment manufacturing	286	2.797	0.150	0.130	0.290	1.337	3.973	0.230	0.470	1.178	-
Travel trailer and camper manufacturing	349	5.274	0.183	0.067	0.249	1.429	8.955	0.307	0.449	1.283	-
Sporting and athletic goods manufacturing	381	6.719	0.185	0.061	0.249	1.505	11.598	0.351	0.518	1.331	-
auto dealers	401	11.837	0.489	0.030	0.611	1.528	17.910	0.668	0.916	1.209	100%
All other food manufacturing	84	3.851	0.125	0.082	0.191	1.523	8.776	0.271	0.449	1.389	-
Cut and sew apparel manufacturing	107	7.222	0.182	0.122	0.290	1.348	10.836	0.296	0.484	1.205	-

Terms used in this Economic Impact Analysis

Term	Definition
Sales	Sales of firms within the region resulting from boater spending.
Jobs	The number of jobs in the region supported by the boater spending. Job estimates are not full time equivalents, but include part time positions. Seasonal jobs are adjusted to annual equivalents, e.g. four jobs for three months each equates to one job.
Income	Labor income, including wages and salaries, payroll benefits and incomes of sole proprietor's
Value added	Income accruing to households in the region plus rents and profits of businesses and indirect business taxes. As the name implies, it is the net value added to the region's economy. For example, the value added by a marina includes wages and salaries paid to employees, their payroll benefits, profits of the marina, and sales and other indirect business taxes. The marina's non-labor operating costs such as purchases of supplies and services from other firms are not included as value added by the marina.
Direct effects	Direct effects are the changes in sales, income and jobs in those business or agencies that directly receive the boater spending.
Secondary effects	These are the changes in the economic activity in the region that result from the re-circulation of the money spent by boaters. Secondary effects include indirect and induced effects.
Indirect effects	Changes in sales, income and jobs in industries that supply goods and services to the businesses that sell directly to boaters. For example, restaurant supply firms benefit from boater spending in restaurants.
Induced effects	Changes in economic activity in the region resulting from household spending of income earned through a direct or indirect effect of the boater spending. For example, marina employees live in the region and spend their incomes on housing, groceries, education, clothing and other goods and services.
Total effects	Sum of direct, indirect and induced effects. <ul style="list-style-type: none"> ▪ Direct effects accrue largely to boating and tourism-related businesses in the area ▪ Indirect effects accrue to a broader set of businesses that serve these firms. ▪ Induced effects are distributed widely across a variety of local businesses that provide goods and services to households in the region.
Multipliers	Multipliers capture the size of the total effects relative to the direct effects. A sales multiplier of 2.0 means that for every dollar of direct sales, there is another dollar of sales in the region due to secondary effects. Direct effect multipliers convert sales to the associated income, jobs and value added by using simple ratios. For example, nationally 34 cents of every dollar of sales in restaurants goes to wages and salaries and 48 cents to value added. There are about 22 jobs for every million dollars in restaurant sales. These ratios are used to convert estimates of sales in each economic sector to the associated income, jobs, and value added. The job to sales ratios vary from region to region.

MARINA AND HARBOR VALUATION

MARINA AND HARBOR OVERVIEW

Heritage Harbor is a 32-acre, deep-water harbor, which is currently the only one of its kind in the Illinois River Valley. It took about one million cubic yards of dirt and shale removal, along with nearly ten thousand harbor wall blocks weighing 2,600 pounds each to construct the private recreational waterfront destination. The cost of the Harbor alone has exceeded \$8 million, with additional dock and slip infrastructure to-date reportedly at a cost in excess of \$3.3 million.

Currently there are 130 boat slips and 26 personal watercraft slips on five dock structures that are leased to customers on a seasonal basis by the resort's marina hospitality operations. The lease season is generally April 1st until October 31st each year. In addition, there are a handful of vessels that lease wet slips for use during the winter season as well. Typically, these boats are kept free floating by the use of underwater aeration equipment.

In addition to regular slip leases, a small number of slip spaces are normally made available for transient boats that visit Heritage Harbor, sometimes staying several days or weeks. These are often "Loopers" stopping at Heritage Harbor on their cruise around the Great Loop, a ±6,000 mile nautical journey around the east-coast Atlantic seaboard, through the Great Lakes, down the Illinois River eventually exiting to the Gulf of Mexico through the Mississippi River and other inland river systems, then using the inter-coastal waterway to return to Florida or head eastward to sea.

The main docks and slips are of excellent-quality construction and amenities. They are floating docks with concrete-tile decks with full utilities including; separately metered electric, city water, and pump-out service directly connected to the city sewer system for each slip. The majority of these slips are 40-foot, single loaded slips, and some are larger, in order to accommodate boats with lengths of up to 75 ft.—though the harbor design can handle boats up to 100 feet.

Current seasonal rates for vessels are set at \$85 per linear foot, with current annual rental revenues over \$300,000 annually. During the 2014 boating season, these existing slips were 100% occupied, excluding four slips reserved for transients.

Given the high occupancy, and increased demand for slips in the subject harbor, there are currently three dock and slip expansions planned for 2015. The existing "C" dock will be extended and expanded by approximately 35 slips. This investment required for this expansion will be approximately \$500,000.

Subject ownership has submitted a grant application to the United States Department of Fish & Wildlife for a Boating Infrastructure Grant in the approximate amount of \$835,000 for an additional dock structure with 26 new slips, installed with full utilities and amenities, to be installed in 2015. As part of the Grant provisions and rules, all of these slips will be dedicated 100% to transient slip/short term rental.

Due to rising demand from our homeowners (namely on the West Peninsula), ownership has indicated that there are plans for the construction of 10-20 new slips in 2015 that will be offered to residents for purchase or under the terms of a long-term lease in either a "dockominium" or land lease structure. These slips will be added along the harbor wall, just in front of the West Harbor Lofts in order to capitalize on the infrastructure already in place there.

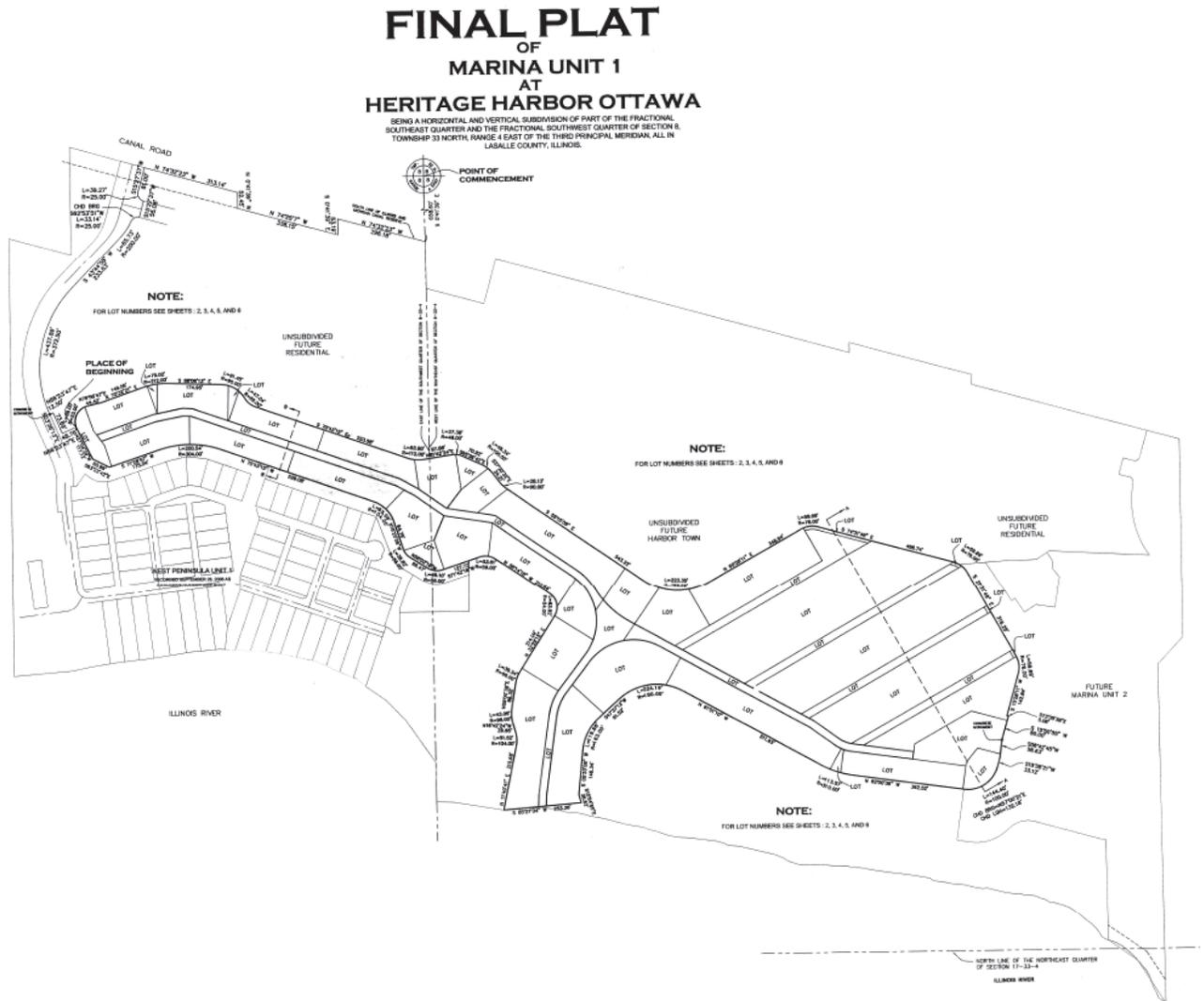
With total boat slip capacity up to 460, the subject harbor will have both short-term and possibly long-term leased slips along with ownership of a "platted" slip space. According to ownership, these slips will be offered at a sales

price or a long-term lease equivalent, at a “floating value” of approximately \$20,000 plus a platted “land under water” value of \$30,000 for a total consideration of \$50,000. The equivalent long-term lease price would be approximately 10% or \$5,000 per year triple-net (NNN) lease. Management’s plan is for the marina hospitality operations to hold ownership in approximately 165+/- slips, for short-term lease, with the remaining 295 +/- being either sold or leased long-term. Future fee-simple sales value for these slips in total is currently estimated by ownership at approximately \$6.3 Million dollars. As discussed earlier, from a valuation standpoint, we have estimated the as-is value of these slip areas by a residual approach from the value of the additional slips under the assumption that they would be leased, rather than sold. This is because there is no transaction data that could be used in a development/gross sellout approach to valuation.

There are also plans to construct an eighty to one hundred (80-100) unit dry-stack boat storage facility that will offer year-round, fully climate controlled storage, with valet service for owners of vessels up to thirty-five feet, who prefer protected, under-roof dry storage as opposed to the wet slip alternative. Off-season storage in this facility will accommodate vessels as large as fifty feet as well. Average annual dry-rack rates, as reported by ownership, will average about \$3,600 per year.

In addition to the marina facilities for the boats, guests will have access to a full-service year-round restaurant, swimming pool, clean and modern bath and shower facilities, and ship store. The marina is staffed year-round with an expert Harbormaster, hospitality workers throughout the season and a boat club for social programming is offered. In the future, a Yacht Club will be established strictly for Resort Residents. For boaters who choose not to own a boat, there is the option of using Quest Express, wherein an annual club membership offers boaters the use of a fleet of boats managed with a computerized reservation system. Safety classes and many social activities are offered.

The following graphic details the platted area of the harbor and marina.



VALUATION METHODOLOGY

Heritage Harbor currently has an operating marina that includes 130 leased slips, 26 personal watercraft docks, a launch deck, fuel island, launch area, a food-and-beverage outlet (Tracy's BoatHouse), ship store and parking lot. We have appraised the going concern of this operation as well as the contributory value of the vacant sites for 330 future slips. Please note that the developer plans to separately deed each of these slips and sell them on a fee-simple basis. However, we believe an investor would approach the value of these slips by analyzing the economic benefits associated with the marina that already exists.

There are three generally accepted approaches to developing an opinion of value for a marina: Cost, Sales Comparison and Income Capitalization. The approach used depends on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

We have considered each approach in developing our opinion of the market value of the subject marina. We discuss each below and conclude with a summary of their applicability to the marina.

COST APPROACH

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

We find that knowledgeable marina buyers base their purchase decisions on economic factors, such as projected net income and return on investment, particularly since they are considered going-concern assets. Because the cost approach does not reflect these income-related considerations and requires a number of highly subjective depreciation estimates, this approach is given minimal weight in the marina valuation process.

SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of developing an opinion of market value in which a subject property is compared with comparable properties that have been recently sold. Preferably, all properties are in the same geographic area and/or of the same property type. One premise of the Sales Comparison Approach is that the market will establish a price for the subject property in the same manner that the prices of comparable, competitive properties are established.

The sales prices of the properties deemed most comparable to the subject property tend to set the range in which the value of the subject property will fall. Further consideration of the comparative data allows the appraiser to derive an amount representing the value of the appraised property, in keeping with the definition of value sought, as of the date of the appraisal.

The Sales Comparison Approach may provide a useful value opinion in the case of simple forms of real estate such as vacant land and single-family homes, where the properties are homogeneous and the adjustments are few and relatively simple to compute. In the case of complex investments such as marina facilities, where the adjustments are numerous and more difficult to quantify, the Sales Comparison Approach loses a large degree of reliability.

Marina investors typically do not employ the Sales Comparison Approach in reaching their final purchase decisions. Factors such as the lack of recent comparable sales data and the numerous adjustments that are necessary often make the results of the Sales Comparison Approach questionable. Although the Sales Comparison Approach may provide a range of values that supports the final opinion of value, reliance on this approach beyond the establishment of broad parameters is rarely justified by the quality of the sales data.

As an appraiser, one attempts to mirror the actions of the marketplace. In that our experience indicates that sophisticated marina investors depend largely on financial considerations when making final purchase decisions, we generally do not give the Sales Comparison Approach strong consideration in the marina appraisal process beyond establishing a probable range of value.

INCOME CAPITALIZATION APPROACH

This approach first determines the income-producing capacity of a property by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Discounted Cash Flow Method. In this method, periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Our experience with marina investors indicates that the methodology used in estimating market value by the Income Capitalization Approach is comparable to that employed by typical marina investors. For this reason, the Income Capitalization Approach produces the most supportable market value opinion, and it is given full weight in the marina valuation process.

INCOME CAPITALIZATION APPROACH

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

Our nationwide experience with numerous marina buyers and sellers indicates that the procedures used in developing our opinion of market value by the Income Capitalization Approach are comparable to those employed by the investors who constitute the marketplace. For this reason, the Income Capitalization Approach produces the most supportable value opinion, and it is given full weight in the marina valuation process.

GOING CONCERN OVERVIEW

Since we are considering the market value of the going concern of the subject property, we have opted to discuss the background and characteristics of this element. A going concern is a business that functions without the threat of liquidation for the foreseeable future, usually regarded as at least within 12 months. It implies for the business the basic declaration of intention to keep running its activities at least for the next year, which is a basic assumption to prepare financial statements considering the conceptual framework of the IFRS. Hence, the declaration of going concern means that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

DEFINITION

The going concern assumption is universally understood and accepted by accounting professionals; however, it has never been formally incorporated into U.S. GAAP. In October 2008, FASB issued an Exposure Draft called, going concern. It discusses the following possible pronouncements for the going concern:

- Reconsideration of defining and incorporating the terms going concern and substantial doubt into U.S. GAAP;

- The time horizon over which management would evaluate the entity's ability to meet its obligations;
- The type of information that management should consider in evaluating the entity's ability to meet its obligations;
- The effect of subsequent events on management's evaluation of the entity's ability to meet its obligations;
- Whether to provide guidance on the liquidation basis of accounting

A current definition of the going concern assumption can be found in the AICPA Statement on Auditing Standards No.1 Codification of Auditing Standards and Procedures, Section 341, "The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern" (AU Section 341) The 'going concern' concept assumes that the business will remain in existence long enough for all the assets of the business to be fully utilized. Utilized assets means obtaining the complete benefit from their earning potential. (i.e. if you recently purchased equipment costing \$5,000 that had 5 years of productive/useful life, then under the going concern assumption, the accountant would only write off one year's value \$1,000 (1/5th) this year, leaving \$4,000 to be treated as a fixed asset with future economic value for the business)

ACCOUNTING

This accounting principle assumes that, a company will continue to exist long enough to carry out its objectives and commitments and will not liquidate in the foreseeable future. If the company's financial situation is such that the accountant believes the company will not be able to continue on, the accountant is required to disclose this assessment.

The going concern principle allows the company to defer some of its prepaid expenses until future accounting periods. The going concern assumption is a fundamental principle in the preparation of financial statements. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, unless the going concern assumption is inappropriate in the circumstances of the entity, assets and liabilities are recorded on the basis that the entity will be able to realize its assets, discharge its liabilities, and obtain refinancing (if necessary) in the normal course of business.

An entity is assumed to be a going concern in the absence of significant information to the contrary. An example of such contrary information is an entity's inability to meet its obligations as they come due without substantial asset sales or debt restructurings. If such were not the case, an entity would essentially be acquiring assets with the intention of closing its operations and reselling the assets to another party.

If the accountant believes that an entity may no longer be a going concern, then this brings up the issue of whether its assets are impaired, which may call for the write-down of their carrying amount to their liquidation value. Thus, the value of an entity that is assumed to be a going concern is higher than its breakup value, since a going concern can potentially continue to earn profits.

The going concern concept is not clearly defined anywhere in generally accepted accounting principles, and so is subject to a considerable amount of interpretation regarding when an entity should report it. However, generally accepted auditing standards (GAAS) do instruct an auditor regarding the consideration of an entity's ability to continue as a going concern.

The auditor evaluates an entity's ability to continue as a going concern for a period not greater than one year following the date of the financial statements being audited. The auditor considers such items as negative trends

in operating results, loan defaults, denial of trade credit from suppliers uneconomical long-term commitments, and legal proceedings in deciding if there is a substantial doubt about an entity's ability to continue as a going concern. If so, the auditor must qualify the audit report with a statement about the problem. This Guidance provides a framework to assist directors, audit committees and finance teams in determining whether it is appropriate to adopt the going concern basis for preparing financial statements and in making balanced, proportionate and clear disclosures. Separate standards and guidance have been issued by the Auditing Practices Board to address the work of auditors in relation to going concern.

Assumption

Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future. General purpose financial statements are prepared on a going concern basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis is relevant (for example, the going concern basis is not relevant for some financial statements prepared on a tax basis in particular jurisdictions). When the use of the going concern assumption is appropriate, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

AUDITING

Continuation of an entity as a going concern is assumed in financial reporting in the absence of significant information to the contrary. Ordinarily, information that significantly contradicts the going concern assumption relates to the entity's inability to continue to meet its obligations as they become due without substantial disposition of assets outside the ordinary course of business, restructuring of debt, externally forced revisions of its operations, or similar actions.

Responsibilities

The auditor has a responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being audited (hereinafter referred to as a reasonable period of time). The auditor's evaluation is based on his or her knowledge of relevant conditions and events that exist at or have occurred prior to the date of the auditor's report. Information about such conditions or events is obtained from the application of auditing procedures planned and performed to achieve audit objectives that are related to management's assertions embodied in the financial statements being audited, as described in Auditing Standard No. 15, Audit Evidence.

The auditor should evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time in the following manner:

The auditor considers whether the results of his procedures performed in planning, gathering evidential matter relative to the various audit objectives, and completing the audit identify conditions and events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. It may be necessary to obtain additional information about such conditions and events, as well as the appropriate evidential matter to support information that mitigates the auditor's doubt.

If the auditor believes there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, he should obtain information about management's plans that are intended to mitigate the effect of such conditions or events, and assess the likelihood that such plans can be effectively implemented.

After the auditor has evaluated management's plans, he concludes whether he has substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. If the auditor concludes there is substantial doubt, he should consider the adequacy of disclosure about the entity's possible inability to continue as a going concern for a reasonable period of time, and include an explanatory paragraph (following the opinion paragraph) in his audit report to reflect his conclusion. If the auditor concludes that substantial doubt does not exist, he should consider the need for disclosure.

The auditor is not responsible for predicting future conditions or events. The fact that the entity may cease to exist as a going concern subsequent to receiving a report from the auditor that does not refer to substantial doubt, even within one year following the date of the financial statements, does not, in itself, indicate inadequate performance by the auditor. Accordingly, the absence of reference to substantial doubt in an auditor's report should not be viewed as providing assurance as to an entity's ability to continue as a going concern.

Procedures

It is not necessary to design audit procedures solely to identify conditions and events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. The results of auditing procedures designed and performed to achieve other audit objectives should be sufficient for that purpose. The following are examples of procedures that may identify such conditions and events:

- Analytical procedures
- Review of subsequent events
- Review of compliance with the terms of debt and loan agreements
- Reading of minutes of meetings of stockholders, board of directors, and important committees of the board
- Inquiry of an entity's legal counsel about litigation, claims, and assessments
- Confirmation with related and third parties of the details of arrangements to provide or maintain financial support

Conditions and Events

In performing audit procedures such as those presented in paragraph .05, the auditor may identify information about certain conditions or events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. The significance of such conditions and events will depend on the circumstances, and some may have significance only when viewed in conjunction with others. The following are examples of such conditions and events:

Negative trends—for example, recurring operating losses, working capital deficiencies, negative cash flows from operating activities, adverse key financial ratios

Other indications of possible financial difficulties—for example, default on loan or similar agreements, arrearages in dividends, denial of usual trade credit from suppliers, restructuring of debt, noncompliance with statutory capital requirements, need to seek new sources or methods of financing or to dispose of substantial assets

Internal matters—for example, work stoppages or other labor difficulties, substantial dependence on the success of a particular project, uneconomic long-term commitments, need to significantly revise operations

External matters that have occurred—for example, legal proceedings, legislation, or similar matters that might jeopardize an entity's ability to operate; loss of a key franchise, license, or patent; loss of a principal customer or supplier; uninsured or underinsured catastrophe such as a drought, earthquake, or flood.

Management Plans

If, after considering the identified conditions and events in the aggregate, the auditor believes there is substantial doubt about the ability of the entity to continue as a going concern for a reasonable period of time, he should consider management's plans for dealing with the adverse effects of the conditions and events. The auditor should obtain information about the plans and consider whether it is likely the adverse effects will be mitigated for a reasonable period of time and that such plans can be effectively implemented. The auditor's considerations relating to management plans may include the following:

Plans to dispose of assets

- Restrictions on disposal of assets, such as covenants limiting such transactions in loan or similar agreements or encumbrances against assets
- Apparent marketability of assets that management plans to sell
- Possible direct or indirect effects of disposal of assets

Plans to borrow money or restructure debt

- Availability of debt financing, including existing or committed credit arrangements, such as lines of credit or arrangements for factoring receivables or sale-leaseback of assets
- Existing or committed arrangements to restructure or subordinate debt or to guarantee loans to the entity
- Possible effects on management's borrowing plans of existing restrictions on additional borrowing or the sufficiency of available collateral

Plans to reduce or delay expenditures

- Apparent feasibility of plans to reduce overhead or administrative expenditures, to postpone maintenance or research and development projects, or to lease rather than purchase assets
- Possible direct or indirect effects of reduced or delayed expenditures

Plans to increase ownership equity

- Apparent feasibility of plans to increase ownership equity, including existing or committed arrangements to raise additional capital

- Existing or committed arrangements to reduce current dividend requirements or to accelerate cash distributions from affiliates or other investors

When evaluating management's plans, the auditor should identify those elements that are particularly significant to overcoming the adverse effects of the conditions and events and should plan and perform auditing procedures to obtain evidential matter about them. For example, the auditor should consider the adequacy of support regarding the ability to obtain additional financing or the planned disposal of assets.

When prospective financial information is particularly significant to management's plans, the auditor should request management to provide that information and should consider the adequacy of support for significant assumptions underlying that information. The auditor should give particular attention to assumptions that are—

- Material to the prospective financial information.
- Especially sensitive or susceptible to change.
- Inconsistent with historical trends.

The auditor's consideration should be based on knowledge of the entity, its business, and its management and should include (a) reading of the prospective financial information and the underlying assumptions and (b) comparing prospective financial information in prior periods with actual results and comparing prospective information for the current period with results achieved to date. If the auditor becomes aware of factors, the effects of which are not reflected in such prospective financial information, he should discuss those factors with management and, if necessary, request revision of the prospective financial information.

Financial Statement Effects

When, after considering management's plans, the auditor concludes there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, the auditor should consider the possible effects on the financial statements and the adequacy of the related disclosure. Some of the information that might be disclosed include:

- Pertinent conditions and events giving rise to the assessment of substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.
- The possible effects of such conditions and events.
- Management's evaluation of the significance of those conditions and events and any mitigating factors.
- Possible discontinuance of operations.
- Management's plans (including relevant prospective financial information).
- Information about the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities.

When, primarily because of the auditor's consideration of management's plans, he concludes that substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time is alleviated, he should consider the need for disclosure of the principal conditions and events that initially caused him to believe there was substantial doubt. The auditor's consideration of disclosure should include the possible effects of such conditions and events, and any mitigating factors, including management's plans.

USE IN RISK MANAGEMENT

If a public company and a private company reports that its auditors have doubts about its ability to continue as a going concern, investors may take that as a sign of increased risk, although an emphasis of matter paragraph in an audit report does not necessarily indicate that a company is on the verge of insolvency. Despite this, some fund managers may be required to sell the stock to maintain an appropriate level of risk in their portfolios. A negative judgment may also result in the breach of bank loan covenants or lead a debt rating firm to lower the rating on the company's debt, making the cost of existing debt increase and/or preventing the company from obtaining additional debt financing. Because of such responses to expressed concerns by auditors, in the 1970s, the American Institute of Certified Public Accountants' Cohen commission concluded that an auditor's expression of uncertainty about the entity's ability to continue as a going concern "tends to be a self-fulfilling prophecy. The auditor's expression of uncertainty about the company's ability to continue may contribute to making its failure a certainty." Businesses should also communicate with business advisors as well as their auditors in the time of trouble. Communication can let advisors and auditors help when needed. They can help business review their internal risk management along with other internal controls.

PROJECTIONS

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties, such as marinas, is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale.

The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to provide an opinion of net present value at a chosen yield rate (internal rate of return or discount rate). In this section of the report, we have utilized the discounted cash flow method to value the subject property and considered the implied historical, first year, stabilized year and deflated stabilized direct capitalization rates.

Based on the market for slip mooring accommodations in the subject's area, we have forecast future slips revenue for the subject property, which was detailed in a previous section of this report. In this section of the report, we provide an analysis of the subject's historical performance, the performance of comparable properties, and industry averages, in order to forecast all other revenues and expenses for the subject property through a 10-year holding period. The projection begins on October 1, 2014. The subject property is projected to reach a stabilized level of operation in year 3 of the 10-year holding period.

REVIEW OF FINANCIAL OPERATING STATEMENTS

The subject property is an existing marina with an established operating history. The following table details the subject's operating performance during the past three years.

Historical Operations - Heritage Harbor Marina - Ottawa, IL

Calendar Year:	2011	2012	2013
Days Open:	183	183	183
Leased Slips:	130	130	130
Occupied Slip Days:	23,790	23,790	23,790
Occupancy:	100.0%	100.0%	100.0%
Average Daily Slip Rate:	\$11.36	\$12.31	\$13.42
RevPAS:	\$11.36	\$12.31	\$13.42
Pct. Change	-	8.4%	9.0%

\$	%	\$	\$	\$	%	\$	\$	\$	%	\$	\$
(000's)	Gross	PAR	POR	(000's)	Gross	PAR	POR	(000's)	Gross	PAS	POS

REVENUES

Slip Moorage	\$270	65.9%	\$2,078	\$11.36	\$293	65.9%	\$2,252	\$12.31	\$319	65.8%	\$2,456	\$13.42
Ship Store	12	2.9%	90	0.49	9	2.1%	72	0.39	9	1.8%	66	0.36
Fuel	93	22.6%	712	3.89	109	24.6%	839	4.59	127	26.2%	980	5.36
Craft Services	21	5.1%	159	0.87	21	4.7%	159	0.87	15	3.0%	112	0.61
Utility Reimbursements	13	3.3%	103	0.56	11	2.4%	82	0.45	15	3.1%	116	0.63
Boat and Trailer Storage	2	0.4%	13	0.07	2	0.4%	13	0.07	1	0.1%	5	0.03
Total	410	100.0%	3,155	17.24	444	100.0%	3,417	18.67	485	100.0%	3,734	20.41

DEPARTMENTAL COSTS

Slip Moorage	58	21.5%	447	2.44	71	24.2%	545	2.98	73	23.0%	564	3.08
Ship Store	12	10.16%	92	0.50	10	11.1%	80	0.44	11	12.51%	83	0.45
Fuel	82	88.4%	629	3.44	88	80.3%	674	3.68	111	87.0%	853	4.66
Total	152	37.0%	1,168	6.38	169	38.0%	1,298	7.09	195	40.2%	1,500	8.20

DEPARTMENTAL INCOME	258	63.0%	1,988	10.86	275	62.0%	2,119	11.58	290	59.8%	2,234	12.21
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UNDISTRIB. OPERATING EXPENSES

Administrative & General	59	14.4%	454	2.48	62	14.0%	477	2.61	63	12.9%	483	2.64
Management Fee	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Marketing	2	0.5%	16	0.09	2	0.5%	19	0.10	2	0.4%	15	0.08
Property Oper. & Maint.	5	1.2%	39	0.21	9	2.1%	72	0.39	8	1.6%	60	0.33
Utility Costs	31	7.5%	236	1.29	38	8.5%	290	1.58	36	7.5%	280	1.53
Total	97	23.6%	746	4.08	112	25.1%	858	4.69	109	22.4%	838	4.58

INCOME BEFORE FIXED CHARGES	161	39.4%	1,242	6.78	163	36.9%	1,261	6.89	181	37.4%	1,396	7.63
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FIXED CHARGES

Property Taxes	14	3.4%	108	0.59	14	3.3%	112	0.61	15	3.1%	114	0.62
Insurance	16	3.9%	122	0.67	17	3.9%	133	0.73	18	3.7%	140	0.76
Reserve for Replacement	0	0.0%	0	0.00	0	0.0%	0	0.00	0	0.0%	0	0.00
Total	30	7.3%	229	1.25	32	7.2%	245	1.34	33	6.8%	254	1.39

NET OPERATING INCOME	131	32.1%	1,013	5.53	131	29.7%	1,016	5.55	148	30.6%	1,142	6.24
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OPERATING RATIOS

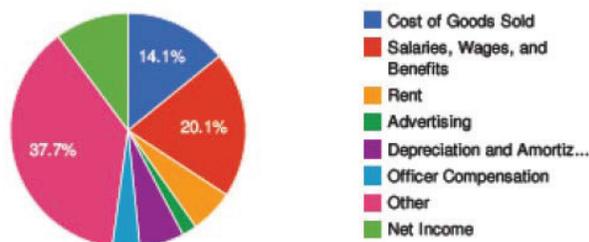
Ship Store to Slip Moorage	4.4%	3.2%	2.7%
Fuel to Slip Moorage	34.2%	37.3%	39.9%
Craft Services to Slip Moorage	7.7%	7.1%	4.5%
Utility Reimbursements to Slip Moorage	4.9%	3.6%	4.7%
Boat and Trailer Storage to Slip Moorage	0.6%	0.6%	0.2%

COMPARABLE ANALYSIS – INDUSTRY AVERAGES

In order to bolster our forecast for the subject property, we have analyzed the operating performance of the subject versus marina industry averages. The following table summarizes operating data for marinas located within the U.S. as compiled by AnythingResearch:

Income Statement (Industry Average)		
Financial metrics provide a snapshot view of an "average" company in the Marinas industry. Key business metrics show revenue and operating costs. The data collected is industry-wide, covering both public and private companies in the industry.		
	Industry Average	Percent of Sales
Total Revenue	\$1,107,266	100%
Operating Revenue	\$1,000,459	90%
Cost of Goods Sold	\$156,175	14%
Gross Profit	\$844,284	76%
Operating Expenses		
Pension, profit sharing plans, stock, annuity	\$2,606	0%
Repairs	\$25,209	2%
Rent paid on business property	\$66,701	6%
Charitable Contributions	\$447	0%
Depletion	\$10	0%
Domestic production activities deduction	\$0	0%
Advertising	\$22,568	2%
Compensation of officers	\$41,572	4%
Salaries and wages	\$208,893	19%
Employee benefit programs	\$13,963	1%
Taxes and Licenses	\$97,545	9%
Bad Debts	\$2,190	0%
Depreciation	\$60,903	6%
Amortization	\$6,673	1%
Other Operating Expenses	\$248,910	22%
Total Operating Expenses	\$798,191	72%
Operating Income	\$46,093	4%
Non-Operating Income	\$105,205	10%
EBIT (Earnings Before Interest and Taxes)	\$151,298	14%
Interest Expense	\$30,046	3%
Earnings Before Taxes	\$121,252	11%
Income Tax	\$8,625	1%
Net Profit	\$112,627	10%

Average Income Statement



The industry average shows an operating income of 17 percent (excluding amortization and depreciation). The subject is forecast to operate at a level substantially above that. This is because we assume the marina and harbor will operate with synergies by a central entity, which is currently the resort's marina hospitality operations. Based on our analysis of the historic expense levels of the subject and the comparable industry information, we conclude that there is adequate support for our operating expense conclusions.

FINANCIAL PROJECTIONS

A summary of the underlying rationale and assumptions used in developing the annual operating performance for the subject marina is presented in the following text. Fundamental to the opinions of operating results is the assumption of competent and efficient management at the property level, a well-coordinated marketing plan for the marina, and a well-devised yield management strategy. Among the primary responsibilities of management are the maintenance of a quality facility, the execution of an adequate marketing effort, and operating in a cost efficient manner.

GENERAL INFLATION AND GROWTH ASSUMPTIONS

Our projections incorporate an opinion of general price inflation based upon economic projections from various sources (including the U.S. Congressional Budget Office), tempered by our observations and expectations derived from historical perspectives both locally and nationally. Accordingly, to portray price level changes, we have assumed an average CPI inflation rate of **Error! No document variable supplied.** percent per year throughout the 3-year projection period. This assumption is intended only to portray an expected long-term trend in price movements, rather than for a specific interval in time.

OPERATING REVENUES AND EXPENSES DURING THE HOLDING PERIOD

Operating revenues and expenses for the subject are projected using a computer program developed for Cushman & Wakefield. This program was especially designed to reflect the operating characteristics of a marina property. The computer model is based upon the theory that marina revenues and expenses have an independent fixed component and a dependent component that varies in proportion to occupancy and the overall use of the facility. An estimate of each revenue and expense line item can be made by calculating the fixed and variable percentage components of an established level of revenue or expense. The fixed component is held constant, while the variable component is adjusted for the future incremental changes in occupancy and utilization levels.

Based on our review of the subject's prospective operating performance, as well as our analysis of comparable marina income and expense statements and industry norms, we have derived base levels of income and expense. The units of comparison include percentage of departmental and/or total revenue, amount per available slip, and amount per occupied slip. These units of comparison are the basis for calculating the fixed and variable component relationships for each line item.

The table on the following page summarizes the percentage of each line item assumed to be fixed or variable. These ratios were developed based on discussions with management and are consistent with industry norms. The variable component of each revenue and expense item fluctuates directly with changes in occupancy and/or rate.

Summary of Fixed and Variable Component for Each Revenue and Expense

Revenue or Expense Category	Percent Fixed	Percent Variable	Variability In Relation To
Revenue			
Slip Moorage	0 %	100 %	---
Ship Store	25	75	Slip Moorage
Fuel	50	50	Slip Moorage
Craft Services	50	50	Slip Moorage
Utility Reimbursements	50	50	Slip Moorage
Boat and Trailer Storage	50	50	Slip Moorage
Expense			
Slip Moorage	20	80	Slip Moorage Revenue
Ship Store	55	45	Ship Store Revenue
Fuel	10	90	Fuel Revenue
Undistributed Operating Expenses			
Administrative & General	75 %	25 %	Total Revenue
Management Fee	0	100	Total Revenue
Marketing	70	30	Total Revenue
Property Operations & Maintenance	70	30	Total Revenue
Utilities	90	10	Total Revenue
Fixed Charges			
Property Taxes	100 %	0 %	Total Revenue
Insurance	100	0	Total Revenue
Reserve for Replacement	0	100	Total Revenue

PROJECTION OF INCOME AND EXPENSE

After reviewing the subject property's historical operating statistics, U.S. marina industry averages, and the performance of comparable marinas, we have developed a 10-year projection of income and expense, with the first year beginning October 1, 2014. Considering the current state of the competitive marina market, we believe that the subject property will achieve stabilization by year 3.

The projection of income and expense is intended to reflect the appraiser's opinion of how a typical buyer would project the subject property's operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted upward or downward. We have attempted to incorporate these considerations into this analysis.

The following charts depict a detailed forecast of the subject's income and expense through the stabilized year and a summary 10-year projection on a fiscal basis beginning October 1, 2014. Stabilization is assumed to occur by year 3. The statements are expressed in inflated dollars for each fiscal year.

Detailed Forecast Through Stabilization - Heritage Harbor Marina - Ottawa, IL

	1	2	3	4
	2014/15	2015/16	Stabilized	2017/18
Projection Year:	2014/15	2015/16	Stabilized	2017/18
Fiscal Year:	183	183	183	183
Days in Year:	130	130	130	130
Leased Slips:	23,790	23,790	23,790	23,790
Slip Days Available:	23,790	23,790	23,790	23,790
Occupied Slip Days:				
Occupancy:	100.0%	100.0%	100.0%	100.0%
Average Daily Slip Rate:	\$15.60	\$16.85	\$17.86	\$18.39
RevPAS:	\$15.60	\$16.85	\$17.86	\$18.39

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
REVENUES																
Slip Moorage	65.6%	\$2,456	\$3,422	\$371	68.7%	\$3,085	\$6,866	\$401	68.9%	\$3,269	\$17,866	\$438	69.5%	\$3,369	\$8,411	
Ship Store	9	1.8%	0.36	9	1.6%	0.89	0.38	9	1.5%	0.77	0.42	10	1.6%	0.77	0.42	
Fuel	12.7	26.2%	980	5.36	24.5%	\$10,311	5.63	138	23.8%	1,092	5.97	147	23.3%	1,131	6.18	
Craft Services	5	3.0%	112	0.61	2.7%	\$175	0.63	16	2.8%	123	0.67	17	2.7%	131	0.71	
Utility Reimbursements	5	3.1%	16	0.63	2.9%	\$23	0.67	16	2.8%	131	0.71	17	2.7%	131	0.71	
Boat and Trailer Storage	1	0.1%	5	0.03	0.2%	\$8	0.04	1	0.2%	8	0.04	1	0.2%	8	0.04	
Total Revenues	485	100.0%	3,734	20.41	546	100.0%	\$4,200	22.95	581	100.0%	4,469	24.42	611	100.0%	4,700	25.68

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
DEPARTMENTAL COSTS																
Slip Moorage	73	23.0%	564	3.08	77	20.8%	592	3.24	80	20.0%	615	3.36	82	19.3%	631	3.45
Ship Store	11	2.51%	83	0.45	11	22.2%	85	0.46	11	22.2%	85	0.46	12	20.0%	92	0.50
Fuel	111	87.0%	853	4.66	117	87.3%	900	4.92	120	87.0%	954	5.21	128	87.8%	985	5.38
Total Departmental Costs	195	40.2%	1,500	8.20	205	37.5%	1,577	8.62	211	36.3%	1,623	8.87	218	35.7%	1,677	9.16

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
DEPARTMENTAL INCOME	290	59.8%	2,234	12.21	341	62.5%	2,623	14.33	370	63.7%	2,846	15.55	393	64.3%	3,023	16.52

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
UNDISTRIB. OPERATING EXPENSES																
Administrative & General	63	12.9%	483	2.64	33	6.0%	254	1.39	34	5.9%	262	1.43	36	5.9%	277	1.51
Management Fee	0	0.0%	0	0.00	16	3.0%	126	0.69	17	3.0%	134	0.73	18	3.0%	141	0.77
Marketing	2	0.4%	15	0.08	7	1.3%	54	0.29	8	1.2%	54	0.29	8	1.3%	62	0.34
Property Oper & Maint.	8	1.6%	60	0.33	4	0.7%	31	0.17	4	0.7%	31	0.17	5	0.8%	38	0.21
Utility Costs	36	7.5%	280	1.53	19	3.5%	146	0.80	20	3.4%	154	0.84	21	3.4%	162	0.88
Total Undistrib. Operating Expenses	109	22.4%	838	4.58	79	14.5%	611	3.34	82	14.2%	634	3.46	88	14.4%	679	3.71

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
INCOME BEFORE FIXED CHARGES	181	37.4%	1,396	7.63	262	48.0%	2,012	11.00	288	49.5%	2,212	12.09	305	49.9%	2,344	12.81

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
FIXED CHARGES																
Property Taxes	15	3.1%	114	0.62	8	1.5%	62	0.34	8	1.4%	62	0.34	8	1.3%	63	0.35
Insurance	18	3.7%	140	0.76	10	1.8%	77	0.42	10	1.7%	77	0.42	10	1.6%	77	0.42
Reserve for Replacement	0	0.0%	0	0.00	22	4.0%	168	0.92	23	4.0%	177	0.97	24	3.9%	185	1.01
Total Fixed Charges	33	6.8%	254	1.39	40	7.3%	306	1.67	41	7.1%	315	1.72	42	6.8%	323	1.77

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	
NET OPERATING INCOME	148	30.6%	1,142	6.24	222	40.7%	1,706	9.32	247	42.4%	1,897	10.36	263	43.1%	2,021	11.04

	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS	\$ (000's)	% Gross	PAS	POS
OPERATING RATIOS															
Slip Store to Slip Moorage	2.7%			2.4%				2.2%				2.4%			
Fuel to Slip Moorage	39.9%			36.7%			34.4%				33.6%				2.3%
Craft Services to Slip Moorage	4.5%			4.0%			4.0%				3.8%				3.9%
Utility Reimbursements to Slip Moorage	4.7%			4.3%			4.0%				4.0%				3.9%
Boat and Trailer Storage to Slip Moorage	0.2%			0.3%			0.2%				0.2%				0.2%



Ten Year Forecast - Heritage Harbor Marina - Ottawa, IL

	1	2	3	4	5	6	7	8	9	10
Projection Year:	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Fiscal Year September 30:	183	183	183	183	183	183	183	183	183	183
Days in Year:	130	130	130	130	130	130	130	130	130	130
Leased Slip:	23,790	23,790	23,790	23,790	23,790	23,790	23,790	23,790	23,790	23,790
Occupied Slip Days:	23,790	23,790	23,790	23,790	23,790	23,790	23,790	23,790	23,790	23,790
Occupancy:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Daily Slip Rate:	\$15.60	\$16.85	\$17.86	\$18.39	\$18.95	\$19.51	\$20.10	\$20.70	\$21.32	\$21.96
RevPAS:	\$45.60	\$46.85	\$47.86	\$48.39	\$48.95	\$49.51	\$50.10	\$50.70	\$51.32	\$51.96

	\$ (000's)	% Gross										
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	\$ (000's)	% Gross										
REVENUES												
Slip Moorage	\$371	67.9%	\$401	69.0%	\$425	69.6%	\$438	69.5%	\$451	69.6%	\$464	69.5%
Slip Store	9	1.6%	9	1.5%	10	1.6%	10	1.6%	10	1.6%	11	1.6%
Fuel	134	24.5%	138	23.8%	142	23.2%	147	23.3%	151	23.3%	156	23.4%
Craft Services	16	2.9%	16	2.8%	16	2.7%	17	2.7%	17	2.6%	18	2.7%
Utility Reimbursements	16	2.9%	16	2.8%	17	2.7%	17	2.7%	18	2.7%	19	2.7%
Boat and Trailer Storage	1	0.2%	1	0.2%	1	0.2%	1	0.2%	1	0.2%	1	0.1%
Total Revenues	546	100.0%	581	100.0%	611	100.0%	630	100.0%	648	100.0%	668	100.0%

	\$ (000's)	% Gross										
DEPARTMENTAL COSTS												
Slip Moorage	77	20.8%	80	20.0%	82	19.3%	84	19.2%	87	19.3%	90	19.4%
Slip Store	11	12.2%	11	12.2%	12	12.0%	12	12.0%	12	12.0%	13	12.0%
Fuel	117	87.3%	120	87.0%	124	87.3%	128	87.1%	131	86.8%	136	87.2%
Total Departmental Costs	205	37.5%	211	36.3%	218	35.7%	224	35.6%	230	35.5%	239	35.8%
DEPARTMENTAL INCOME	341	62.5%	370	63.7%	393	64.3%	406	64.4%	418	64.5%	429	64.5%

	\$ (000's)	% Gross										
UNDIRTRIB. OPERATING EXPENSES												
Administrative & General	33	6.0%	34	5.9%	36	5.9%	37	5.9%	38	5.9%	39	5.8%
Management Fee	16	3.0%	17	3.0%	18	3.0%	19	3.0%	19	3.0%	20	3.0%
Marketing	7	1.3%	7	1.2%	8	1.3%	8	1.3%	8	1.2%	9	1.3%
Property Operations & Maintenance	4	0.7%	4	0.7%	5	0.8%	5	0.8%	5	0.7%	5	0.7%
Utility Costs	19	3.5%	20	3.4%	21	3.4%	21	3.3%	22	3.4%	23	3.4%
Total Undistrib. Operating Expens	79	14.5%	82	14.2%	88	14.4%	90	14.3%	92	14.3%	95	14.1%

	\$ (000's)	% Gross										
INCOME BEFORE FIXED CHARGES	262	48.0%	288	49.5%	305	49.9%	316	50.1%	326	50.1%	334	50.2%

	\$ (000's)	% Gross										
FIXED CHARGES												
Property Taxes	8	1.5%	8	1.4%	8	1.3%	8	1.3%	8	1.3%	9	1.3%
Insurance	10	1.8%	10	1.7%	10	1.6%	10	1.6%	11	1.7%	11	1.7%
Reserve for Replacement	22	4.0%	23	4.0%	24	3.9%	25	4.0%	26	4.0%	27	4.0%
Total Fixed Charges	40	7.3%	41	7.1%	42	6.8%	43	6.9%	45	6.9%	47	6.9%

	\$ (000's)	% Gross										
NET OPERATING INCOME	222	40.7%	247	42.4%	263	43.1%	273	43.2%	280	43.2%	287	43.2%



DISCOUNTED CASH FLOW ANALYSIS

Discounted cash flow analysis can be used to develop an opinion of present value of an income stream. Periodic cash flows and the projected reversion amount at the end of a holding period are discounted at an appropriate rate. Our analysis refers to an all-cash purchase. The following text details our analysis.

CAPITALIZATION

Capitalization is defined as the process of converting a series of anticipated future periodic installments of net income into present value. The anticipated net income stream is converted into a value opinion by a rate that attracts capital to purchase investments with similar characteristics, such as risk, terms and liquidity. The capitalization process takes into consideration the quantity, quality and durability of the income stream in determining which rates are appropriate for valuing the subject marina.

REVERSIONARY CAPITALIZATION

Based upon our knowledge of current investment returns required by typical marina investors, along with factors affecting investment risk specific to the subject property, we have employed a reversionary capitalization rate of 10.0 percent for the subject property.

DISCOUNT RATE SELECTION

The discount rate is the rate of return which equals the sum of the real return anticipated in the investment plus a change in value and any risk premiums associated with the specific investment when compared to alternative investments. It is the average annual rate of return necessary to attract capital based upon the overall investment characteristics.

The discount rate selection requires the appraiser to interpret the attitudes and expectations of market participants. Discount rates are partly a function of perceived risks. Risk is a function of general economic conditions and characteristics of the investment. The critical elements of an investment include the quantity and certainty of gross income, operating expenses, and resultant net income over some future time period. Value is a reflection of future income expectations and such elements are risky.

A determination of the proper discount and capitalization rates for the subject involved speaking with investors and brokers of marina properties throughout the country, discussing investment parameters with other hospitality industry experts, and considering the results of several published investment surveys.

SELECTION OF APPLICABLE RATES OF RETURN

The investor surveys summarized in the following chart have been used in our selection of the appropriate discount and terminal capitalization rates for the subject marina. The survey pertains to lodging facilities, which is considered the closest asset class in the survey set given the going-concern and asset-intensive nature of the operations. It should be noted that the surveys often lag the market and are not always a true representation of current return requirements. This is especially true in the current landscape as there are very few recent transactions to gauge. While the data is not perfect, it is generally relied upon by investors in the market and will be used in this analysis.

Investor Surveys - Lodging Facilities						
	Discount Rate		Going-In Cap. Rate		Terminal Cap. Rate	
	Range	Avg.	Range	Avg.	Range	Avg.
PWC Real Estate Investor Survey - 3rd Quarter 2014						
Luxury/Upper-Upscale	8.0% - 12.0%	9.8%	4.0%-9.0%	7.0%	5.8% - 10.0%	7.4%
Full Service	9.0% - 13.0%	10.7%	6.0%-11.0%	7.8%	6.5% - 11.0%	8.3%
Limited Service Midscale/Economy	9.0% - 12.0%	10.7%	8.0%-10.0%	9.0%	8.0% - 11.0%	9.6%
Select Service	9.0% - 13.0%	11.0%	5.0%-11.0%	8.3%	5.0% - 11.0%	8.5%
PKF Consulting - 2014						
All Properties	-- --	11.1%	--	8.3%	-- - --	8.7%
Full Service	8.0% - 12.0%	11.2%	4.5%-11.0%	7.9%	7.0% - 12.0%	8.6%
Limited Service	8.5% - 15.0%	11.0%	7.0%-11.0%	8.7%	7.0% - 14.0%	8.9%
US Realty Consultants - Winter 2013						
Full Service	9.0% - 13.0%	10.5%	6.0%-10.0%	8.0%	8.0% - 9.5%	8.6%
Limited Service	9.8% - 13.0%	11.5%	8.0%-12.0%	9.0%	9.0% - 11.0%	9.9%
RERC - Winter 2013						
All Hotels / Average	8.0% - 12.0%	10.2%	5.8%-10.0%	8.1%	7.0% - 10.0%	8.7%

* PKF Consulting Going in Cap Rate is based on Trailing 12-month NOI

Our analysis of applicable terminal capitalization and discount rates for the subject property specifically considered the building type and condition, the current local marina market conditions, estimated future trends in the local and national market for slip mooring accommodations, and current investor considerations and required returns on investment for similar investments in full service marinas where the fee simple interest is being conveyed.

INVESTMENT CONSIDERATIONS

OVERVIEW

Current estimates suggest that the U.S. Gross Domestic Product (GDP) grew at an annual rate of 3.8 percent in the fourth quarter of 2013, which followed an unexpectedly strong 4.1 percent annual growth rate in the third quarter. An increase in consumer and business spending along with an increase in imports drove economic growth in the fourth quarter. In addition, the housing sector steadily improved throughout 2013, as an increase in sales and prices led to an increase in housing starts.

Employment growth did not reflect the stronger GDP growth in the second half of 2012. In fact, the economy added approximately 1.0 million jobs in the second half of 2013, compared to approximately 1.2 million during the first half of the year. On the positive side, office-using employment increased by about 2.5 percent, or 90 basis points stronger than the total employment. As a result, the economy has now fully recovered all of the office-using jobs lost during the economic recession.

The commercial real estate market strengthened during 2013, highlighted by an increase in transaction volume and consistently low overall capitalization rates. For the most part, the ongoing price appreciation and low interest rates fueled the improvement in the commercial real estate market. According to Moody's Commercial Property Price Index, the value for properties in primary (or gateway) markets increased 8.9 percent in 2013, causing a decline in cap rates. As a result, many investors devoted capital to opportunities located within secondary and tertiary markets in an effort to obtain higher yields. This became apparent by the end of the year, as the overall capitalization rate for the entire market closed out 2013 at 6.9 percent, about 10 basis points higher than the same time last year.

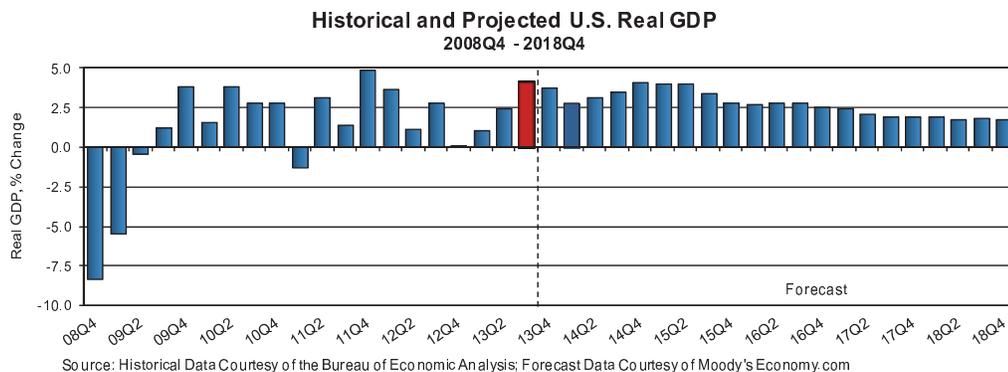
CURRENT ECONOMIC CONDITIONS

Although the private sector appears to be healthy, the ongoing battle in Congress to solve the nation's budget and debt issues kept business and consumer confidence relatively low in 2013. That said, the bipartisan budget deal reached during the final days of 2013 repealed some of the uncertainty in the market, which should improve business and consumer confidence over the next 12 months. In addition, the deal will reinstate more than \$63.0 billion in spending cuts related to Sequestration that were set to go into effect in 2014 and 2015.

Despite the temporary shutdown of the Federal Government in October, the U.S. Bureau of Economic Analysis (BEA) estimated the Real Gross Domestic Product (GDP) increased at an annual rate of 3.8 percent during the fourth quarter of 2013. This followed an unexpectedly strong GDP growth rate of 4.1 percent in the previous quarter and it is well above the growth rate of 0.1 percent recorded during the fourth quarter of 2012.

Often viewed as a forward-looking indicator to GDP growth, the strong performance of the stock market over the past six months is encouraging. In fact, the stock market reached all-time highs in November 2013, suggesting that investors are optimistic about the future of corporate earnings. Accordingly, Moody's Economy.com projects the national GDP growth rate to remain healthy throughout 2014.

The following graph displays historical and projected U.S. Real GDP percent change (annualized on a quarterly basis) from fourth quarter 2008 through fourth quarter 2018 (red bar underscores the most recent quarter 13Q4):



Notable concerns regarding current economic conditions are as follows:

- So far, Sequestration (budgets cuts that went into effect during the first quarter of 2013) has not had the grim impact on the national economy many predicted. However, the reduction of \$85.0 billion in funding for the Department of Defense have caused economic and employment growth to remain slow across the nation. This is evident in areas such as Baltimore and Washington, D.C., which are heavily influenced by the Federal Government. On the positive side, the new budget deal passed at the end of 2013 eases more than \$40.0 billion of defense cuts in 2014 and about \$20.0 billion in 2015.
- In December 2013, the Federal Open Market Committee voted to start "tapering" its bond-buying program known as Quantitative Easing. Beginning in January 2014, the central bank will reduce its monthly bond buying purchases to \$75.0 billion. This will be about \$10.0 billion less than its original level of \$85.0 billion per month.

CONCLUSION

Several events such as an uptick in interest rates and slow economic growth posed a threat to the commercial real estate market during 2014. However, investor activity was persistent and transaction volume ended the year

substantially higher than the previous year. Additionally, cap rates remained relatively stable. For the most part, cap rates should remain relatively stable throughout the rest of 2014 and into the first part of 2015, although a moderate increase should not be ruled out, as investors will likely continue to increase risk in search for higher returns. External factors such as quantitative easing and the ensuing battle among Congress to increase the nation's borrowing limit could hold back investor activity over the near-term. Even so, competition amongst lenders and a healthy private sector should help keep interest rates relatively low over the next 12 months. This, coupled with stronger economic and employment growth in 2014 and 2015 will likely maintain the strong investment activity in the commercial real estate market.

Accordingly, we utilized a terminal capitalization rate of 10.0 percent and a discount rate of 12.0 percent (annually) in this analysis.

DISCOUNTED CASH FLOW MODEL

Our valuation analysis and discounted cash flow model are presented on the following page. Incorporated in our model are these assumptions and opinions.

Projection Period:	10 years with sale/refinancing at beginning of the following year.
Internal Rate of Return:	We have utilized a discount rate of 12.0 percent (annually) in this analysis.
Terminal Capitalization Rate:	We have utilized a terminal capitalization rate of 10.0 percent in this analysis. The terminal capitalization rate is applied to the eleventh year net operating income. We have deducted 2.0 percent for closing costs from the projected sale price to determine the reversionary value.

The discounted cash flow analysis is presented on the following page.

Discounted Cash Flow Analysis - Heritage Harbor Marina - Ottawa, IL

PROJECTION YEAR	NET CASH FLOW		DISCOUNT FACTOR		PRESENT VALUE	COMPOSITION OF YIELD	ANNUAL CASH ON CASH RETURN
			12.00%				
2014/15	\$222,000	x	0.892857	=	\$198,214	7.65%	8.54%
2015/16	\$247,000	x	0.797194	=	\$196,907	7.60%	9.50%
Stabilized	\$263,000	x	0.711780	=	\$187,198	7.22%	10.12%
2017/18	\$273,000	x	0.635518	=	\$173,496	6.70%	10.50%
2018/19	\$280,000	x	0.567427	=	\$158,880	6.13%	10.77%
2019/20	\$287,000	x	0.506631	=	\$145,403	5.61%	11.04%
2020/21	\$298,000	x	0.452349	=	\$134,800	5.20%	11.46%
2021/22	\$306,000	x	0.403883	=	\$123,588	4.77%	11.77%
2022/23	\$316,000	x	0.360610	=	\$113,953	4.40%	12.15%
2023/24	\$326,000	x	0.321973	=	\$104,963	4.05%	12.54%
Total Present Value of Cash Flows					\$1,537,402	59.33%	10.84% Average
REVERSION							
2024/25	\$334,000	/	10.00%		\$3,340,000		
	Less: Cost of Sale	@	2.00%		66,800		
	Net Reversion				\$3,273,200		
	x Discount Factor				0.321973		
					\$1,053,882		
Total Present Value of Reversion					\$1,053,882	40.67%	
Total Present Value					\$2,591,284	100.00%	
ROUNDED:					<u>\$2,600,000</u>		

Number of Total Slips 130
Estimated Value Per Slip \$20,000

Historical Year Statistics

Slip Mooring Revenue Multiplier 8.1
Gross Revenue Multiplier Adjusted NOI** 5.4
Historical Capitalization Rate \$114,019 4.4%

Year-One Statistics

Slip Mooring Revenue Multiplier 6.5
Gross Revenue Multiplier Adjusted NOI* 4.5
Going-In Capitalization Rate \$221,780 8.5%

Stabilized Statistics

Slip Mooring Revenue Multiplier 6.1
Gross Revenue Multiplier 4.3
Stabilized Capitalization Rate 10.1%

Stabilized Deflated

Slip Mooring Revenue Multiplier 6.5
Gross Revenue Multiplier 4.5
Stabilized Capitalization Rate 9.5%

* Excludes capital deductions and/or capital projects over and above stabilized reserves

** Adjusted to reflect 3.00 percent management fee and 4.00 percent replacement reserve

VALUATION OF FUTURE DEVELOPMENT SLIP SITES

As discussed, ownership plans on developing an additional 330 slips and selling them as part of deeded parcels to condominium owners. However, since there are no comparables from which to draw gross sellout conclusions, we have relied on our per-slip conclusion presented in the previous section and deducted \$10,000 to account for development and holding costs. Therefore, the as-is value of the 330 slip sites is determined to be \$3,300,000.

VALUATION OF RESORT MANAGEMENT ENTITY

The resort will feature a revenue sharing program wherein owners of a certain number of cottages may opt their units into the program. The resort would handle the reservation and maintenance of the cottages while sharing approximately half of the room revenue generated from the stay. The resort would also pass through certain expenses (housekeeping, utilities, etc.) for each room night accommodated. The structure of the revenue sharing program might change over time as the resort's various features and parcels are developed. Based on the existing and proposed inventory of these units, we have measured there to be no positive value to this element of the going concern since the related expenses are higher than the in-place revenue at this time. While there may be positive value in this revenue center in the longer term, none is existent as of the as-is date of value.

AMERICAN LAND TITLE ASSOCIATION
OWNER'S POLICY
(10-17-92)

Policy No. IL2164-46-89890-2007.72106-74743321

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

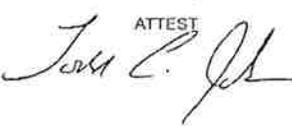
The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

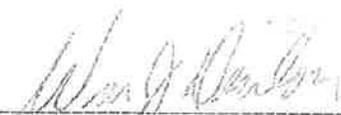
In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

IL2164 89890
LaSalle County Title Company, L.L.C.
770 Etna Road
Ottawa, IL 61350
Tel:(815) 433-4080
Fax:(815) 433-4199

CHICAGO TITLE INSURANCE COMPANY



By: 
President
ATTEST 
Secretary


Authorized Signature
William J. Denton

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE A

POLICY NO.: 1615 000089890 LS

DATE OF POLICY: OCTOBER 19, 2007

AMOUNT OF INSURANCE: \$16,844,026.00

1. NAME OF INSURED:

HERITAGE HARBOR OTTAWA RESORT DEVELOPMENT, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY

2. THE ESTATE OR INTEREST IN THE LAND AND WHICH IS COVERED BY THIS POLICY IS A FEE SIMPLE, UNLESS OTHERWISE NOTED.

3. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:
THE INSURED.

4. THE LAND HEREIN DESCRIBED IS ENCUMBERED BY THE FOLLOWING MORTGAGE OR TRUST DEED AND ASSIGNMENTS:

Mortgage, Security Agreement and Assignment of Rents and Leases dated 28 September 2007 and recorded 19 October, 2007 as document no. 2007-25561 made by Heritage Harbor Ottawa Resort Development, LLC, an Illinois limited liability company to Valley Bank to secure a note for \$25,000,000.00.
(Affects Parcels 1 and 2)

Mortgage dated 28 September 2007 and recorded 19 October, 2007 as document no. 2007-25563 made by Heritage Harbor Ottawa Resort Development, LLC, an Illinois limited liability company to Valley Bank to secure a note for \$25,000,000.00.
(Affects Parcel 3)

Mortgage dated 18 October 2007 and recorded 19 October, 2007 as document no. 2007-25564 made by Heritage Harbor Ottawa Resort Development, LLC, an Illinois limited liability company to Valley Bank to secure a note for \$25,000,000.00.
(Affects Parcels 4 and 5)

AND THE MORTGAGES OR TRUST DEEDS, IF ANY, SHOWN IN SCHEDULE B HEREOF.

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED.

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE A (CONTINUED)

POLICY NO.: 1615 000089890 LS

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

Parcel 1

Part of the Fractional Southeast Quarter of Section 8, the Fractional Southwest Quarter of Section 8 and the Fractional Northeast Quarter of Section 17, Township 33 North, Range 4 East of the Third Principal Meridian, more particularly described as follows:

Commencing at the Northwest Corner of the Southeast Quarter of said Section 8; thence South 00 degrees 02 minutes 58 seconds West 658.60 feet along the West line of said Southeast Quarter to a Point on the South line of the Illinois and Michigan Canal Reserve, said point being the Point of Beginning; thence continuing South 00 degrees 02 minutes 58 seconds West 156.28 feet along said West line of said Southeast Quarter; thence South 73 degrees 48 minutes 04 seconds East 195.11 feet; thence North 15 degrees 56 minutes 23 seconds East 150.09 feet to a Point on the South line of said Illinois and Michigan Canal Reserve; thence South 73 degrees 47 minutes 46 seconds East 1195.77 feet along said South line; thence North 00 degrees 08 minutes 31 seconds East 33.00 feet; thence South 73 degrees 47 minutes 46 seconds East 412.58 feet along a line parallel with said South line of the Illinois and Michigan Canal Reserve; thence South 00 degrees 03 minutes 32 seconds West 33.00 feet to a point on said South line of the Illinois and Michigan Canal Reserve; thence South 73 degrees 47 minutes 46 seconds East 707.79 feet along said South line; thence South 00 degrees 03 minutes 05 seconds West 648.24 feet; thence South 45 degrees 38 minutes 57 seconds West 118.83 feet; thence South 00 degrees 05 minutes 23 seconds East 1117.19 feet to a point on the North Edge of Water of the Illinois River; thence Northwesterly along said North Edge of Water a distance of 2583.00 feet more or less to a Point on the West line of the Southeast Quarter of said Section 8; thence North 00 degrees 02 minutes 58 seconds East 129.29 feet more or less along said West line; thence North 33 degrees 59 minutes 51 seconds West 170.20 feet more or less to a Point on said North Edge of Water; thence Northwesterly and Westerly along said North Edge of Water a distance of 1369.00 feet more or less to a Point on the West line of the East Half of the Southwest Quarter of said Section 8; thence North 00 degrees 33 minutes 43 seconds East 1432.30 feet along said West line; thence South 73 degrees 48 minutes 15 seconds East 209.25 feet; thence North 00 degrees 34 minutes 58 seconds East 300.92 feet to a point on the South line of the Illinois Traction System Right of Way (now abandoned); thence North 00 degrees 27 minutes 23 seconds East 51.20 feet to a point on the South line of said Illinois and Michigan Canal Reserve and the North line of said Illinois Traction System Right of Way (now abandoned); thence South 73 degrees 47 minutes 46 seconds East 1200.39 feet along said South line to Point on the West line of the Southeast Quarter of said Section 8 and the Point of Beginning;

Parcel 2:

CONTINUED ON NEXT PAGE

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED.

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE A (CONTINUED)

POLICY NO.: 1615 000089890 LS

Lots 1, 2, 3 and 4 in Block 18 in the Original Town, now City, of Ottawa;

Parcel 3:

That part of the Northeast Quarter of Section 7, Township 33 North, Range 4 East of the Third Principal Meridian, described as follows:
Beginning at the intersection of the East line of said Northeast Quarter of Section 7 with the North line of the Illinois Michigan Canal Reserve, thence Northwesterly along the North line of said Canal Reserve 2443.8 feet to a point, being the true point of beginning; thence North 15 degrees 59 minutes East 138.4 feet to a point, thence North 74 degrees 01 minutes West to the South line of the public road, thence Southwesterly along the South line of said public road to the West line of the Northeast Quarter of said Section 7, thence Southerly along the West line of the Northeast Quarter of said Section 7 to the North line of the Illinois Michigan Canal Reserve, thence Southeasterly along the North line of said Canal Reserve to the point of beginning;

Parcel 4:

That part of the Northeast Quarter of Section 7, Township 33 North, Range 4, East of the Third Principal Meridian, described as follows: Beginning at the intersection of the East line of said Northeast Quarter of Section 7 with the North line of the Illinois Michigan Canal Reserve, thence Northwesterly along the North line of said Canal Reserve 2368.8 feet to a point, being the true point of beginning; thence North 15 degrees, 59 minutes East, 138.4 feet to a point, thence North 74 degrees, 01 minutes West 75 feet to a point, thence South 15 degrees 59 minutes West 138.4 feet to the North line of said Canal Reserve, thence Southeasterly along the North line of said Canal Reserve 75 feet to the point of beginning;

Parcel 5:

That part of the Northeast Quarter of Section 7, Township 33 North, Range 4, East of the Third Principal Meridian, described as follows: Beginning at the intersection of the East line of said Northeast Quarter of Section 7, with the South line of the right of way of the Chicago, Rock Island and Pacific Railroad Company; thence Northwesterly along the South line of the right of way of said railroad 2144.6 feet to a point, being the true point of beginning; thence South 15 degrees 59 minutes West 127 feet to a point; thence North 74 degrees 01 minutes West to the South line of the public road; thence Northeasterly along the South line of said public road to the South line of the right of way of said Railroad; thence Southeasterly along the South line of the right of way of said railroad to the point of beginning;

ALL BEING SITUATED IN LASALLE COUNTY, ILLINOIS.

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED.

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE B

POLICY NO.: 1615 000089890 LS

NOTWITHSTANDING THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS OF THIS POLICY, ALL ENDORSEMENTS, IF ANY, ATTACHED HERETO ARE VALID DESPITE THE LACK OF SIGNATURE BY EITHER THE PRESIDENT, A VICE PRESIDENT, THE SECRETARY, AN ASSISTANT SECRETARY, OR VALIDATING OFFICER OR AUTHORIZED SIGNATORY OF THE COMPANY.

EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEY'S FEES OR EXPENSES) BY REASON OF THE FOLLOWING EXCEPTIONS:

GENERAL EXCEPTIONS:

- (1) RIGHTS OR CLAIMS OF PARTIES IN POSSESSION NOT SHOWN BY PUBLIC RECORDS.
- (2) ENCROACHMENTS, OVERLAPS, BOUNDARY LINE DISPUTES, OR OTHER MATTERS WHICH WOULD BE DISCLOSED BY AN ACCURATE SURVEY AND INSPECTION OF THE PREMISES.
- (3) EASEMENTS, OR CLAIMS OF EASEMENTS, NOT SHOWN BY THE PUBLIC RECORDS.
- (4) ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL HERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.
- (5) TAXES OR SPECIAL ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE PUBLIC RECORDS.

SPECIAL EXCEPTIONS: THE MORTGAGE, IF ANY, REFERRED TO IN ITEM 4 OF SCHEDULE A.

6. General Taxes for the year 2007, a lien not yet due or payable.
7. Rights of the public, the State of Illinois and the municipality in and to that part of the premises in question taken, used or dedicated for roads or highways.
8. Rights of way for drainage ditches, drain tiles, feeders, laterals and underground pipes, if any.
9. Rights of the United States of America and the State of Illinois in and to that part of the premises in question, if any, falling within the 90 foot reserve of the Illinois Michigan Canal and its towpaths.
(Affects that part of Parcel 1 lying within Canal Road running along the North side of the land)
10. Easement recorded 4 January 1935 as document 274197 to Illinois Power and Light Company. (For further particulars, see the record.)
(Affects Parcel 1)
11. Rights, if any, of the United States of America, the State of Illinois, the municipality and the public in and to that part of the land lying within the bed of the Illinois River; and the rights of other owners of land bordering on the river in respect to the water of said river.
12. Easement in favor of Northern Illinois Gas recorded 13 November 1978 as

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE B

POLICY NO.: 1615 000089890 LS

EXCEPTIONS FROM COVERAGE
(CONTINUED)

document 664523.

(Affects Parcel 1) (For further particulars, see the record.)

13. Easement in favor of Illinois Power and Light Corporation, and its/their respective successors and assigns, to install, operate and maintain all equipment necessary for the purpose of serving the land and other property, together with the right of access to said equipment, and the provisions relating thereto reserved in Deed from Chicago and Illinois Valley Railroad Company to Alex McLean dated 11 April 1935 and recorded 6 May 1935 in Book 725, page 314 as document 275967.
(Affects Parcel 1) (For further particulars, see the record.)
14. Terms, provisions and conditions contained in Annexation Agreement recorded 8 November 2004 as document 2004-30440 made by and between James E. McElvain, etal and the City of Ottawa.
15. Rights of George M. Roesler, Jr. and Dorothy L. Roesler, if any, as disclosed by a Memorandum of an Easement Agreement dated 10 April 1986 and recorded 10 April 1986 as document 86-03106.
(Affects Parcel 1)
16. Easement in favor of the United States of America recorded 20 December 1932 as document 263578. (For further particulars see the record)
(Affects Parcel 1)
17. Grant made by Edward C. Swift to Mary E. Carey recorded 16 December 1908 in Book 479 Page 191 as document 88439 to connect to tiles in the Northeast Quarter of Section 7, hereinafter described to drain land North of the railroad in the West Half of the Northwest Quarter of Section 8, Township 33 North, Range 4 East of the Third Principal Meridian.
(Affects Parcel 3)
18. Provisions in the Grant from Chicago Retort and Fire Brick Company to the People of the State of Illinois recorded 15 January 1941 in Book 783 Page 180 as document 312999 that Grantor will construct and maintain an open ditch on the premises in question and a culvert under a public road and allow the Department of Public Works and Building and its contractors to cross the premises in question to make a fill and to construct and maintain a tile line thereon.
(Affects Parcel 3)
19. Easements in favor of Illinois Power and Light Corporation recorded 6 May 1925 in Book 635 Page 152 as document 201753 and recorded 3 September 1936 in Book 739 Page 255 as document 283668.
(For further particulars, see the record.) (Affects Parcels 3, 4 and 5)
20. Rights and obligations in a well which is located on the East line of the land as disclosed by a warranty deed recorded 18 June 1994 as document

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE B

POLICY NO.: 1615 000089890 LS

EXCEPTIONS FROM COVERAGE
(CONTINUED)

419183.
(Affects Parcel 3)
21. Easement for ingress and egress over the Northeasterly 22 feet as disclosed by a warranty deed recorded 18 June 1954 as document 419183.
(Affects Parcel 3)
 22. Railroad right-of-way, switches or spur tracks, if any.
(Affects Parcels 3, 4 and 5)
 23. Easement in favor of Northern Illinois Gas Company recorded 2 December 1954 as document 423421.
(Affects Parcel 3)
 24. Encroachment of a house over the South line by approximately 1.93 feet and a shed over the South line by approximately .42 feet as disclosed by a survey dated 21 September, 2007 prepared by Vegrzyn Sarver and Associates, Inc.
(Affects Parcel 3)
 25. Mortgage dated 25 June 2007 and recorded 28 June 2007 as document 2007-15643 made by Heritage Ottawa Resort Development, LLC to Ottawa Real Estate Investments, LLC to secure an indebtedness in the amount of \$8,260,000.00.
(Affects Parcel 1)
 26. Mortgage dated 25 June 2007 and recorded 28 June 2007 as document 2007-15645 made by Heritage Harbor Ottawa Resort Development, LLC to Jordan Block Holdings, LLC to secure an indebtedness in the amount of \$40,000.00.
(Affects Parcel 2)
 27. Mortgage Subordination Agreement by and between Valley Bank, Ottawa Real Estate Investments, LLC and Jordan Block Holdings, LLC recorded 19 October, 2007 as document no. 2007-25562.
 28. Terms, provisions and conditions in a Resolution authorizing the Execution of an Annexation Subdivision and Predevelopment Agreement recorded 26 June 2006 as document 2006-15978 and an Annexation Ordinance recorded 26 June 2006 as document 2006-15980.
 29. Terms, provisions and conditions in a Resolution Authorizing the Execution of an Amended Annexation, Subdivision and Predevelopment Agreement recorded 29 June 2006 as document 2006-16426.
 30. Terms, Provisions and Conditions of a Resolution Authorizing the Execution of an Option and Assignment Agreement recorded 13 July 2006 as document 2006-17448.
 31. Terms, provisions and conditions of a Resolution Authorizing the Execution of an Option and Assignment Agreement recorded 13 July 2006 as document

CHICAGO TITLE INSURANCE COMPANY
OWNER'S POLICY (1992)
SCHEDULE B

POLICY NO.: 1615 000089890 LS

EXCEPTIONS FROM COVERAGE
(CONTINUED)

2006-17449.

32. Rights and obligations in a Well which is located on the West line of the land as disclosed by a Warranty Deed recorded 11 June, 1994 as document no. 418979.
(Affects Parcel 4)
33. Easement for ingress and egress over the Northeasterly 22 feet as disclosed by a Warranty Deed recorded 11 June, 1954 as document no. 418979.
(Affects Parcel 4)
34. Easement in favor of Northern Illinois Gas Company recorded 2 December, 1954 as document no. 423422.
(For further particulars, see the record.) (Affects Parcel 4)
35. Rights and obligations in a well which is located on the East line of the land as disclosed by a warranty deed recorded 10 June, 1954 as document no. 418944.
(Affects Parcel 5)
36. Easement for ingress and egress over the Southwesterly 22 feet as disclosed by a warranty deed recorded 10 June, 1954 as document no. 418944.
(Affects Parcel 5)
37. Encroachment of a Garage over the North line onto the Public Road by approximately 1.06 feet as disclosed by a survey dated 20 August, 2007 prepared by Vegrzyn, Sarver and Associates, Inc.
(Affects Parcel 5)
38. Encroachment of a Gravel Drive located on land adjoining on the East onto the subject property by approximately 2.9 feet as disclosed by a survey dated 20 August, 2007 prepared by Vegrzyn, Sarver and Associates, Inc.
(Affects Parcel 5)
39. Confirmed Special Assessments in favor of the City of Ottawa, constructive notice of which is not imparted by the records of the Recorder of Deeds.
(Affects Parcels 4 and 5)

END

CHICAGO TITLE INSURANCE COMPANY
POLICY SIGNATURE PAGE

POLICY NO. : 1615 000089890 LS

THIS POLICY SHALL NOT BE VALID OR BINDING UNTIL SIGNED BY AN AUTHORIZED SIGNATORY.

CHICAGO TITLE INSURANCE COMPANY

BY



AUTHORIZED SIGNATORY

ARCHAEOLOGICAL SURVEY SHORTREPORT
Illinois Historic Preservation Agency
Old State Capitol Building
Springfield, Illinois 62701 (217-785-4997)

Reviewer: _____ Date: _____
____Accepted _____Rejected
IHPA use only (FORM ASSR0889)

IHPA LOG NUMBER:

Title: Phase I Archaeological Survey for Heritage Harbor, Rutland Township, La Salle County, Illinois

LOCATIONAL INFORMATION AND SURVEY CONDITIONS :

County: La Salle

Quadrangles: Ottawa 7.5-minute 1994

Funding or Permitting Agency: U.S. Army Corps of Engineers

Sec: 8, 17 Town: T33N Range: R4E Rutland Township, La Salle County

Natural Division: Grand Prairie Section of the Grand Prairie Division (4a)

Project Description: This report records the results of a Phase I archaeological survey conducted at the proposed Heritage Harbor project in the rural La Salle County landscape located on the north side of the Illinois River between Ottawa and Marseilles (Figure 1). Roughly the project area encompasses the Partridge's existing Four Star Marina and two adjacent properties. The Four Star Marina, which includes spaces for mobile homes, was established in 1985. The McElvain property on the west side consists of an agricultural field and a small woodlot. The Carlino property on the east is a former mobile home trailer park from the 1960s. This trailer park was abandoned ca. 1990 and much of the Carlino property is now covered with brush and young trees. All three parcels include portions of the former Wilmington Coal Mine. The total survey area encompasses ca. 52 ha (130 acres). The purpose of the survey was to locate any possible cultural materials within the project area and determine whether any significant archaeological resources eligible for listing on the National Register of Historic Places would be affected by the proposed construction as required by Section 106 of the National Historic Preservation Act of 1966 (16 US 470), as amended (36 CFR 800).

Topography: Pennsylvanian age bedrock underlies the project area. The proposed project area is a former coal mine and a bedrock terrace positioned immediately north of the Illinois River in the prairie region of northern Illinois. An unnamed creek runs roughly from the Illinois and Michigan Canal down the east edge of the project area to the Illinois River. This creek once reached the Illinois River at a point farther to the west but its course was altered and channeled to the east during the coal mining operation. The government land surveyors mapped trees in the project area as part of the timber belt along the Illinois River within the surrounding grasslands known as the Grand Prairie. This floodplain and terrace landscape ranges from level to nearly level in elevation. Bedrock outcrops are known within a mile to the north. Bedrock occurs at depths of 20 to 50 cm in the project area.

Soils: The proposed project area is dominated by the Derinda-Schapville-Elroy soil association (Figure 2). In the project area this association formed in a thin soil layer over bedrock with trees as the native vegetation (Alexander and Paschke 1972). During the shovel testing it was discovered that bedrock occurs at depths no greater than 20 to 50 cm.

Land Use/Ground Cover (Include % Visibility): The proposed project area consists of an active marina and trailer park dating to 1985, a former coal mine, fallow areas covered with trees, and agricultural fields. Significant and extensive prior ground surface and subsurface disturbances exist in the project area. They are a coal mine excavation and topsoil bulldozing north of the former mine, landscape grading, and the presence of Hank's 4 by 4 Jamboree for three years in the early 1990s in the low area between the two Partridge houses. The reclaimed coal mine lands are from the 1930s operations of the Wilmington Coal Company and are documented in a report (Illinois Abandoned Mined Lands Reclamation Council 1991). The surface of the reclaimed coal mine had ca. 40 to 100 percent visibility. The agricultural field had soybeans with ca. 40 to 50 percent ground visibility. Local drought-like conditions had prevented the crop from growing together and masking the areas between the rows at the time of the survey. A woodlot at the southeast corner of the McElvain property had 50-60 percent visibility under the closed tree canopy. This woodlot also had massive soil disturbances from the adjacent former coal mine. The marina and trailer park had a vegetation cover was dominated by mown grass with scattered, bare ground surface patches yielding 0 to 40 percent visibility. The mown grass was shoveled tested at a 1.5 m interval. Also present is a large gravel parking lot adjacent to the Four Star Marina that is built on the former coal mine disturbance. The woodlot at the east side of the project area had visibility conditions ranging from 0 to 50 percent visibility.

Survey Limitations: Could not survey under the standing buildings and trailers. Also, care was exercised during the shovel testing around the trailers since their private utility lines were not always on JULIE maps.

IHPA LOG NUMBER:

ARCHAEOLOGICAL AND HISTORICAL INFORMATION

Sources:

Alden and Ogle

1892 *Platbook of La Salle County, Illinois*. Alden and Ogle, Chicago.

Alexander, J. D., and J. E. Paschke

1972 *Soil Survey: La Salle County, Illinois*. Soil Conservation Service, U.S. Department of Agriculture, Washington, D.C.

Brock

1929 *Standard Atlas of La Salle County, Illinois*. Brock, Chicago.

GLO

1821 General Land Office Survey Plat Map of T33N, R4E, La Salle County, Illinois. Copy on file, Secretary of State, Springfield, Illinois. Accessed online at: <http://landplats.ilsos.net/Flash/Welcome.html> (12 August 2005).

Illinois Abandoned Mined Lands Reclamation Council

1991 1991 Construction Grant Project General Environmental Assessment, Wilmington Coal Company Mine, AML-GLsC-9103. U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement, Springfield, Illinois, Field Office.

Inter-State

1886 *History of La Salle County, Illinois*. Inter-State Publishing, Chicago.

Kett, H. F.

1877 *The Past and Present of La Salle County, Illinois*. H. F. Kett, Chicago.

Ogle, George A.

1906 *Standard Atlas of La Salle County, Illinois*. George A. Ogle, Chicago.

Stanley Consultants

1990 Wilmington Coal Mine Reclamation Project, AML-GLsC-9103, La Salle County, ILR. Stanley Consultants, Chicago, Illinois.

Warner and Beers

1876 *Atlas of La Salle County and State of Illinois*. Warner and Beers, Chicago.

Wiggers, R.

1997 *Geology Underfoot in Illinois*. Mountain Press, Missoula, Montana.

Willman, H. B., E. Atherton, T. C. Buschback, C. Collinson, J.C. Frye, M. E. Hopkins, J. A. Lineback, and J. A. Simon

1975 *Handbook of Illinois Stratigraphy*. Bulletin No. 95. Illinois State Geological Survey, Urbana, Illinois.

Previously Reported Sites: None in the project area although 11 sites occur within 0.5-1 mile in distance. They include both prehistoric and historic sites. Nothing is shown on the government land office survey plat maps for the project area (GLO 1821). The nineteenth and early twentieth century county atlas maps (Warner and Beers 1876; Alden and Ogle 1892; Ogle 1906, Brock 1929) showed five buildings in or near the proposed project area. Archaeological remains of one building (outbuilding?) first depicted in 1892 was found in the field and recorded as site 11LS994. Another building shown on the 1876 county atlas was near the bank of the Illinois River and subsequently removed by the coal mining operation. The Thomas McDermott house appears on the 1876, 1892, and 1906 maps near the road paralleling the south side of the canal. This building location is outside the project area along the former route of the interurban line. The fourth and fifth buildings occur outside the project area within private lots adjacent to the Four Star Marina property.

Transportation corridors along the north side of the project area include the Illinois and Michigan Canal (outside), La Salle County Road 51 (outside), and an interurban railroad line between Ottawa and Marseilles (both inside and outside the project area). The former interurban line was sold for house lots (53 feet north-south) in the past. An examination and survey along the north edge of the property could not identify an intact grade for the former interurban line. The topography for the area just south and paralleling County Road 51 is highly variable and has been disturbed by road ditches and grading for house lots.

Previous Surveys: None in the project area.

Regional Archaeologists Contacted: Charles Rohrbaugh (Archaeological Consultants)

Investigation Technique: Archival research in libraries at Ottawa, Urbana, and the UIUC revealed the massive disturbances caused by coal mining in the southern portion of the proposed project area. Next, the fieldwork began with a pedestrian survey at a 5 m interval across the project area. The ground surface conditions ranged from poor to very good. The undisturbed areas of poor visibility were shovel tested at a 15 m interval.

Acres: 130 (52 ha)

Sq. m: 528,000

Time Expended: 88 hours

!HPA LOG NUMBER:

Materials: None collected. Artifacts were observed on the ground surface at site 1 ILS994.

Sites/Spots Located: 1 ILS994 to 997

Site 1 ILS994 (Barnes site)

The Barnes site is represented archaeologically by a stone building foundation, a boulder filled pit, and sheet middens dominated by tin cans in a heavily disturbed landscape setting. The three sided foundation is 25 feet (N-S) by 20 feet (E-W) in extent. It is open on the south side. An additional four feet of foundation wall is positioned at a right angle on the southeast corner. The foundation is composed of sandstone slabs and glacial boulders. Some artifacts are present on the ground surface inside the foundation. They are dominated by tin cans. A few pieces of Bristol glazed as well as salt glazed (Albany slip interior) stoneware are present. Shovel testing indicated the absence of any artifact deposit beyond those items on the ground surface.

The glacial boulder filled pit is positioned ca. 5 m east of the southeast corner. It has been heavily disturbed by an ATV trail. No artifacts were observed. The sheet middens appear to represent discrete dumping episodes. Nearly all items are metal with tin cans being the predominate artifact type. A few pieces of whiteware are present. Two metal bed springs (one adult sized and one child sized) are near the foundation wall. Shovel testing and an examination of the side profile in the ATV trail ruts indicated that the sheet middens are surficial deposits on the disturbed, undulating ground surface, with no subsurface manifestations. For this reason they are believed to derive from the 1930s coal mining operation. The total surface site extent is ca. 30 m (NW-SE) by 15 m (SW-NE). Surface visibility under the closed tree canopy averaged 60 percent. The ground surface at 1 ILS994 is undulating and heavily disturbed as a result of topsoil removal and stockpiling for the adjacent coal mining operation. The landscape undulations are greatest to the west, south, and east of the foundation. Approximately 20 m to the south there is a 4-5 m high ridge of topsoil and coal mine debris. As noted above, deeply rutted ATV trails are present. These trails surround the foundation on all four sides. The only cultural materials noted in the ATV ruts were two examples of broken bottle glass.

The name N. Barnes is on this property for the 1892 and 1906 atlases. There are several Barnes households in the federal census for Rutland Township but none had first names beginning with the letter N. This building also shows on the 1929 atlas. According to a local informant this building is reputed to have functioned as a barn for horses used on the Illinois and Michigan Canal (Wayne Daugherty, personal communication 2005).

Site 1 ILS995

This site is represented by two foundations from the former trailer park on the Carlino property. At the northeast end of the site there is a collapsed concrete block building. According to a local informant, this building functioned as the trailer park laundry (Wayne Daugherty, personal communication 2005). It is present on the 1970 of the Ottawa 7.5-minute quadrangle and absent from the 1994 version of the same map. Direct observation was difficult because of the building material rubble, but this building appears to have been no more than 20 x 20 feet in size. A second concrete block foundation is present at the southwest end of 1 ILS995. The second building's foundation is ca. 25 x 20 feet. The total site extent is 25 m (NE-SW) x 10 m (NW-SE).

Site 1 ILS996

Site 1 ILS996 has two archaeological elements, a concrete pad associated with a mobile home trailer and the foundation of a former outbuilding from the former trailer park shown on the 1970 Ottawa 7.5-minute quadrangle. These two elements are separated by an abandoned one lane north-south blacktop road. The concrete pad is on the west side and the foundation on the east. Site 1 ILS996 is south of La Salle County Road 51. Total site extent is 60 m (NW-SE) x 15 m (NE-SW).

Site 1 ILS997

This final site recorded for the proposed Heritage Harbor project is 1 ILS997. It consists of two concrete pads associated with a mobile home from the former trailer park shown on the 1970 Ottawa 7.5-minute quadrangle. Site 1 ILS997 is south of La Salle County Road 51. Total site extent is 20 m (N-S) x 10 m (E-W).

Collection Techniques: *N/A* Curated at: Western Illinois University (field notes only)

Recommendation: A total of four sites, 1 ILS994 to 997, were discovered during the archaeological survey of the project area. Three sites (1 ILS995 to 997) are clearly post-1950 in age and cannot contribute to our understanding of regional archaeological manifestations. The remaining site (1 ILS994) is more than 50 years in age but is heavily disturbed and no intact subsurface cultural deposits were found. The immediate surroundings of site 1 ILS994 has undergone extensive ground disturbances during the coal mining use of the property. The absence of intact cultural deposits at 1 ILS994 indicated that this site is not eligible for listing on the NRHP. It is recommended that the project area be cleared from an archaeological perspective.

IHPA LOG NUMBER:

- D Phase I Archaeological Reconnaissance Has Located No Archaeological Material; Project Clearance is Recommended.
- X Phase I Archaeological Reconnaissance Has Located Archaeological Materials; Site(s) Does (Do) Not Meet Requirements For National Register Eligibility; Project Clearance Is Recommended.
- D Phase I Archaeological Reconnaissance Has Located Archaeological Materials; Site(s) May meet Requirements For National Register Eligibility; Phase II Testing Is Recommended.
- D Phase II Archaeological Investigation Has Indicated That Site(s) Does (Do) Not Meet Requirements For National Register Eligibility; Project Clearance Is Recommended.
- D Phase II Archaeological Investigation Has Indicated That Site(s) Meet Requirements For National Register Eligibility; Formal Report Is Pending and a Determination of Eligibility is Recommended.

Comments: Large portions of the project area were disturbed by prior activities, particularly those of the Wilmington Coal Mine Company. Grading and reworking of the shallow topsoil also occurred outside the mining limits along the northern margin of the mine. The former coal mine tailings piles were reclaimed and leveled out in 1990. No prehistoric sites were found by this survey. Four historic sites (11LS994 to 997) were recorded in the IAS file. Site 11LS994 might be of potential interest but was heavily disturbed during the 1930s coal mining operations. In addition recent ATV trails have further damaged the landscape around the site. Shovel testing did not find any intact cultural deposits below ground surface. Cultural materials on the ground surface derive from the 1930s coal mining era with a few items of older manufacture (whiteware, stoneware).

ARCHAEOLOGICAL CONTRACTOR INFORMATION:

Archaeological Contractor: Upper Midwest Archaeology
Address/Phone: PO Box 106, St. Joseph, IL 61873

Surveyor(s): Fred, Emma, and Honor Finney Survey Date(s): August 15, 16, 17, 18, 19, 2005

Report Completed by: Fred Finney Date: September 9, 2005

Submitted By (signature and title): _____
Principal Investigator, Upper Midwest Archaeology

Attachment Check List: (#1 Through #4 Are Mandatory)

- X 1) Relevant Portion of USGS 7.5' Topographic Quadrangle Map(s) Showing Project Location And Any Recorded Sites
- X 2) Project Map(s) Depicting Survey Limits and, When Applicable, Approximate Site Limits and Concentrations of Cultural Materials.
- X 3) Site Form(s): Two Copies of Each Form.
- X 4) All Relevant Project Correspondence.
- X 5) Additional Information Sheets as Necessary.

Address of Owner/Agent/Agency To Whom SHPO Comment Should Be Mailed: Hatchwood Enterprises, Inc., 7336 Route 34, Oswego, IL 60543

Contact Person: Tom Heimsoth

Phone: 630-551-3045 or 630-215-9670

Reviewer's Comments:



PUBLIC NOTICE

US Army Corps
of Engineers
Rock Island District

Applicant: Heritage Harbor Ottawa Resort

Date: August 23, 2013

Expires: September 21, 2013

CEMVR-OD-P-2013-0370

Section: 10/404

**Joint Public Notice
US Army Corps of Engineers
Illinois Environmental Protection Agency
Illinois Department of Natural Resources/Office of Water Resources**

1. **Applicant.** Heritage Harbor Ottawa Resort, 1851 Old Chicago Road, Ottawa, Illinois 61350.
2. **Project Location.** IL-Ottawa USGS quad sheet.
 - Section 8 & 17, Township 33 North, Range 4 East; near Ottawa, La Salle County, Illinois; approximate Illinois River mile 242.
 - Datum NAD-83. UTM Zone 16. Northing 4 578 163.23842163. Easting 349748.131490149.
 - Latitude: 41.3409568580688. Longitude: -88.7958014595839.
3. **Project Description.** The purpose of the project is to restore and deepen the inlet cove that has become filled with silt in order to allow access for non-motorized water recreational boating.
 - Cofferdam. A 45-foot-long cofferdam will be constructed at the west edge of the inlet cove. Approximately 140 cubic yards of soil will be used to construct the cofferdam. This material will be taken from the dredged material placement site. The cofferdam will be removed at the completion of the project and placed back into the dredged material placement site.
 - Dredging. The water will be pumped out of the 1.9 acre cove into the Illinois River. Approximately 9,000 cubic yards of material (approximately 5 feet) will be dredged via mechanical means (backhoe) from the cove.
 - Dredged material placement. Dredged material will be discharged to an upland site adjoining the northeast section of the cove. This open field area measures approximately 400 feet long by 400 feet wide. This area has been graded for other work on the site.
4. **Agency Review.**
 - a. Department of the Army, Corps of Engineers. The Department of the Army application is being processed under the provisions of Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403) and Section 404 of the Clean Water Act (33 U.S.C. 1344).

b. State of Illinois.

(1) The applicant has applied to the Illinois Environmental Protection Agency (IEPA) for water quality certification, or waiver thereof, for the proposed activity in accordance with Section 401 of the Clean Water Act. Certification or waiver indicates that IEPA believes the activity will not violate applicable water quality standards. The review by the IEPA is conducted in accordance with the Illinois water quality standards under 35 Illinois Administrative Code Subtitle C. The water quality standards provide for the IEPA to review individual projects by providing an antidegradation assessment, which includes an evaluation of alternatives to any proposed increase in pollutant loading that may result from this activity. The "Fact Sheet" containing the antidegradation assessment for this proposed project may be found on the IEPA's web site, at www.epa.state.il.us/public-notices/. In the event that the IEPA is unable to publish the "Fact Sheet" corresponding to the timeframe of this Joint Public Notice, a separate public notice and "Fact Sheet" will be published by the IEPA at the web site identified above. You may also obtain a copy of the "Fact Sheet" by contacting the IEPA at the address or telephone number shown below. Written comments specifically concerning possible impacts to water quality should be addressed to: Illinois Environmental Protection Agency, Bureau of Water, Watershed Management Section, 1021 N. Grand Avenue East, P.O. Box 19276, Springfield, Illinois 62794-9276. A copy of the written comments should be provided to the Corps of Engineers. If you have any questions, please contact IEPA at (217) 782-3362.

(2) The Illinois Department of Natural Resources, Office of Natural Resources (IDNR/OWR), application is being processed pursuant to an Act in Relation to the Regulation of the Rivers, Lakes and Streams of the State of Illinois, Chapter 615, ILCS 5 (Illinois Compiled Statutes (1994)). Comments concerning the IDNR/OWR permit should be addressed to the Illinois Department of Natural Resources, Office of Water Resources, One Natural Resources Way, Springfield, Illinois 62702-1271, with a copy provided to the Corps of Engineers (see paragraph 11. of this public notice for address). Mr. Mike Diedrichsen, IDNR/OWR (217/782-3863), may be contacted for additional information.

5. Historical/Archaeological. The Corps of Engineers consulted with the District geographic information systems (GIS) archeological site and survey database. In addition, the Corps consulted "An Investigation of Submerged Historic Properties in the Upper Mississippi River and Illinois Waterway" (October 1997) prepared by American Resources Group, Ltd. for the Corps. No historic properties were identified in the review of the GIS or the shipwreck report. The query also determined that the permit area has not been surveyed. The proposed work is restricted to dredging in area that has no known shipwrecks and the disposal area appears to be previously disturbed by construction activities. Therefore it is the opinion of the Corps that issuance of the permit will have no effect on historic properties because "the nature, scope, and magnitude of the work, and/or structures to be permitted are such that there is little likelihood that a historic property exists or may be affected" (33 CFR Part 325, Appendix C.3.b).

6. Endangered Species. District staff have performed a preliminary review of this application for the potential impact on threatened or endangered species pursuant to Section 7 of the Endangered Species Act as amended. The following threatened or endangered species are listed by the United States Fish and Wildlife Service as occurring in La Salle County, Illinois:

(<http://www.fws.gov/midwest/endangered/lists/illinois-cty.html>)

- Indiana bat. The endangered Indiana bat (*Myotis sodalis*) is considered to potentially occur in any area with forested habitat in any county in Illinois. Indiana bats migrate seasonally between winter hibernacula and summer roosting habitats. Winter hibernacula include caves and abandoned mines. Females form nursery colonies under the loose bark of trees (dead or alive) and/or cavities, where each female gives birth to a single young in June or early July. A single maternity colony may utilize a number of trees during the summer, typically a primary roost tree and several alternates. The species or size of tree does not appear to influence whether Indiana bats use a tree for roosting provided the appropriate bark structure is present. Since there is no forested habitat to be affected by the project, there should be no effect on the Indiana bat.

- Prairie Bush Clover. The prairie bush clover (*Lespedeza leptostachya*) is considered to potentially occur statewide based on historical habitat and could potentially be found in any Illinois county. It occupies dry to mesic prairies with gravelly soil. There is no critical habitat designated for this species. Since there is no dry to mesic prairies with gravelly soil to be affected by the project, there should be no effect on the prairie bush clover.
- Eastern Prairie Fringed Orchid. The eastern prairie fringed orchid (*Platanthera leucophaea*) may potentially be found in any Illinois county. It occupies wet prairie remnant habitat. There is no critical habitat designated for this species. Since there is no wet prairie remnant habitat to be affected by the project, there should be no effect on the eastern prairie fringed orchid.
- Leafy prairie clover. The leafy prairie clover (*Dalea foliosa*) is found in prairie remnants along the Des Plains River in Illinois, in thin soils over limestone substrate. Since there is no prairie remnant habitat to be affected by the project, there should be no effect on the leafy prairie clover.
- Decurrent False Aster. The decurrent false aster (*Boltonia decurrens*) is listed as threatened and known to occur in La Salle County, Illinois (Illinois River floodplain). It is considered to potentially occur in any county bordering the Illinois River. It occupies disturbed alluvial soils in the floodplains of these rivers. Since there are no disturbed alluvial soils in the project reach, there should be no impact to the threatened decurrent false aster (*Boltonia decurrens*).

The proposed project is being coordinated with the United States Fish and Wildlife Service. Any comments it may have concerning Federally-listed threatened or endangered species or their critical habitat will be considered in the final assessment of the proposed project. Accordingly, our preliminary determination is subject to change should further information become available.

7. Dredge/Fill Material Guidelines. The evaluation of the impact of the proposed activity on the public interest will also include application of the guidelines promulgated by the Administrator of the United States Environmental Protection Agency under authority of Section 404(b) of the Clean Water Act (40 CFR Part 230).

8. Public Interest Review. The decision whether to issue the Corps permit will be based on an evaluation of the probable impact including cumulative impacts of the proposed activity on the public interest. That decision will reflect the national concern for both protection and utilization of important resources. The benefit which reasonably may be expected to accrue from the proposal must be balanced against its reasonably foreseeable detriments. All factors which may be relevant to the proposal will be considered including the cumulative effects thereof; among those are conservation, economics, aesthetics, general environmental concerns, wetlands, cultural values, fish and wildlife values, flood hazards, floodplain values, land use, navigation, shoreline erosion and accretion, recreation, water supply and conservation, water quality, energy needs, safety, food production and, in general, the needs and welfare of the people.

9. Who Should Reply. The Corps of Engineers is soliciting comments from the public; Federal, state, and local agencies and officials; Indian Tribes; and other interested parties in order to consider and evaluate the impacts of this proposed activity. Any comments received will be considered by the Corps of Engineers to determine whether to issue, modify, condition or deny a permit for this proposal. To make this decision, comments are used to assess impacts on endangered species, historic properties, water quality, general environmental effects, and the other public interest factors listed above. Comments are used in the preparation of an Environmental Assessment and/or an Environmental Impact Statement pursuant to the National Environmental Policy Act. Comments are also used to determine the need for a public hearing and to determine the overall public interest of the proposed activity. These statements should be submitted on or before the expiration date specified at the top of page 1. These statements should bear upon the adequacy of plans and suitability of locations and should, if appropriate, suggest any changes considered desirable.

10. Public Hearing Requests. Any person may request, in writing, within the comment period specified in this notice, that a public hearing be held to consider this application. Requests for public hearings shall state, with particularity, the reasons for holding a public hearing. A request may be denied if substantive reasons for holding a hearing are not provided.

11. **Reply to the Corps of Engineers.** Comments concerning the Corps permit should be addressed to the District Engineer, U. S. Army Corps of Engineers, Rock Island District, ATTN: OD-P (Wayne Hannel), Clock Tower Building - Post Office Box 2004, Rock Island, Illinois 61204-2004. **Mr. Wayne Hannel (309/794-5378)** may be contacted for additional information.

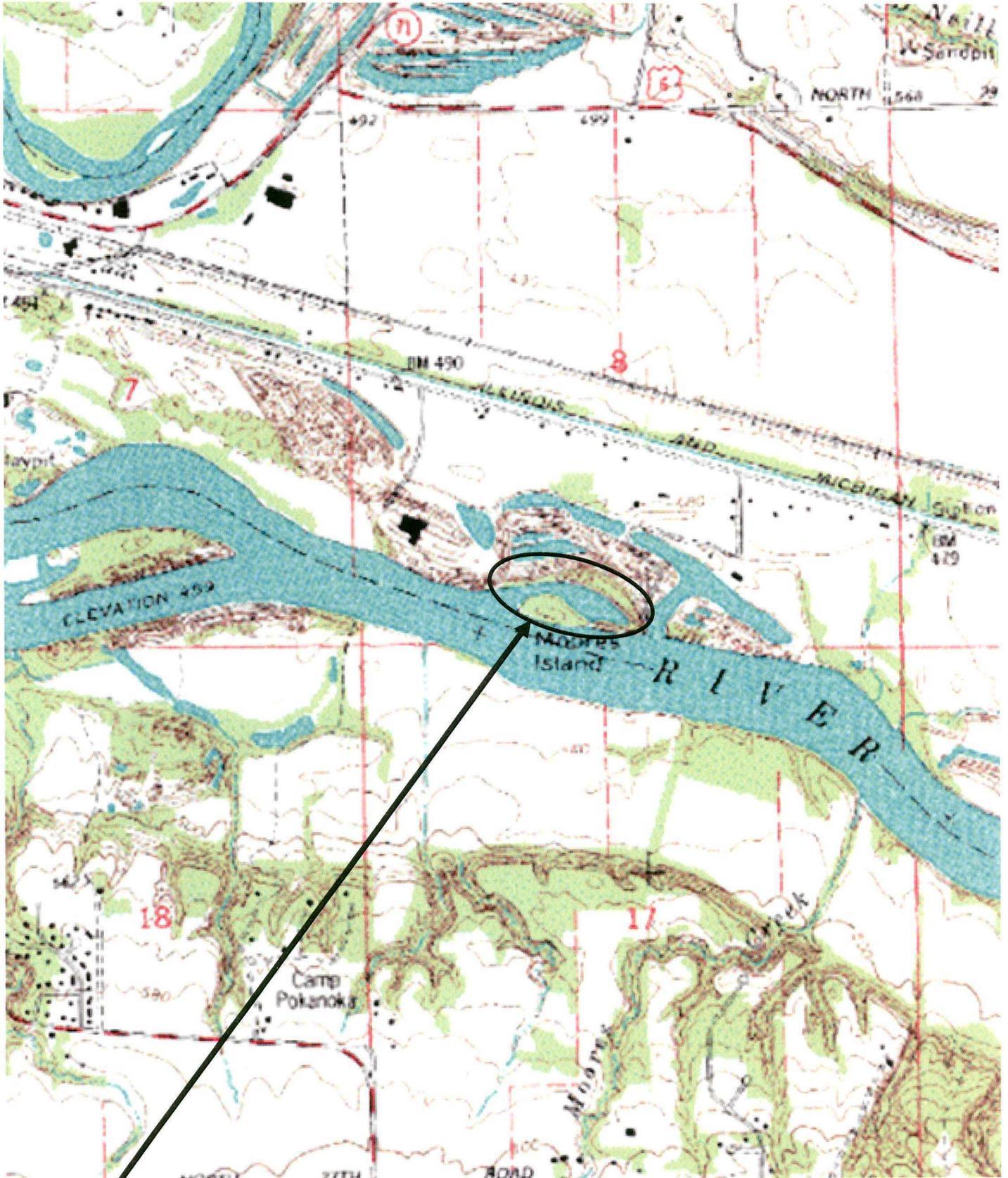


Wayne Hannel
Project Manager
Regulatory Branch

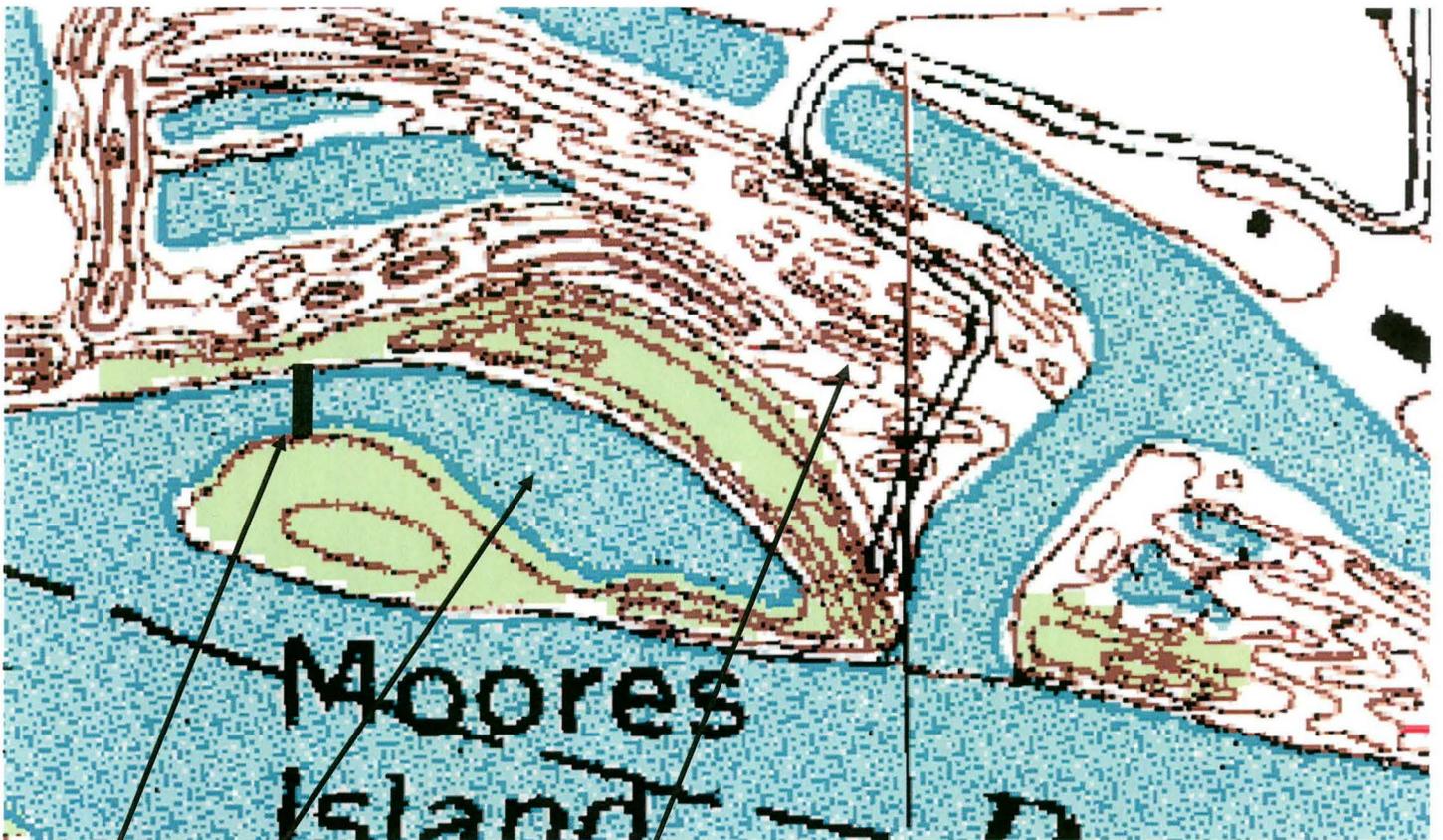
Attach
Plan

REQUEST TO POSTMASTERS: Please post this notice conspicuously and continuously until the expiration date specified at the top of page 1.

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Location



Cofferdam

Dredge

Place dredged material