

Sterling

Riverfront Reimagined
Development Opportunity



City of Sterling | Gorman & Co

Request for Interest

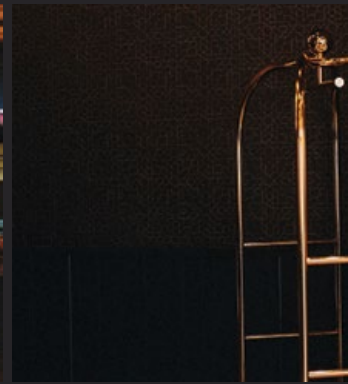
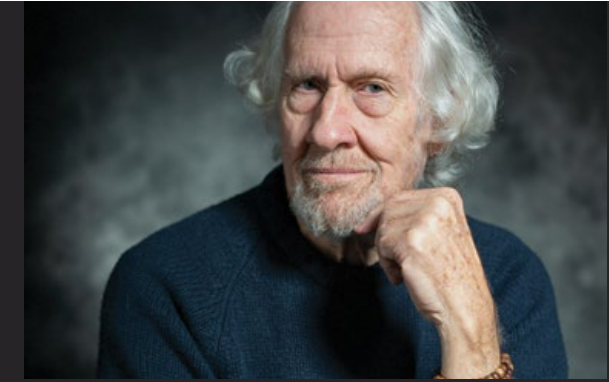
**Sterling, Illinois:
Riverfront
Reimagined
Development
Opportunity**



Be a part of

**Sterling,
Illinois' Rural
Renaissance.**

The exceptionally unique location appeals to insightful **boutique hoteliers**, **craft brewers**, **craft distillers**, **residential developers** and other **professional business owners** of all kinds.



Calling **Entrepreneurs and Investors**





Sterling, IL

Growing Tourism in Sterling, Illinois:

Northwest Illinois' and Sterling's growing reputation as a tourist destination, particularly for those interested in nature, outdoor activities and safe, peaceful lifestyles, suggests a fertile market for unique, high-quality accommodations.

Economic Revitalization:

By investing in the Lawrence and National Buildings, developers can contribute to the exciting, ongoing economic revitalization of downtown Sterling. Be a part of our Rural Renaissance and help attract further investment and growth!

Healthy Craft Beer & Spirits Market:

The craft beer and distilling industries have seen significant growth with increasing consumer interest in unique, locally produced beverages. Establishing a craft brewery and/or distillery in an-underserved Northwestern Illinois market taps into this healthy demand.

Meeting and Event Space:

Sterling is home to significant successful businesses that are starving for high quality

spaces in which to host meetings, weddings and events. These same businesses need high-end food and beverage businesses in which to entertain American and foreign visitors. Sterling is also a safe, attractive gathering location for many kinds of SMERF professional associations (Social, Military, Education, Religious & Fraternal).

Sustainability and Green Practices:

Renovating an existing structure is inherently more sustainable than new construction. American consumers approve of such activity and are known to support companies that engage in them. Being Green and attuned and committed to the environment can be highlighted by developers' marketing appeals to their stakeholders.

Sustainable Brewing/Distilling Practices and Local Sourcing:

Emphasizing sustainable brewing and distilling practices while sourcing ingredients locally can appeal to environmentally conscious consumers. Sterling is surrounded by countless local farmers and strategic suppliers.

Opportunities for Local Partnerships:

Sterling is a friendly Midwestern community in which collaboration is respected and rewarded. Developers can form partnerships with local businesses and attractions, enhancing their customers' experiences while supporting the local economy.

A New Community Hub:

Beyond brewing, distilling and food service, F&B developers can create a space in a community that is hungry for attractive gathering hubs for events, tastings, tours and the like. Multifunctional uses can make such businesses central parts of Sterling's social and cultural scene.

Partnerships with Local Businesses:

Collaborating with local restaurants, retailers, and artisans can create a synergistic relationship, where the brewery and other businesses promote each other and contribute to a vibrant community.

Tax Incentives and Grants:

The Lawrence and National Buildings site are eligible for significant local and State of Illinois tax incentives, grants and subsidies including, but not limited to Tax Increment Financing, Federal and State Historic Tax Credits, Energy credits, and other programs implemented by the Regional Development Authority and Department of Commerce and Economic Opportunity.

Dependable Local Workforce:

Sterling's relatively rural location in Northwestern Illinois brings with it the kind of good old-fashioned employee work ethic that coastal business can only dream of.

Excellent Schools:

Among Sterling's top quality of life advantages for business is an excellent public

school district, one of the best in the state of Illinois.

Outstanding, Accessible Healthcare:

CGH Medical Center is a progressive acute care health facility that is owned and operated by the City of Sterling capable of meeting nearly all local patient needs. CGH served 14,916 adult and pediatric patient days in 2023. In nearby Dixon, KSB Hospital also serves the region and we have easy access to Rockford, Illinois's expansive menu of health networks.

Safe, Walkable, Fun Community:

People appreciate walkable communities in which they can safely navigate downtown and residential neighborhoods on foot. That sentence describes Sterling, Illinois. The community also features an outstanding Park District, health networks and a variety of annual festivals.

Beautiful Location, Unique Setting:

The Lawrence and National Building's downtown Sterling location on the shores of the Rock River offers picturesque views in a peaceful, serene, sophisticated setting. These qualities set up well for the attraction of renters, homeowners, diners, visitors, office workers and more in a community that is thirsting for new development. They offer an attractive blend of urban convenience and natural beauty surrounded by nature.

Historical Charm with Modern Luxury:

Repurposing an iconic industrial building provides a chance to blend historical charm with modern amenities. Consumers often seek unique experiences, and a hotel and other businesses that combine the industrial heritage of the Lawrence and National Buildings with contemporary luxury can become exciting, significant draws.



Gorman & Company

Gorman & Company is a powerful and experienced Midwestern-based developer. Its strengths include nearly 40 years of experience in multi-family and community development with an emphasis on adaptive reuse of historic buildings. The company boasts a team of over 650 highly talented members in a vertically integrated company covering development, architecture, construction and asset/property management. With more than 160 developments and an additional 21 under construction, Gorman & Company's portfolio exceeds \$2.6 billion in assets, including 12,700 apartment units (10,800 of which are affordable) and three hotels. Gorman's commitments to fiscal responsibility, longevity, compliance, partnership, experience and quality underscore the company's dedication to developing unique, sustainable, historically aligned homes and hotels that meet the needs of communities and customers as well as the environment.

Gorman & Company has been preserving significant historic buildings for more than four decades and has become recognized as a national leader in historic preservation.



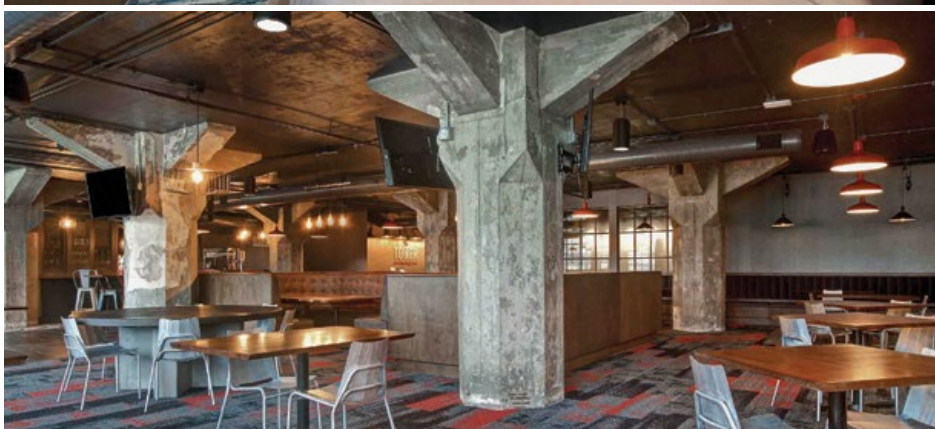
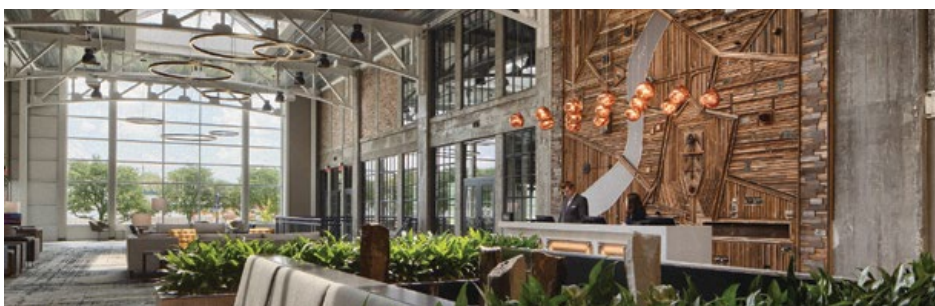
< *Before*

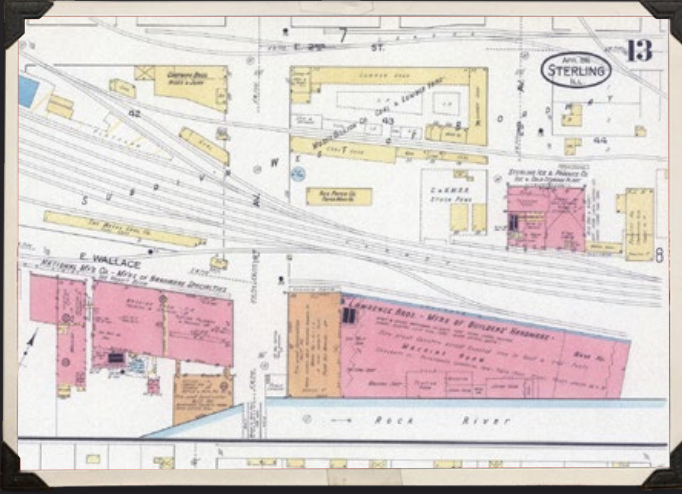


∨ *After*

Rockford Embassy Suites “Amerock”, Rockford, IL
Total Development Cost: **\$87m**

Embassy Suites Rockford Hotel and Conference center is a project that transformed the dilapidated former Amerock factory into the four-star, 160-room Hilton Embassy Suites and Rockford Conference Center. In addition, to the 13-story historic building renovation, there is 233,000 square feet of retail space. The development is located in the downtown area of Rockford, Illinois.





Design History of Sterling's Riverfront Reimagined Development

A challenging question needed to be answered; how can you honor the built legacy of the industrial giants that once shaped a community? And, how do you do it gracefully and efficiently given such massive volumes of space?

The question presented Sterling with an opportunity to envision a future that honors its storied past while serving contemporary and future citizens and visitors. Historically, nearly every Sauk Valley resident had a connection to the National and Lawrence buildings: whether through personal employment or familial ties.

So, while some consultants suggested a clean slate approach and demolition of the treasured buildings, the City of Sterling and Studio GWA saw the value of preserving the space while serving current and future residents in creative new ways. With Sterling's rich history, the community leaned into the idea of preserving the buildings for future generations.

In 2013, planning efforts began with community-wide brainstorming sessions that envisioned diverse futures for the structures: from urban agriculture to residential complexes to a riverside hotel. Studio GWA's conceptual imagery depicted revitalized spaces devoid of rust and graffiti, teeming with diners and captivating river vistas, encapsulating the essence of Sterling's unique history and identity.

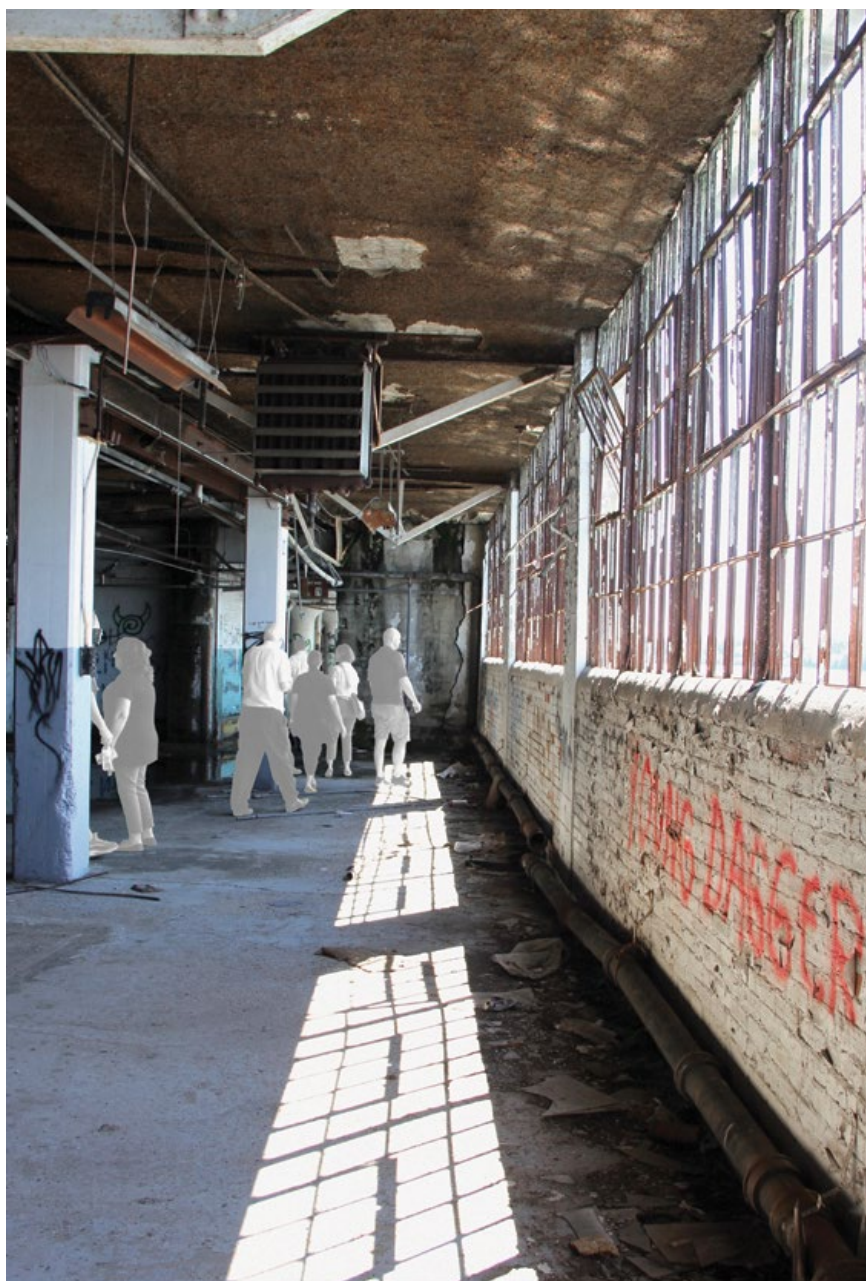
By 2021, amidst the challenges posed by the COVID-19 pandemic, the City of Sterling resolved to advance the vision. Layouts were drafted, market feasibility studies conducted and cost projections calculated to address the pivotal question, "If we build it, will they come?" Navigating such intricate details required close collaboration with a consortium of experts from environmental engineers to economic development specialists to state highway engineers and multiple representatives of state and federal governments - all fueled by ongoing input from local stakeholders.

Studio GWA refined the speculative "what if" scenarios through meticulous planning, design iterations and feasibility studies, offering insights into the potential of the redevelopment endeavor. Subsequently, the City of Sterling sought out a master developer capable of realizing the ambitious scale of the Riverfront Reimagined vision, leading to the engagement of Gorman & Company.

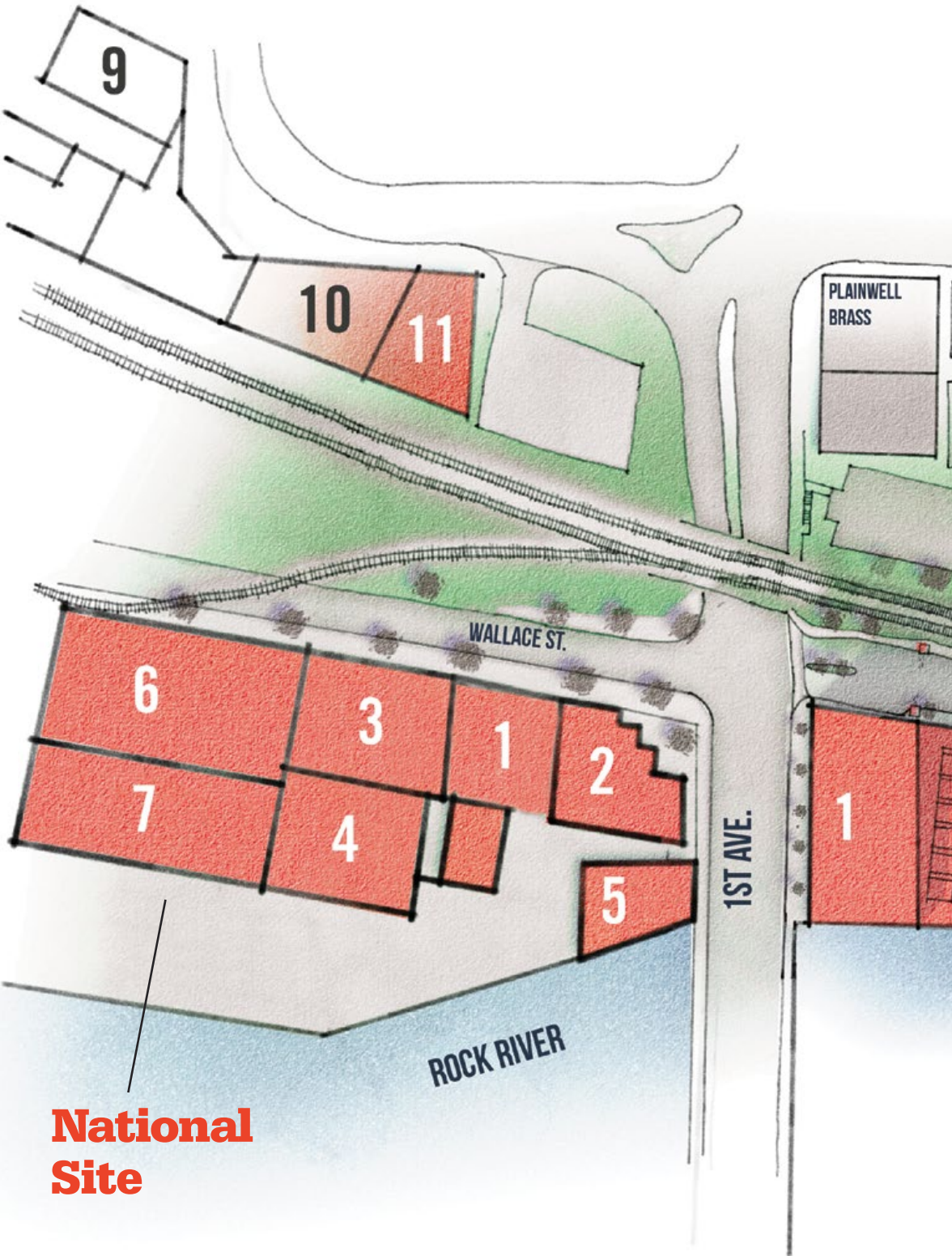
The Lawrence Brothers and Stanley-National complexes are former manufacturing buildings that have shaped the southern gateway to Sterling, Illinois for over 100 years. The success of each enterprise was manifested in the sheer size of their buildings; put together, the complexes have over 688,000 square feet of space.



Since 2006 the City of Sterling has been working to address the building conditions of both complexes. Selective demolition, environmental assessments, and a district-wide redevelopment plan have aimed to improve the appearance and potential of the riverfront.

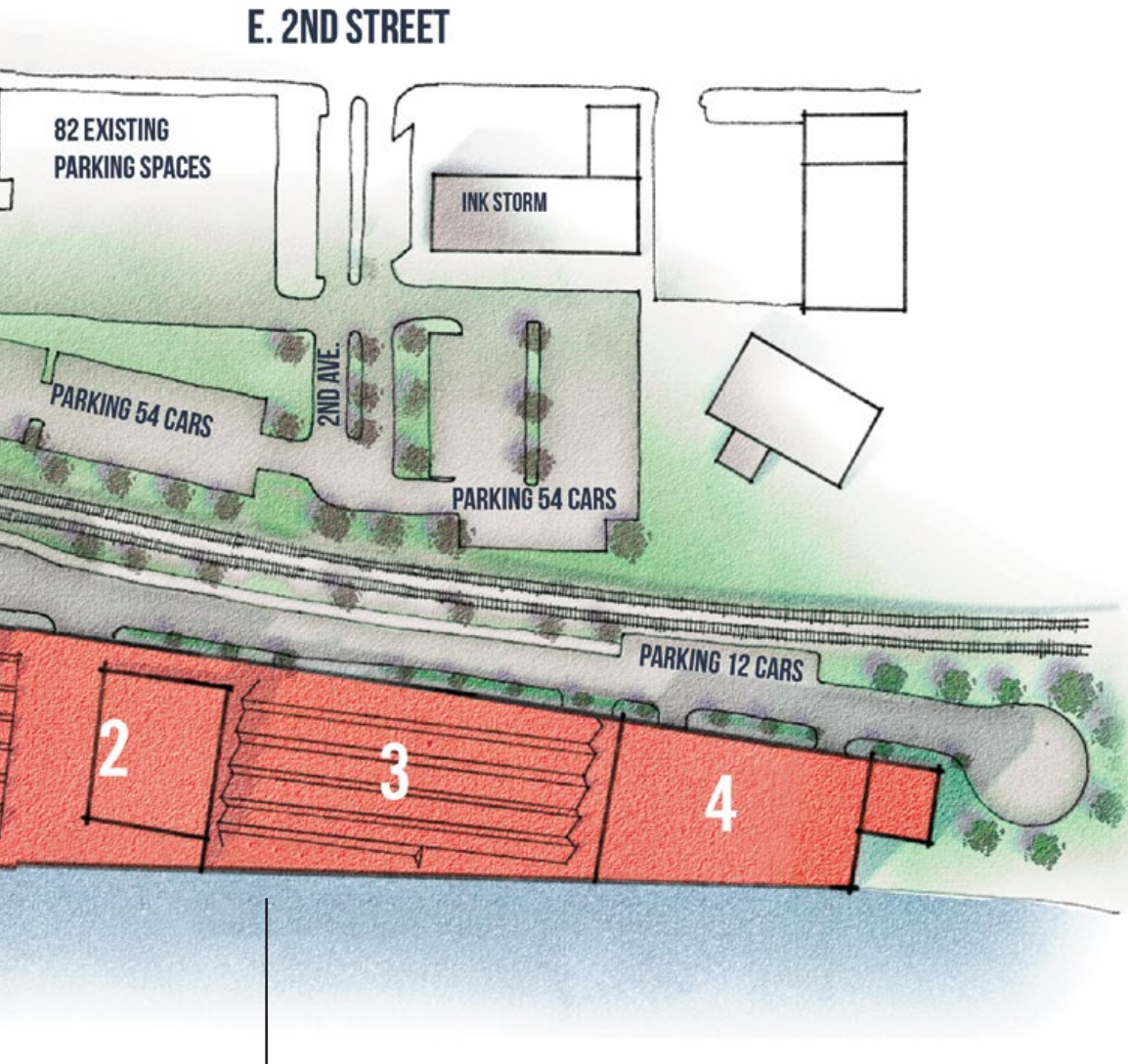


A slate of opportunities.



National Site

Site Plan



**Lawrence
Brothers Site**

Sterling, Illinois Riverfront Reimagined Master Plan Key Opportunities and Projected Costs

The Sterling Riverfront Reimagined plan emphasizes environmental remediation, community engagement and integration of historical elements unique to the site and region. Its flexibility can be reactive to fluctuating economic conditions. The plan preserves and shares the rich history of the beautiful Sterling area by capturing the raw state of the Lawrence Brothers and National buildings to perpetuate the story of the influential businesses that contributed significantly to the development of the community. Many, many regional residents have direct ties to these buildings. In many cases they and their family members have worked for the companies that once operated there, providing strong

emotional connections to the site. By preserving these historical elements, the plan provides an opportunity for regional residents, businesses and the community at large to reconnect with the past, taking a “walk down memory lane” while revisiting the places and features that defined countless work days gone by. This approach not only honors the history of Sterling but also enriches the cultural and historical significance of the Riverfront Reimagined redevelopment project.



Lawrence Brothers & National Site

Phase 1

The following activities require no additional funding from the City of Sterling and will be carried out with already approved expenditures from the prior approved budget submission.

- Completion of the hotel market study
- City of Sterling/Fehr Graham EPA Grant activities on Lawrence. The cost of remediation work is included in the grant and Gorman & Company is happy to assist in the outreach portion of the grant.
- Preliminary work for historic listings on both Lawrence and National is complete and applications will be completed and submitted through Heritage Consulting Services.
- Creation/Marketing – investor package for hotel/event center in Lawrence buildings 1, 2, and 3.
- Creation/Marketing – National buildings 3, 4, 6, and 7 – includes riverfront hospitality spaces.
- Coordinate and complete the installation of solar lighting on the property, removal of windows, installation of widow inserts (design to be approved by city/Riverfront Commission), and the general building cleanup. This needs to be coordinated with the vendors performing the EPA grant work. Gorman to coordinate.



Phase 2

National Buildings 1, 2 and 5
Workforce residential Project TDC \$41m.

Approximately 127 units.



Phase 3

Lawrence Building: Building 4
33 units Workforce Housing and parking.

Project TDC \$22.3m.



Phase 4

National Buildings 3, 4, 6, and 7
These buildings provide the most promise for mixed-use development, including the activation of the river side lowest level into shops, bars, and restaurants.





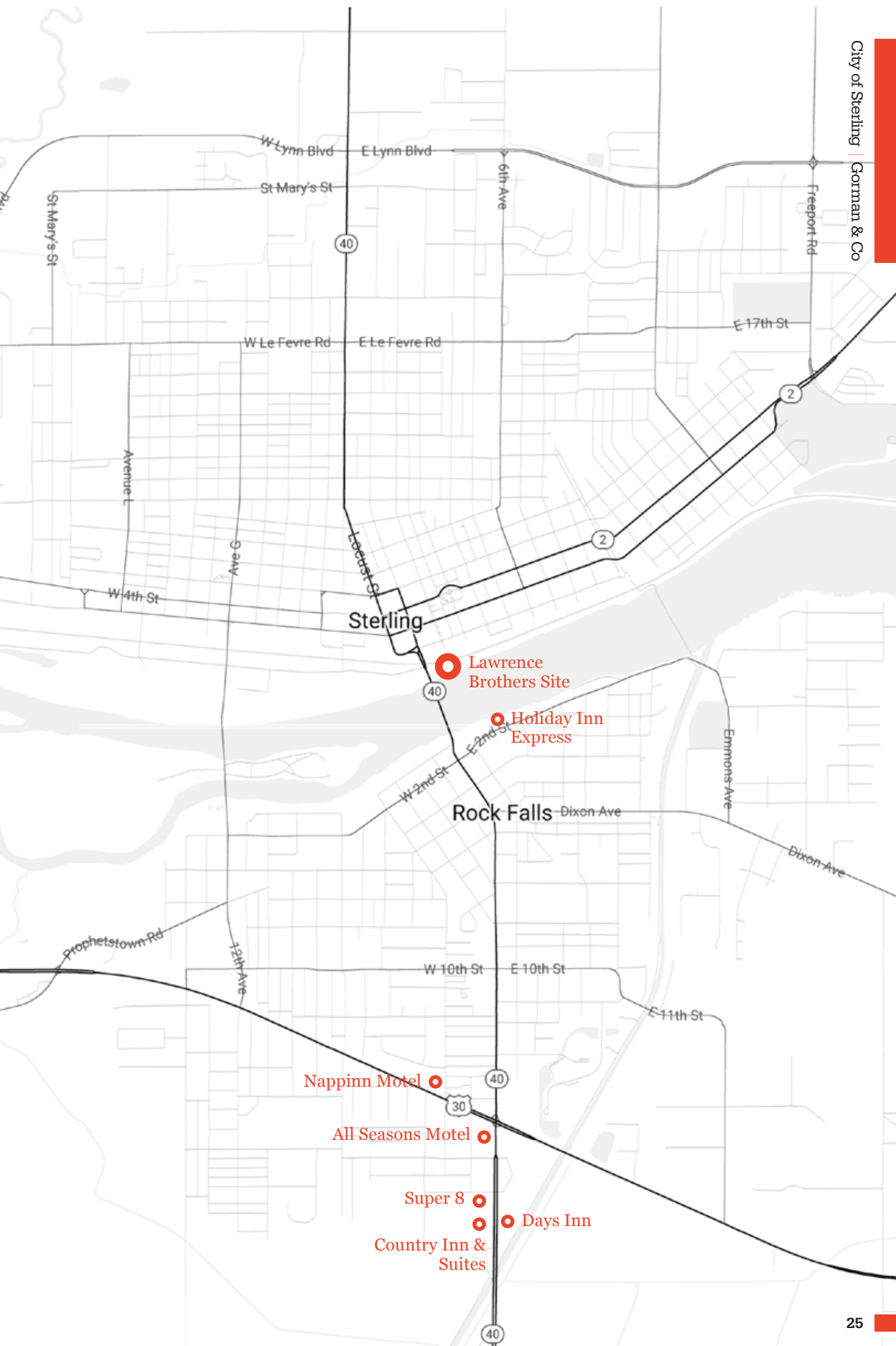
**Beautiful
Location,
Unique
Setting**



The Lawrence and National Building's downtown Sterling location on the shores of the Rock River offers picturesque views in a peaceful, serene, sophisticated setting. These qualities set up well for the attraction of renters, homeowners, diners, visitors, office workers and more in a community that is thirsting for new development. They offer an attractive blend of urban convenience and natural beauty surrounded by nature.

Key Hotel Study Findings (2022)

No hotels in the full-service upscale market serve the Sterling/Rock Falls market. While a particular brand has yet to be determined for this project, our study assumes that the proposed subject hotel will operate as a soft-branded full-service hotel under a well-recognized national brand. The recommended facilities offer a modern hotel product to serve a segment of business and leisure travelers that are not currently accommodated in town.



Economic & Demographic Data Summary

	Avg. Annual Compounded Change				
	2010	2020	2022	2010-20	2010-27
Resident Population (Thousands)					
Whiteside County	67.2	65.5	65.0	64.9	(0.0)%
Dixon-Sterling, IL CSA	116.3	114.4	113.9	114.1	(0.2)
State of Illinois	12,840.5	12,785.2	12,699.7	12,820.7	(0.1)
United States	309,327.1	331,501.1	334,193.8	345,453.9	0.6
Per-Capita Personal Income *					
Whiteside County	\$38,104	\$46,023	\$45,221	\$48,646	1.9
Dixon-Sterling, IL CSA	36,272	42,886	42,358	45,752	1.7
State of Illinois	44,173	55,704	56,688	61,644	2.3
United States	42,497	53,178	53,658	58,274	2.3
W&P Wealth Index					
Whiteside County	89.3	86.9	85.0	84.4	(0.3)
Dixon-Sterling, IL CSA	84.7	80.5	78.9	78.6	(0.5)
State of Illinois	103.8	105.1	106.2	106.3	0.1
United States	100.0	100.0	100.0	100.0	0.0
Food & Beverage Sales (Millions)*					
Whiteside County	\$72	\$87	\$116	\$125	1.9
Dixon-Sterling, IL CSA	117	132	173	188	1.2
State of Illinois	20,641	23,271	30,496	32,997	1.2
United States	475,345	571,525	755,072	840,450	1.9
Total Retail Sales (Millions)*					
Whiteside County	\$1,040	\$1,132	\$1,283	\$1,285	0.9
Dixon-Sterling, IL CSA	1,665	1,801	2,040	2,051	0.8
State of Illinois	179,238	190,672	216,786	219,574	0.6
United States	4,385,184	5,481,467	6,257,974	6,489,951	2.3

Historical & Projected Employment (000s)

Industry	Avg. Annual Compounded Chg.					% of Total
	2010	2020	2022	2020-22	2022-27	
Farm	1.3	1.2	1.2	(0.9)	(0.9)	2.6
Forestry, Fishing, Related & Other	0.1	0.1	0.1	4.5	(0.5)	0.3
Mining	0.2	0.3	0.3	1.8	(3.4)	0.6
Utilities	0.1	0.1	0.1	0.1	(0.0)	0.3
Construction	2.0	1.9	1.9	0.1	0.0	4.2
Manufacturing	4.9	4.5	4.7	(0.5)	(1.4)	10.8
Total Trade	7.5	6.6	6.8	(1.3)	0.9	15.4
Wholesale Trade	2.0	1.9	1.9	(0.5)	(0.3)	4.3
Retail Trade	5.5	4.7	4.9	(1.6)	1.3	11.2
Transportation & Warehousing	1.2	1.3	1.3	0.9	1.2	3.1
Information	0.6	0.5	0.5	(1.8)	(2.2)	1.1
Finance & Insurance	2.5	2.7	2.9	0.8	2.7	7.2
Real Estate & Rental & Lease	1.2	1.3	1.5	0.7	6.7	3.8
Total Services	15.8	15.8	17.0	0.0	3.6	40.8
Professional & Technical Services	1.2	1.1	1.2	(1.0)	2.7	2.8
Management of Co. & Enterprises	0.1	0.2	0.2	4.0	2.8	0.4
Administrative & Waste Services	2.0	1.7	1.7	(1.1)	(1.1)	3.9
Educational Services	0.8	0.7	0.8	(1.6)	4.5	1.8
Health Care & Social Assistance	5.8	6.6	7.0	1.3	2.5	16.8
Arts, Entertainment & Recreation	0.6	0.6	0.7	(0.8)	6.9	1.6
Accommodation & Food Services	2.5	2.4	2.8	(0.5)	9.0	7.0
Other Services, Except Public Admin	2.7	2.5	2.7	(0.7)	4.3	6.5
Total Government	4.8	3.7	4.2	(2.4)	5.9	9.9
Federal Civilian Government	0.4	0.2	0.2	(3.8)	(2.7)	0.5
Federal Military	0.1	0.1	0.1	(0.1)	0.0	0.3
State & Local Government	4.3	3.4	3.8	(2.3)	6.7	9.1
Total U.S.	42.3	40.2	42.5	(0.5)	2.8	100
	173,902	190,777	207,048	1.0	4.2	—
						223,733

Historical Supply & Demand Trends

Year	Avg. Daily Room Count	Available Room Nights	Change	Occu. Room Nights	Change	Occu.	Avg. Rate	Change	RevPAR	Change
2010	45	16,554	-	5,454	-	32.9%	\$ 85.28	-	\$ 28.10	-
2011	534	194,910	1,077.4%	108,554	1,890.4%	55.7	96.34	13.0%	53.66	90.9%
2012	535	195,094	0.1	114,473	5.5	58.7	102.74	6.6	60.28	12.3
2013	536	195,640	0.3	112,517	(1.7)	57.5	107.55	4.7	61.86	2.6
2014	536	195,640	0.0	120,964	7.5	61.8	110.43	2.7	68.28	10.4
2015	532	194,298	(0.7)	114,627	(5.2)	59.0	113.37	2.7	66.88	(2.0)
2016	571	208,285	7.2	120,386	5.0	57.8	111.93	(1.3)	64.69	(3.3)
2017	632	230,797	10.8	130,010	8.0	56.3	115.69	3.4	65.17	0.7
2018	666	243,075	5.3	143,475	10.4	59.0	116.54	0.7	68.79	5.6
2019	687	250,833	3.2	135,384	(5.6)	54.0	118.78	1.9	64.11	(6.8)
2020	846	308,665	23.1	91,098	(32.7)	29.5	110.08	(7.3)	32.49	(49.3)
2021	926	337,809	9.4	155,461	70.7	46.0	132.19	20.1	60.84	87.3
2022	927	338,355	0.2	195,951	26.0	57.9	144.41	9.2	83.63	37.5

Year-to-Date Through May

2020	765	115,515	-	33,359	-	28.9%	\$ 108.63	-	\$ 31.37	-
2021	925	139,675	20.9%	50,845	52.4 %	36.4	121.56	11.9%	44.25	41.1%
2022	927	139,977	0.2	73,416	44.4	52.4	138.54	14.0	72.66	64.2
2023	927	139,977	0.0	80,610	9.8	57.6	147.55	6.5	84.97	16.9

Average Annual Compounded Change

2010-2019	35.3 %	42.9 %	3.8 %	9.6 %
2010-2022	28.6	34.8	4.5	9.5

Hotels Included in Sample	Class	Competitive Status	# of Rooms	Month/Year Opened
Hotel Balckhawk, Autograph Collection	Upper Upscale	Primary	130	03/2013
DoubleTree by Hilton Davenport	Upscale	Secondary	223	10/2021
Ascend Collection Riverview Inn & Suites	Upscale	Secondary	84	06/2018
Country Inn & Suites Rock Falls	Upper Midscale	Secondary	80	11/1999
Holiday Inn Express & Suites Rock Falls	Upper Midscale	Secondary	68	05/2016
The Current Iowa, Autograph Collection	Upper Upscale	Primary	78	07/2017
Tapestry Collection by Hilton The Axis Hotel Moline	Upper Upscale	Secondary	104	10/2019
Embassy Suites by Hilton Rockford Riverfront	Upper Upscale	Primary	160	07/2020

Major Employers

Rank	Employer	2022
1	CGH Medical Center	1,750
2	Wahl Clipper Corporation	1,100
3	Walmart DC	1,000
4	HALO Branded Solutions	650
5	Sterling Public Schools	350
6	Sterling Steel	250
7	P&P Industries	150
8	Astec Mobile Screens	125
9	Menk USA	100
10	Micron Industries	100

Forecast of Occupancy & Average Rate

Year	Occupancy	Avg. Rate Before Discount
2026/27	69%	\$184.97
2027/28	72	190.52
2028/29	73	196.24

* Specific occupancy & average rate data was utilized in our analysis, but is presented in ranges in the above table for the purpose of confidentiality.

Primary Competitors— Operating Performance

	Est. Segmentation			Estimated 2021			Estimated 2022			Yield Penetration				
	# of Rooms	Commercial	Leisure	Group	Weighted Annual Room Count	Occupancy	Avg Rate	RevPAR	Weighted Annual Room Count		Occupancy	Avg Rate	RevPAR	Occupancy Penetration
Property														
Embassy Suites by Hilton Rockford Riverfront	160	45%	20%	35%	160	50-55%	\$150-160	\$80-85	160	70-75%	\$160-170	\$115-120	120-130%	130-140%
Hotel Blackhawk an Autograph Collection Hotel	130	50%	20%	30%	130	50-55%	150-160	80-85	130	55-60	160-170	95-100	100-110	110-120
Current Iowa Autograph Collection	78	55%	25%	20%	78	55-60	150-160	90-95	78	60-65	160-170	100-105	110-120	120-130
Sub-Totals/Averages	368	49%	21%	30%	368	55.4%	\$ 151.81	\$84.18	368	65.8%	\$ 164.72	\$ 108	112%	125.3%
Secondary Competitors	559	56%	28%	16%	419	39.7%	\$ 114.20	\$ 45.34	419	52.7%	\$ 127.74	\$ 67	90%	77.8%
Totals/Averages	927	52%	24%	23%	787	47.1%	\$ 134.91	\$63.50	787	58.9%	\$ 147.08	\$ 87	100%	100%

* Specific occupancy & average rate data was utilized in our analysis, but is presented in ranges in the above table for the purpose of confidentiality.

Secondary Competitors— Operating Performance

	Est. Segmentation			Estimated 2021			Estimated 2022						
	# of Rooms	Commercial	Leisure	Group	Total Competitive Level	Weighted Annual Room Count	Occupancy	Avg Rate	RevPAR	Weighted Annual Room Count	Occupancy	Avg Rate	RevPAR
Property													
Ascend Collection Riverview Inn & Suites	84	55%	35%	10%	75%	63	35-40%	\$105-110	\$ 40-45	63	40-50%	\$110-115	\$ 55-60
Holiday Inn Express & Suites Rock Falls	68	65	25	10	75	51	75-80	130-140	105-110	51	75-80	150-160	115-120
Country Inn & Suites By Radisson Rock Falls	80	60	30	10	75	60	50-55	100-105	55-60	60	60-65	105-110	70-75
Axis Moline Motel, Tapestry Collection by Hilton	104	55	35	10	75	78	40-45	125-130	50-55	78	60-65	130-140	85-90
Double Tree by Hilton Davenport	223	55	20	30	75	167	20-25	95-100	20-25	167	35-40	120-125	45-50
Totals/Averages	559	56%	28%	16%	75%	419	39.7%	\$ 114.20	\$ 45.34	419	52.7%	\$ 127.74	\$ 67.34

* Departmental expenses are expressed as a percentage of departmental revenues.

Detailed Forecast of Income & Expense

	2026/27 Begins June				2027/28			
Number of Rooms:	75				75			
Occupancy:	69%				72%			
Average Rate:	\$183.12				\$188.62			
RevPAR:	\$126.35				\$135.80			
Days Open:	365				365			
Occupied Rooms:	18,889	%Gross	PAR	POR	19,710	%Gross	PAR	POR
OPERATING REVENUE								
Rooms	\$3,459	65.6	\$46,120	\$183.12	\$3,718	63.9	\$49,573	\$188.64
Event Center	1,019	19.3	13,580	53.92	1,274	21.9	16,986	64.64
Restaurant	686	13.0	9,152	36.34	707	12.2	9,427	35.87
Other Operated Departments	90	1.7	1,200	4.77	94	1.6	1,252	4.76
Miscellaneous Income	23	0.4	300	1.19	23	0.4	313	1.19
Total Operating Revenues	5,276	100.0	70,353	279.34	5,816	100.0	77,551	295.10
DEPARTMENTAL EXPENSES *								
Rooms	832	24.0	11,087	44.02	871	12.4	11,612	44.18
Event Center	703	69.1	9,379	37.24	815	64.0	10,871	41.37
Restaurant	515	75.0	6,864	27.26	530	75.0	7,070	26.90
Other Operated Departments	59	65.8	789	3.13	61	65.2	816	3.11
Total Expenses	2,109	40.0	28,120	111.65	2,278	39.2	30,369	115.56
DEPARTMENT INCOME	3,167	60.0	42,233	167.69	3,539	60.8	47,182	179.54
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	403	7.6	5,380	21.36	419	7.2	5,581	21.24
Info & Telecom Systems	42	0.8	566	2.25	44	0.8	587	2.24
Marketing	299	5.7	3,987	15.83	296	5.1	3,948	15.02
Franchise Fee	259	4.9	3,459	13.73	279	4.8	3,718	14.15
Prop. Operations & Maint.	202	3.8	2,690	10.68	214	3.7	2,849	10.84
Utilities	187	3.5	2,492	9.89	194	3.3	2,585	9.84
Total Expenses	1,393	26.3	18,573	73.75	1,445	24.9	19,267	73.32
GROSS OPERATING PROFIT	1,775	33.6	23,660	93.95	2,094	36.0	27,915	106.22
Management Fee	158	3.0	2,111	8.38	174	3.0	2,327	8.85
INCOME BEFORE NON-OPR. INC. & EXP.	1,616	30.6	21,550	85.57	1,919	33.0	25,589	97.37
NON-OPERATING INCOME & EXPENSE								
Property Taxes	182	3.4	2,427	9.64	187	3.2	2,500	9.51
Insurance	86	1.6	1,145	4.55	88	1.5	1,179	4.49
Total Expenses	268	5.0	3,572	14.18	276	4.7	3,679	14.00
EBITDA	1,348	25.6	17,977	71.38	1,643	28.3	21,909	83.37
Reserve for Replacement	106	2.0	1,407	5.59	174	3.0	2,327	8.85
EBITDA LESS RESERVE	\$1,243	23.6	\$16,570	\$65.79	\$1,469	25.3	\$19,583	\$74.52

Stabilized				2029/30				2030/31			
75				75				75			
73%				73%				73%			
\$196.24				\$202.12				\$208.19			
\$143.25				\$147.55				\$151.98			
365				365				365			
19,984	%Gross	PAR	POR	19,984	%Gross	PAR	POR	19,984	%Gross	PAR	POR
\$3,922	62.1	\$52,293	\$196.26	\$4,039	62.1	\$53,853	\$202.11	\$4,160	62.2	\$55,467	\$208.17
1,548	24.5	20,644	77.48	1,587	24.4	21,160	79.41	1,627	24.3	21,689	81.40
728	11.5	9,710	36.44	750	11.5	10,001	37.53	773	11.6	10,301	38.66
97	1.5	1,295	4.86	100	1.5	1,333	5.00	103	1.5	1,373	5.15
24	0.4	324	1.21	25	0.4	333	1.25	26	0.4	343	1.29
6,320	100.0	84,265	316.25	6,501	100.0	86,681	325.32	6,688	100.0	89,174	334.67
902	23.0	12,026	45.13	929	23.0	12,387	46.49	957	23.0	12,758	47.88
901	58.2	12,020	45.11	924	58.2	12,320	46.24	947	58.2	12,628	47.40
546	75.0	7,282	27.33	563	75.0	7,501	28.15	579	75.0	7,726	29.00
63	65.0	842	3.16	65	65.0	867	3.25	67	65.0	893	3.35
2,413	38.2	32,170	120.74	2,481	38.2	33,075	124.13	2,550	38.1	34,006	127.62
3,907	61.8	52,095	195.52	4,020	61.8	53,606	201.19	4,138	61.9	55,168	207.05
433	6.8	5,770	21.66	446	6.9	5,943	22.30	459	6.9	6,121	22.97
46	0.7	607	2.28	47	0.7	626	2.35	48	0.7	644	2.42
292	4.6	3,887	14.59	300	4.6	4,004	15.03	309	4.6	4,124	15.48
294	4.7	3,922	14.72	303	4.7	4,039	15.16	312	4.7	4,160	15.61
228	3.6	3,037	11.40	235	3.6	3,128	11.74	242	3.6	3,222	12.09
200	3.2	2,672	10.03	206	3.2	2,753	10.33	213	3.2	2,835	10.64
1,492	23.6	19,896	74.67	1,537	23.7	20,492	76.91	1,583	23.7	21,106	79.21
2,415	38.2	32,200	120.85	2,484	38.2	33,115	124.28	2,555	38.2	34,062	127.84
190	3.0	2,528	9.49	195	3.0	2,600	9.76	201	3.0	2,675	10.04
2,225	35.2	29,572	111.36	2,289	35.2	30,514	114.52	2,354	35.2	31,387	117.80
193	3.1	2,575	9.66	199	3.1	2,652	9.95	205	3.1	2,732	10.25
91	1.4	1,215	4.56	94	1.4	1,251	4.70	97	1.4	1,289	4.84
284	4.5	3,790	14.22	293	4.5	3,903	14.65	302	4.5	4,020	15.09
1,941	30.7	25,882	97.14	1,996	30.7	26,611	99.87	2,052	30.7	27,366	102.71
253	4.0	3,371	12.65	260	4.0	3,467	13.01	268	4.0	3,567	13.39
\$1,688	26.7	\$22,511	\$84.49	\$1,736	26.7	\$23,144	\$86.86	\$1,785	26.7	\$23,799	\$89.32

Ten-Year Forecast of Income & Expense

	2026/27		2027/28		2028/29		2029/30	
Number of Rooms:	75		75		75		75	
Occupied Rooms:	18,889		19,710		19,984		19,984	
Occupancy:	69%		72%		73%		73%	
Average Rate:	\$183.12		\$188.62		\$196.24		\$202.12	
RevPAR	\$126.35	%Gross	\$135.80	%Gross	\$143.25	%Gross	\$147.55	%Gross
OPERATING REVENUE								
Rooms	\$3,459	65.6	\$3,718	63.9	\$3,922	62.1	\$4,039	62.1
Event Center	1,019	19.3	1,274	21.9	1,548	24.5	1,587	24.4
Restaurant	686	13.0	707	12.2	728	11.5	750	11.5
Other Operated Departments	90	1.7	94	1.6	97	1.5	100	1.5
Miscellaneous Income	23	0.4	23	0.4	24	0.4	25	0.4
Total Operating Revenues	5,276	100.0	5,816	100.0	6,320	100.0	6,501	100.0
DEPARTMENTAL EXPENSES *								
Rooms	832	24.0	871	12.4	902	23.0	929	23.0
Event Center	703	69.1	815	64.0	901	58.2	924	58.2
Restaurant	515	75.0	530	75.0	546	75.0	563	75.0
Other Operated Departments	59	65.8	61	65.2	63	65.0	65	65.0
Total Expenses	2,109	40.0	2,278	39.2	2,413	38.2	2,481	38.2
DEPARTMENT INCOME	3,167	60.0	3,539	60.8	3,907	61.8	4,020	61.8
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	403	7.6	419	7.2	433	6.8	446	6.9
Info & Telecom Systems	42	0.8	44	0.8	46	0.7	47	0.7
Marketing	299	5.7	296	5.1	292	4.6	300	4.6
Franchise Fee	259	4.9	279	4.8	294	4.7	303	4.7
Prop. Operations & Maint.	202	3.8	214	3.7	228	3.6	235	3.6
Utilities	187	3.5	194	3.3	200	3.2	206	3.2
Total Expenses	1,393	26.3	1,445	24.9	1,492	23.6	1,537	23.7
GROSS OPERATING PROFIT	1,775	33.6	2,094	36.0	2,415	38.2	2,484	38.2
Management Fee	158	3.0	174	3.0	190	3.0	195	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	1,616	30.6	1,919	33.0	2,225	35.2	2,289	35.2
NON-OPERATING INCOME & EXPENSE								
Property Taxes	182	3.4	187	3.2	193	3.1	199	3.1
Insurance	86	1.6	88	1.5	91	1.4	94	1.4
Total Expenses	268	5.0	276	4.7	284	4.5	293	4.5
EBITDA	1,348	25.6	1,643	28.3	1,941	30.7	1,996	30.7
Reserve for Replacement	106	2.0	174	3.0	253	4.0	260	4.0
EBITDA LESS RESERVE	\$1,243	23.6	\$1,469	25.3	\$1,688	26.7	\$1,736	26.7

2030/31		2031/32		2032/33		2033/34		2034/35		2036/37	
75		75		75		75		75		75	
19,984		19,984		19,984		19,984		19,984		19,984	
73%		73%		73%		73%		73%		73%	
\$208.19		\$214.43		\$220.87		\$227.49		\$234.32		\$241.35	
\$151.98	%Gross	\$156.54	%Gross	\$161.23	%Gross	\$166.07	%Gross	\$171.05	%Gross	\$176.18	%Gross
\$4,160	62.2	\$4,285	62.3	\$4,414	62.4	\$4,546	62.4	\$4,683	62.5	\$4,823	62.6
1,627	24.3	1,667	24.2	1,709	24.1	1,752	24.1	1,796	24.0	1,840	23.9
773	11.6	796	11.6	820	11.6	844	11.6	870	11.6	896	11.6
103	1.5	106	1.5	109	1.5	113	1.5	116	1.5	119	1.5
26	0.4	27	0.4	27	0.4	28	0.4	29	0.4	30	0.4
6,688	100.0	6,881	100.0	7,079	100.0	7,283	100.0	7,493	100.0	7,708	100.0
957	23.0	986	23.0	1,015	23.0	1,046	23.0	1,077	23.0	1,109	23.0
947	58.2	971	58.2	995	58.2	1,020	58.2	1,045	58.2	1,072	58.2
579	75.0	597	75.0	615	75.0	633	75.0	652	75.0	672	75.0
67	65.0	69	65.0	71	65.0	73	65.0	75	65.0	78	65.0
2,550	38.1	2,622	38.1	2,696	38.1	2,772	38.1	2,850	38.0	2,930	38.0
4,138	61.9	4,259	61.9	4,383	61.9	4,511	61.9	4,643	62.0	4,778	62.0
459	6.9	473	6.9	487	6.9	502	6.9	517	6.9	532	6.9
48	0.7	50	0.7	51	0.7	53	0.7	54	0.7	56	0.7
309	4.6	319	4.6	328	4.6	338	4.6	348	4.6	359	4.7
312	4.7	321	4.7	331	4.7	341	4.7	351	4.7	362	4.7
242	3.6	249	3.6	256	3.6	264	3.6	272	3.6	280	3.6
213	3.2	219	3.2	226	3.2	232	3.2	239	3.2	247	3.2
1,583	23.7	1,630	23.7	1,679	23.7	1,730	23.7	1,782	23.7	1,835	23.8
2,555	38.2	2,628	38.2	2,704	38.2	2,781	38.2	2,861	38.2	2,943	38.2
201	3.0	206	3.0	212	3.0	218	3.0	225	3.0	231	3.0
2,354	35.2	2,422	35.2	2,491	35.2	2,563	35.2	2,637	35.2	2,712	35.2
205	3.1	211	3.1	217	3.1	224	3.1	231	3.1	238	3.1
97	1.4	100	1.4	103	1.4	106	1.5	109	1.5	112	1.5
302	4.5	311	4.5	320	4.5	329	4.6	339	4.6	350	4.6
2,052	30.7	2,111	30.7	2,172	30.7	2,233	30.6	2,297	30.6	2,362	30.6
268	4.0	275	4.0	283	4.0	291	4.0	300	4.0	308	4.0
\$1,785	26.7	\$1,836	26.7	\$1,888	26.7	\$1,942	26.7	\$1,997	26.7	\$2,054	26.6

Occupancy, ADR & RevPAR as a Percentage of 2019 Levels

	2020			2021		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
January	87.5 %	104.01 %	90.986 %	58.9 %	101.82 %	59.961 %
February	96.5	104.67	101.05	57.6	102.09	58.842
March	43.7	98.081	42.880	67.2	101.96	68.562
April	24.6	68.188	16.750	71.3	105.27	75.082
May	37.6	70.235	26.403	85.3	106.90	91.140
June	40.2	75.503	30.362	82.9	111.51	92.391
July	43.1	92.165	39.744	98.1	118.30	116.04
August	56.9	95.895	54.567	82.7	110.66	91.512
September	64.6	92.262	59.628	98.6	111.28	109.70
October	65.4	94.433	61.760	102.6	114.47	117.40
November	56.8	93.996	53.435	102.6	115.51	118.46
December	55.8	95.585	53.384	109.8	117.93	129.47
Annual Averages	54.7 %	92.669 %	50.673 %	85.3 %	111.29 %	94.890 %
Year-to-Date	54.8	93.317	51.153	69.1	104.43	51.153

	2022			2023		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
January	87.60 %	114.12 %	100.02 %	111.0 %	125.1 %	138.9 %
February	94.20	118.07	111.27	108.9	125.0	136.1
March	106.0	118.25	125.34	108.8	127.1	138.3
April	105.3	119.71	126.06	104.8	125.6	131.6
May	101.0	122.10	123.27	113.1	129.8	146.8
June	103.5	126.79	131.23	-	-	-
July	106.6	126.10	134.48	-	-	-
August	100.7	120.80	121.59	-	-	-
September	117.5	121.13	142.28	-	-	-
October	128.5	120.21	154.46	-	-	-
November	116.3	120.60	140.27	-	-	-
December	113.6	123.15	139.93	-	-	-
Annual Averages	107.3 %	121.57 %	130.44 %	-	-	-
Year-to-Date	99.60	119.01	118.48	109.3 %	126.8 %	138.6 %

Seasonality

	2016	2017	2018	2019	2020	2021	2022
<u>High Season - June through October</u>							
Occupancy	63.3%	62.9%	68.3%	60.7%	32.5%	56.3%	67.3%
Average Rate	\$115.15	\$120.72	\$120.46	\$122.45	\$111.99	\$139.02	\$150.75
RevPAR	72.85	76.00	82.25	74.35	36.44	78.22	101.44
<u>Shoulder Season - Feb, Mar, Apr, May, Nov</u>							
Occupancy	57.3%	55.8%	55.5%	52.8%	26.3%	40.6%	55.4%
Average Rate	\$110.24	\$111.61	\$113.94	\$116.94	\$106.31	\$125.21	\$140.18
RevPAR	63.13	62.31	63.28	61.70	27.92	50.79	77.60
<u>Low Season - January, December</u>							
Occupancy	44.7%	40.5%	44.8%	40.8%	29.0%	33.9%	41.0%
Average Rate	\$105.15	\$108.75	\$109.71	\$111.45	\$112.26	\$124.47	\$132.49
RevPAR	47.05	44.10	49.10	45.53	32.59	42.26	54.27

Occupancy by Day of Week (Trailing 12 Months)

Month	Sun	Mon	Tue	Wed	Thur	Fri	Sat	Total Month
06/2022	46.6 %	67.5 %	79.9 %	76.1 %	61.7 %	82.7 %	88.2 %	71.6 %
07/2022	46.3	58.9	70.9	72.0	67.9	78.5	84.9	68.6
08/2022	41.0	64.1	72.1	70.1	66.5	69.5	76.7	66.0
09/2022	40.9	53.1	68.6	69.7	62.3	74.3	82.8	64.8
10/2022	37.3	59.6	71.9	71.4	60.6	74.5	86.2	65.4
11/2022	23.9	48.8	59.4	59.3	48.5	57.7	65.6	52.4
12/2022	27.3	44.4	48.5	43.7	39.8	44.3	55.2	43.6
01/2023	24.7	44.6	58.0	57.8	46.5	49.8	62.5	48.5
02/2023	28.9	51.7	61.6	58.5	51.5	60.0	61.7	53.4
03/2023	33.9	66.3	77.7	68.7	50.7	60.6	68.6	60.8
04/2023	34.7	56.8	74.3	65.6	56.4	65.8	66.3	59.3
05/2023	45.7	59.9	70.1	69.9	57.8	72.0	82.4	65.5
Average	35.9%	56.3%	67.5%	65.6%	55.7%	65.7%	73.4%	60.0%

ADR by Day of Week (Trailing 12 Months)

Month	Sun	Mon	Tue	Wed	Thur	Fri	Sat	Total Month
06/2022	\$ 135.70	\$ 143.52	\$ 149.03	\$ 146.45	\$ 142.25	\$ 162.75	\$ 167.10	\$ 150.83
07/2022	140.86	147.09	145.32	145.98	144.65	175.09	178.70	157.19
08/2022	133.66	138.60	141.79	147.70	139.58	165.91	167.58	148.51
09/2022	133.50	136.81	142.71	144.31	143.35	164.21	170.59	150.48
10/2022	131.60	134.54	137.57	139.19	138.70	158.50	167.92	146.46
11/2022	129.80	127.34	135.86	138.47	130.93	147.61	154.07	139.09
12/2022	125.85	130.09	134.02	136.15	133.87	137.43	148.53	136.62
01/2023	132.48	132.67	137.10	134.43	137.29	148.97	154.16	140.09
02/2023	134.26	132.57	139.73	135.20	134.50	160.47	156.22	142.93
03/2023	131.29	139.19	149.95	142.60	140.66	158.88	166.60	148.36
04/2023	127.82	139.57	146.79	145.37	138.10	160.97	162.74	147.78
05/2023	149.90	140.58	145.88	144.35	150.32	176.09	180.07	155.53
Average	\$ 134.72	\$ 137.38	\$ 142.55	\$ 142.34	\$ 140.03	\$ 161.23	\$ 165.74	\$ 147.78





Marc Geil

Global Director of Culture and Employee Experience

Wahl Clipper

“We live exactly the kinds of lives we want to here.”

Marc Geil is a lifelong resident of Sterling, Illinois, and an actively engaged citizen who consistently lends his business expertise to vital community initiatives.

“Volunteering for a community you love isn't always easy,” he said. “But it is deeply fulfilling.”

“With the exception of having been away for college, I'm a lifelong Sterling resident,” said Geil. “We're blessed to have been afforded amazing opportunities that have allowed us to prosper here. To raise our family. To be surrounded by friends and family. To be deeply involved in the community. When I have a chance to share that with the world, I'm happy to seize it.”

Sterling's economic development is on an upward trajectory, a trend Geil attributes to the assets that enrich his family's daily life.

“Our schools are outstanding, particularly our public school facilities, which rival those of much larger districts in metropolitan areas,” he notes. They are regularly asked to host performing arts and sporting events that gather students and families from across the state. “Our CGH Medical

Center, also under the stewardship of the City of Sterling, is a testament to our community strength. Our parks, managed by the city, offer diverse and top-tier recreational opportunities.”

While Sterling serves as a regional shopping hub, Geil emphasizes that families like his also enjoy exploring neighboring cities in their spare time.

“We frequently go on day trips or short overnight trips to destinations like Rockford, the Quad Cities, Chicago or Madison,” Geil remarks. “It's enjoyable, but returning home always feels good. Part of Sterling's charm lies in its proximity to other places we enjoy.”

Speaking about his involvement with the Sterling Riverfront Commission, Geil underscores his commitment to revitalizing the city's picturesque riverfront.

“The mission to rejuvenate our beautiful riverfront is a cause I passionately support,” he affirms. “I firmly believe that developers who invest here will thrive while contributing to the city's continued growth and prosperity.”



“I value our past and present. I look forward to our future.”

For me, becoming Mayor of Sterling felt like a personal mission I was on all my life. I always find myself trying to talk to anyone who will listen to me about moving to Sterling. I was born and raised in Sterling. I believe in our city and its culture. I believe in our past and our present. And I believe in our future.

I'm proud of the fact that I am a female elected official - the first Hispanic mayor in Sterling's history. I love the diversity on our City Council, on which there are three women and the first openly gay man in our Council's history. We have a lot of age diversity on Council, too. So, our citizens are well-represented here in our government. That is not the case in many places.

I bought my childhood home on the river where I have warm memories of the Mill factory whistle waking me up every morning. If it wasn't that, it was the call of our bald eagles. Being Mayor of Sterling is not a full-time job, but it's a labor of love. It's way more work than I anticipated it to be, but that has actually been a pleasant surprise. I want to work at this, not just sit in a ceremonial position and shake hands and smile at the camera.

I like the language our tourism people use when they say Sterling is in a Rural Renaissance. It's clever and it's honest. We are a rural region, that is for sure. And that is, in large part, exactly what I love about this city. You feel secure here. You know lots of people. You feel like part of a real community. And it's easy to see all our quality of life advantages all around us. Sterling benefits from being a real healthcare and retail shopping hub for our region.

Regionally, our high-profile businesses range from healthcare to schools to Halo to Wahl Clipper to Raynor Garage Doors to VeriFacts to a Walmart Distribution Center and lots more. All of these businesses and all of our citizens are thirsty for the kinds of benefits the Riverfront Reimagined development will bring to our community - and I know all of us will be supportive of the companies who invest in it, be they hoteliers, housing, distillers, brewers, co-working spaces, retail, all of it.

All are welcome here as we continue to enhance the trajectory of our city. Come one, come all. We want everyone to feel at home in Sterling.



Diana Merdian

Mayor
City of Sterling



Mike Wahl

*Vice President Innovation
& Insights*

Wahl Clipper

“Our success has always been rooted here. Our values align closely with Sterling’s values: family, hard work, humility and integrity.”

Wahl Clipper, a global manufacturer of professional grooming products, traces its roots to its founding in 1919 in Sterling, Illinois.

“As a fourth-generation member of our leadership team and one of 70+ family shareholders, I take immense pride in our company’s local legacy,” shared Mike Wahl. “It’s a unique privilege to be able to say that my Great Grandfather was the visionary who invented the hair clipper and founded the company I work for today.”

“After graduating from high school in Sterling, I pursued my undergraduate studies at Notre Dame in South Bend and later my MBA from DePaul in Chicago,” he continued. “I also lived and worked in Germany, Chicago and Southern Wisconsin. But, the pull of this community and the opportunity to contribute to Wahl’s success brought me back home.”

While Wahl Clipper routinely garners interest from M&A suitors, the family remains steadfast in its commitment to Sterling and their preference for independence.

“It’s simple,” explained Wahl. “Our success has always been rooted here. Our values align closely with Sterling’s values: family, hard work,

humility and integrity. Even how we located overseas facilities reflects our preference for Sterling-like communities over larger cities.”

What can investors in Sterling expect?

“We have a diligent and loyal workforce. Our families feel secure. Our schools excel, offering top-notch facilities that offer our next generation the opportunity to learn and grow in a wide variety of ways. Our park district enhances our quality of life and the surrounding farmland and natural beauty is a playground for the outdoors enthusiast,” said Wahl.

Regarding the Riverfront Reimagined development and the benefits of the proposed hotel, multi-family living spaces and diverse amenities, Wahl emphasized its broader impact for the region’s citizens.

“I’d say this; sure, it will be great for our employees and Wahl Clipper. But that is because it will be a boon to the whole Sauk Valley region - for the people of Sterling, Rock Falls, Dixon and all the other people here. And, it’s going to be a boon to those who invest here and bet on Sterling, just like we have.”

“It's not a matter of 'if', it's a matter of how quickly.”

“I was recruited here from San Antonio, Texas. There is literally nothing I regret about our move to Sterling,” said Terry McGuire, Sr VP of Halo HALO Branded Solutions. “We liked Texas, but we love Sterling.”

HALO, founded in Sterling in 1952, has prospered ever since. A leading company in the branded merchandise and employee recognition industry, HALO employs about 2,000 people nationally and draws over 400 from a 20-mile radius of Sterling.

“As we grew, we received offers to relocate our corporate headquarters to other states,” said McGuire. “Our local employees’ quality of life is high. Our Sterling team’s high productivity is a reflection of the overall quality of life they enjoy in the Sterling area. The “Rural Renaissance” people talk about is real and we’re glad to be beneficiaries.”

“Sterling has been a remarkably great place to live and to raise a family,” said McGuire. “It’s friendly and welcoming. It feels like home. The education system positioned our children for success. As a competitive cyclist and active adult, we have a wealth of safe roads and winding single track right out my back door, and nationally-recognized

parks and recreation facilities. The fitness and recreation communities are robust and inclusive.”

“Speaking of recruiting,” said McGuire, “I’ve been recruited to be part of many community efforts over the years and my answer is almost always ‘yes.’ I will admit though, my participation in our Riverfront Reimagined project is both personally and professionally somewhat self-interested. HALO and other area businesses will welcome and support its new hotelier, restaurateurs and other businesses as soon as they open their doors. Sterling is a shopping and recreation hub for northwest Illinois so the Riverfront Reimagined project will draw visitors and commerce from a wide geographic radius, providing an excellent return for those groups willing to invest in Sterling.”

“It’s not a matter of if it will happen,” he said. “It’s a matter of how quickly. I am looking forward, and the community is looking forward, to experiencing the interesting confluence of suits and ties and seed corn hats that will gather in those spaces. That hotel, that brewery, that distillery, those restaurants – will provide a snapshot of what middle America is and can be.”



A man with a beard and short hair, wearing a blue polo shirt, black pants, and a watch, stands in a factory setting with his hands in his pockets. The background shows industrial equipment and a large black trash bin.

Terry McGuire

Senior Vice President
HALO Branded Solutions

A place employees love

**Sterling
is liveable and
affordable!**

74

Low cost of living and only 2 hours from Chicago and Madison, WI

Sterling's 74.3 cost of living index means the total cost of housing, food, child care, transportation, health care, taxes and other necessities is 25.7 percent lower than the U.S. average.



**Your future.
Our Past.
Unlimited Opportunity.**

**Join us! Be a part of Sterling's
Rural Renaissance. Visit
our project website at
riverfrontreimagined.com**





Sterling, IL

Riverfront Reimagined
Development Opportunity

➤ riverfrontreimagined.com