

**HONEYCOMB
CAMPGROUND**

**PROSPECTUS FOR COMMERCIAL OPERATION
GUNTERSVILLE RESERVOIR**

Tennessee Valley Authority
Environmental Stewardship & Policy
Guntersville-Tims Ford Watershed Team
June 2008

I. Introduction

The purpose of this prospectus is to solicit proposals from qualified applicants to develop, operate, and maintain Honeycomb Campground and Day Use Area (Campground) on Gunter'sville Reservoir. The general location is identified on the attached ***Vicinity Map***. The specific area includes approximately 33 acres on Tract No. XGR-765L.

TVA's objective is to obtain the most qualified applicant (the grantee) to provide quality recreation services and facilities. The successful applicant will be selected on the basis of his/her ability to provide quality services at reasonable rates. In addition, TVA will judge proposals on various evaluation criteria, including, but not limited to, the following evaluation criteria:

- A) Experience and qualifications in developing, operating, and managing campgrounds, other commercial recreation or associated facilities.
- B) Capability to perform required services and meet minimum operation and maintenance standards.
- C) Type and quality of service proposed.
- D) Professional qualifications of applicant and staff assigned to the project.
- E) Completeness of the submitted proposal.
- F) Schedule for completion of planned and approved facilities and estimated investment value.

TVA reserves the right to reject any and all proposals and to waive any technical defects in the proposals. TVA will not be obligated to pay any costs incurred by applicants in the preparation of proposals. Proposals that include any false information or misrepresentation will be rejected. Plans and materials submitted with proposals will not be returned unless specifically requested by the applicant.

The focus of this prospectus is to determine if there is potential for improving public camping opportunities. A commercial marina operation will not be considered at this location; however, additional slips for campers may be considered.

II. Instructions for Proposal Submission

Applicants who are interested in operating the Honeycomb Campground and Day Use Area shall submit **five copies** of the following information to TVA. All submissions shall be submitted to the **Guntersville-Tims Ford Watershed Team Office, 3696 Alabama Hwy 69, Guntersville, AL 35976**, on or before **August 1, 2008**.

1. *Narrative* describing all services and facilities to be provided. Additional services or facilities to be provided should also include a time schedule or completion date and anticipated cost of new development specified in the proposal.
2. *Applicable Business Experience* (use enclosed Proposal Form 1). Include a detailed explanation of experience relating to development, operation, and maintenance of campgrounds and associated facilities and other business or work experience.
3. *Description* of any proposed facility expansions or additional development, including a list of proposed upgrades and the time anticipated for phased completion.
4. *Financial Statements and Viability of Operation* (use enclosed Proposal Form 2).
5. *Business References* (use enclosed Proposal Form 3). In support of those items in 2 above, the names, addresses, and telephone numbers of three business references, not related to the applicant by blood or marriage, should be submitted.
6. *Operating Proposal* (use enclosed Proposal Form 4, if necessary, attach additional pages). Describe how the recreation area will be operated, the type of equipment to be utilized, and how public services will be provided. While not limited to the following list, please supply details regarding the following at a minimum:
 - A) Number of employees, duties, and supervisors.
 - B) Fee collection.
 - C) Security.
 - D) Cleaning, mowing, and maintenance of premises and facilities.
 - E) Storage and maintenance of materials and equipment.
 - F) Reservation system (if proposed).
 - G) Type of temporary resident manager living quarters, if applicable.
 - H) Other revenue-producing operations.
 - I) Long-term campsite rentals (location and proportion).
 - J) Source, amount, and scope of liability insurance.
 - K) Source and type of performance security.
 - L) Operation of day-use area.
 - M) Communication of campground rules to campers and signage.
 - N) Operation of annual lottery drawing.
 - O) Campground Operating Season including date of the mandatory two-week vacancy period.
7. *Statement of Authorization* allowing TVA to investigate, if necessary, the applicant's ability to finance, develop, and operate existing facilities including the authority to run any background checks deemed necessary by TVA (use enclosed Proposal Form 5).
8. *Signature*. Proposals must be signed by an official who is authorized to bind the applicant, and proposals shall remain binding for twelve months after the closing date of this prospectus.

Mailed proposals should be sent by certified or registered mail, return receipt requested.

III. Proposal Information

1. All applicants are advised to read this prospectus carefully and discuss any questions with TVA by calling the Guntersville-Tims Ford Watershed Team at (256) 571-4280.
2. TVA cannot ensure a profitable operation to the successful applicant. Each applicant is encouraged to make his/her own economic appraisal of the opportunity offered by this prospectus.
3. It is the applicant's responsibility to make his/her own assessments of the operational needs in considering a proposal. TVA makes no warranties or representations, express or implied, about the information contained in this prospectus.
4. At least one individual from the firm, corporation, business, partnership, or sole proprietorship shall attend an onsite inspection and tour led by a TVA representative of the leased area in order to qualify to respond to this prospectus. Please call (256) 571-4280 to schedule an appointment.
5. Applicants may wish to designate those portions of their proposals (such as personal financial statements or proprietary data) which they consider personal or confidential. TVA will independently determine whether such material may be exempt from public disclosure under the Freedom of Information Act.
6. The provisions and conditions of this invitation and prospectus may be changed or supplemented by TVA in writing.

IV. Background Information and General Requirements

The Campground utilities services are provided by North Marshall Utility District (water) and Huntsville Utilities (electric). Conceptual drawings for site layouts are located on **Exhibit Map A (TVA File Drawings # 106-57-1 & 2)** and include the following: 140 campsites with water and electricity, 2 bathhouse buildings with supporting septic systems, a dump station for campers, and 2 sections of boat slips.

The successful grantee will also assume maintenance responsibilities of the Day Use Area. The Day Use Area includes a swimming area and beach, a concrete boat ramp with hard surface parking lot and security light, 1 bathhouse building, and picnic areas. The Day Use Area includes universally accessible facilities to meet the Americans with Disabilities Act guidelines.

The grantee will be responsible for all services to the public, including visitor safety, maintenance of grounds and facilities, and ensuring protection of the natural resource values of the site.

The minimum annual operating season will be eight months (April through November). However, applicants are free to extend the season and should indicate a proposed operating season in the operations proposal. The grantee will have the responsibility of opening and closing the campground seasonally and maintaining the premises to standards specified by TVA. A more detailed description of grantee responsibilities is included in the Section V, "Operational Requirements."

Upon TVA's satisfactory review of the proposal, the successful applicant will be granted a 19-year lease for development and operation of a commercial recreation campground and day-use facilities at Honeycomb Campground. Commercial recreation is defined as recreation with facilities that are provided for a fee to the public intending to produce a profit for the owner/operator. The recreation facilities are to be operated and maintained for the benefit and enjoyment of the general public.

V. Operational Requirements

A. Financial

The grantee shall pay TVA annually the greater of (1) a minimum annual fee, or (2) five percent (5%) of gross annual revenues. The minimum annual fee will be determined by an appraisal and may be subject to future escalation. Gross annual revenues shall mean the sum of the gross sales of each and every occupant from all business conducted upon the premises.

Additionally, at the end of December of each calendar year, the grantee will provide TVA a financial summary sheet with the required documentation to support its statement of gross revenue. This documentation must be copies of monthly or quarterly state and local sales and use tax forms submitted to your state government for the specified 12-month period. Once TVA receives this financial summary sheet and the supporting documentation, TVA will invoice the grantee for the amount owed. Grantee has 30 days from the date of the invoice to pay amount.

Income generated from other concessions may constitute a significant percentage of expected annual revenues. The applicant shall describe all supplemental income-producing operations in the proposal.

B. Improvements

The Campground will be leased to the grantee as existing. Construction of additional support facilities, such as control gates, electrical hookups, sewage hookups, camp sites, boat slips, or other improvements, will be the responsibility of the grantee, and any plans with schedules for such improvements must be described in the proposal. All proposed utilities to service individual campsites or new facilities must be placed underground where practical. TVA will work with the grantee to develop the phased completion requirements for all improvements.

The grantee shall ensure the electrical connections, wiring, drainage/septic systems, and plumbing systems meet all testing, certification, and operation as required by the State of Alabama, or other authority having jurisdiction. Copies of inspection certificates shall be submitted to the Guntersville-Tims Ford Watershed Team prior to public opening.

C. Operations

At a minimum, the grantee will be required to operate and maintain all existing facilities in accordance with the schedules and requirements listed in this prospectus, and as later included in an executed lease agreement. All damaged facilities, including those damaged from acts of vandalism and acts of Nature, will be repaired or replaced by the grantee with similar constructed materials in a timely manner.

The grantee or a designated resident manager may reside on the site during the operating period. A mobile home may be used as living quarters for the grantee or resident manager, provided that both the unit type and site location must be approved in advance by TVA. Residence plans should be included in the proposal.

The following specific operational covenants will be included in the lease agreement:

1. All facilities and services operated on the property by the grantee shall be available to all members of the general public without distinction or discrimination, including discrimination because of race, color, religion, sex, national origin, handicap, or age.
2. Grantee shall be responsible for keeping the grounds, public facilities, and abutting shoreline at Honeycomb Campground properly maintained at all times.
3. Grantee may establish user fees for camping, day use, boat access, or other commercial recreation services in accordance with fees charged by the public or private sector for comparable services.
4. Grantee will take all reasonable precautions to prevent and suppress forest fires, and other fires upon and in the vicinity of the leased area. Grantee will be responsible for making necessary arrangements to ensure that fire protection is provided for the leased area.
5. Grantee will be solely responsible for maintaining supervision over the site sufficient to control and secure the area. Grantee will be solely responsible for contacting appropriate local, state, or federal officials to handle law enforcement matters.
6. Grantee will be solely responsible for maintaining the leased area and all improvements thereon in a safe and healthful manner.
7. Grantee will not use or permit the use of mobile homes, campers, boats, or other structures for residences; provided, however, that upon TVA's advance written approval, one such residence may be established for a resident manager, along with appropriate support amenities approved by TVA.
8. Grantee will control all emissions of pollutants that might be discharged directly or indirectly into the atmosphere; into any watercourse, reservoir, lake, river, or other surface or subterranean waters; or into or onto the ground from any part of the leased area or abutting shoreline area, in full compliance with all applicable standards and requirements relating to pollution control of any kind now in effect or hereafter established by or pursuant to federal, state, or local statutes, ordinances, or regulations. All land-disturbing activities on the leased area will be conducted in accordance with the best management practices as defined by Section 208 of the Clean Water Act and implementing regulations to control erosion and sedimentation so as to prevent adverse impact on water quality and related aquatic interests.
9. Grantee shall provide facilities for receiving garbage and refuse from its customers and for disposal in a manner acceptable to TVA.
10. Grantee shall obtain TVA's written permission before constructing new facilities, structurally modifying existing facilities, or making significant operational changes.
11. Grantee shall obtain all such licenses, permits, and approvals as may be required by federal, state, or local statutes, regulations, or ordinances, including approval required under Section 26a of the TVA Act and permits required by the US Army Corps of Engineers.
12. Grantee must submit annually for TVA's approval an Operating Plan and Site Plans detailing how the recreation area will be operated, the type of equipment to be utilized, how public services will be provided, and other operational details.

13. Grantee shall ensure the following terms for length of stay:

- (1) The maximum length of stay for Long Term Stay Sites (LTS) is defined as the annual operating season for the specific campground, which shall not exceed 11.5 months. The LTSs shall constitute no more than fifty percent (50%) of the total campsites on the leased premises. The remaining fifty percent (50%) of the campsites may not be rented for more than twenty-one (21) consecutive days. Upon reaching the maximum length of stay provisions, the camper must vacate the campground for a minimum of fourteen (14) days.

Campsites below the maximum shoreline contour (600 msl) cannot be rented between November 1 and March 31 for more than 21 consecutive days, and such seasonal campsites may not remain unattended for more than 24 hours during such time period. Equipment permitted on campsites will be limited to units designed for camping. No mobile home units are allowed. Grantee will not install or permit the installation of porches, decks, equipment storage sheds, appliances, roofs, or other similar structures at any campsites.

- (2) An annual lottery for maximum length of stay sites may be required to be conducted by the operator. The operator would be required to, at a minimum, place a public notice or advertisement in the local newspaper(s) of the time, date, and location of the lottery drawing in the local papers. The lottery must be advertised in local papers at the expense of the operator.

- (3) Operating Plans and Site Plans must require that at least half of the short-term sites be located in desirable locations (i.e., lakefront).

14. Grantee shall close the campground for a minimum of two (2) weeks annually to provide time for inspections and upgrades. ALL campers, seasonal or transient, and ALL camping equipment shall be removed from the campground in advance and for the duration of those two weeks. The grantee shall contact TVA on the first day of the campground closure. TVA, at its option, may do a compliance check at that time.

15. Grantee shall be responsible for all utilities and any deposits to establish new accounts for the picnic area/campground, including campsites hookups (if used), security lights, bathhouse buildings, well and sewage pumps, water, electricity, and telephone service on the premises, and any additional utilities which may be needed.

16. Grantee shall be responsible for maintaining safe vehicular and pedestrian access on the premises at all times.

17. Maintenance and repair of water distribution (beyond meter centers) and sewer collection systems on the site will be the sole responsibility of Grantee.

18. Grantee will be responsible for right-of-way maintenance (limbs & trees) from the primary electric meter through out the campground for the over head electrical service.

19. Without limiting any obligations or liabilities under the lease agreement, Grantee shall, at its own expense, provide and maintain in effect throughout the term of the lease agreement, Commercial General Liability insurance, occurrence form, with bodily injury and property damage combined single limits of at least \$1,000,000 per

occurrence. The policy or policies of insurance shall be written by an insurance company or companies which shall be rated A or better by A.M. Best Company and are licensed to do business in Alabama or are an accepted surplus lines carrier. The insurance carrier or carriers and form of policies shall be subject to TVA's acceptance.

Grantee shall require its insurer(s) to amend its Commercial General Liability and, if applicable, Umbrella or Excess Liability policies to provide that:

- (1) TVA, the U.S., and their directors, officers, agents, and employees are Additional Insureds under this policy; and
- (2) It states that it is primary, noncontributory insurance; and
- (3) It includes an insurer's waiver of rights of subrogation in favor of TVA, the U.S., and their directors, officers, agents, and employees; and
- (4) It contains a cross liability or severability of interest clause; and
- (5) It states the policy may not be canceled, non-renewed, or materially changed by the insurer without giving thirty (30) days prior written notice to TVA (except that notice of cancellation for nonpayment of premium may be ten (10) days).

Prior to beginning operations under the lease agreement, Grantee shall cause its insurers or agents to provide TVA with an annual Certificate of Insurance evidencing the policies and endorsements above. Failure by the grantee to provide and maintain current, valid certificates of insurance throughout the lease agreement shall be material breach of the agreement for which TVA may exercise any rights or remedies it may have under the agreement or by law. If requested by TVA, the grantee shall promptly provide or cause its agents to provide a certified copy of the insurance policy.

Grantee will promptly notify TVA of any accidents on and/or damage to the leased area or the facilities thereon.

20. Grantee shall procure and maintain in effect during the full term of the lease, or term satisfactory to TVA, a performance bond or letter of credit, or deliver an interest-bearing certificate of deposit to TVA for site cleanup and restoration to fully protect TVA's interest in the area. TVA may periodically adjust the amount during the term of the lease for any increase in the costs of cleanup and restoration because of economic growth and other factors. The final amount will be determined during negotiations of the lease.
21. Grantee may not assign, sublease, license, or permit, in whole or in part, any portion of the leased area without first obtaining the written consent of TVA.
22. Grantee will not construct buildings or structures of any nature on any portion of the leased area, except such as are constructed in accordance with plans that have been approved in advance and in writing by TVA.
23. Grantee will be required to obtain prior written TVA approval for any proposed special events on the leased area and to give TVA a 30-day notice of any proposed events.
24. Grantee will be required to provide annual reports to TVA including, but not limited to, proof of liability insurance, annual income reporting, campsite occupancy

documentation, proof of performance bond, self-assessment compliance report, and documentation of annual lottery drawings for campsites.

25. Grantee will be subject to inspection of financials, lease compliance and other documentation of lease compliance, at TVA's discretion, throughout the term of the lease.

TVA reserves the right to place additional covenants and restrictions in the lease agreement to protect TVA's programmatic, statutory, and environmental interests.

VI. Land Use Application

By submitting a proposal, applicant agrees that, upon selection as the successful bidder and written notification of such by TVA, a Land Use Application (LUA) requesting the land rights described in this prospectus will be submitted to TVA. The LUA must be received by TVA within fourteen (14) days from the date of written notification of selection to the successful bidder.

The successful bidder will be responsible for reimbursing TVA for all of its administrative costs associated with reviewing the LUA which will include, among other things, public notification, environmental review, surveys, and preparation of legal documents. In order to process the LUA, an advance payment of Five Thousand Dollars (\$5,000.00) will be required. Any administrative costs in excess of this amount are also the responsibility of the successful bidder. TVA will bill the successful bidder monthly for accumulated administrative costs once those costs exceed the initial application fee. The successful bidder has the option to withdraw the LUA; **however, costs incurred to that date are not refundable.** Processing the LUA will take approximately 4-6 months. Formal approval of the lease will be at the full discretion of the TVA Board of Directors.

APPLICABLE BUSINESS EXPERIENCE

Include a detailed explanation of the applicant's experience relating to operation of campground and associated facilities.

Name of business: _____

Dates: _____

Location: _____

Description: _____

Services provided: _____

Public served: _____

Number of employees: _____

Volume of business: _____

APPLICABLE BUSINESS EXPERIENCE (continued)

Indicate other business or work experience for at least the past 5 years.

Employer: _____

Dates: _____

Location: _____

Job title and description of responsibilities: _____

FINANCIAL STATEMENT

Financial Statement of _____

This financial statement is submitted in connection with a proposal for a lease agreement to operate a campground.

Each applicant must provide the following information.

<u>ASSETS</u>		<u>LIABILITIES</u>	
1. Cash (including savings)	\$ _____	1. Accounts Payable	\$ _____
2. Accounts Receivable	\$ _____	2. Notes Payable	\$ _____
3. Notes Receivable	\$ _____	3. Mortgage	\$ _____
4. Equipment Owned		4. Other Liabilities	
Vehicles	\$ _____	_____	\$ _____
Other	\$ _____	_____	\$ _____
5. Real Property	\$ _____	_____	\$ _____
6. Marketable Investments	\$ _____	_____	\$ _____
7. Other Major Assets		_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
TOTAL ASSETS	\$ _____	TOTAL LIABILITIES	\$ _____
NET WORTH		\$ _____	

The applicant should have cash or readily convertible assets equivalent to at least 25 percent of estimated operating costs. **FINANCIAL STATEMENTS AND PLANS FOR FINANCING ARE SECURED IN CONFIDENCE AND ARE NOT PUBLIC INFORMATION.**

All applicants requesting land to support commercial recreation must provide the following information before TVA will consider or review the request. If you need clarification, please contact the watershed team.

- 1. Financial ability to implement the proposed development.**
 - A complete credit application with favorable credit review. Use **Attachment A, "Credit Evaluation Guidelines."** If applicant is a corporation, the legal name, address, and state of incorporation should be provided.
- 2. Documentation from local and state governments that potential infrastructure issues have been addressed.**
 - Letters from utilities authorities (water, sewer, and power) that systems and capacities can support projected use/demand. This may involve concurrence from multiple counties and authorities.
- 3. Financial feasibility study and/or market study to demonstrate the economic viability of the commercial recreation development.**
 - Five-year Business Plan projecting cash flows, revenues, and operating costs with investment capital. Business Plan should include "Market Study" reflecting occupancy rates at existing campgrounds, marinas, and/or resorts and projected occupancy rates for proposed development through for first five-years. See **Attachment B, Guidelines for Business Plan Information** and follow items in link www.businessplans.org/guide.html.
- 4. General concept plan and scope of land impact.**
 - Provide conceptual site plan and drawing(s), including the expected impact to the land.
- 5. The applicant must complete and provide special studies, if deemed applicable by TVA. Examples might include: threatened and endangered species report, cultural resources surveys, wetlands reviews, Section 401 certification, navigation assessments, recreational boating density studies, etc.**

Attachment A

Credit Evaluation Guidelines

Initial Credit Evaluation

Each party will be subject to a complete credit evaluation in order for TVA to determine creditworthiness. In completing the initial credit evaluation, TVA will consider many factors including, but not limited to:

- 1) Financial Statements:
 - a) Audited financial statements for the last three (3) preceding fiscal years that include balance sheets, income statements, statements of cash flows, and notes to the financial statements.
 - b) Interim financial statements for the most recent fiscal quarter.
 - c) If publicly traded:
 - i) Annual report on Form 10-K for the last three (3) preceding fiscal years
 - ii) Form 10-Q for the most recent fiscal period.
- 2) Rating Agency Reports (S&P, Moody's, and Fitch), if available.
- 3) Bank Information (name, address, phone number and officer contact).
- 4) Credit References (from three (3) sources that include name, address, phone number and contact).
- 5) Legal name and the state of incorporation.
- 6) Shareholder ownership schedule (if applicable).
- 7) Company brochure.
- 8) Complete disclosure of any material litigation, commitments or contingencies, etc.

Attachment B

Guidelines for Business Plan Information

Cover Sheet

Executive Summary of Proposal

Table of Contents

Company Analysis

- Name, History, Legal Structure, Product/Service Description
- Organization Plan: Owner/Shareholder Information, Location/Facilities, Scope/Size of Business, Impact to Local Economy
- Operational Plan: Employees, Management
- Plans for Growth, Exit Strategy

Marketing Analysis

- Industry Description, Overall Market Discussion and Study, Competition Analysis
- Target Market, SWOT Analysis, Pricing, Promotional Techniques, Supply Chain & Agreements with Suppliers, Projected Sales, Current and Potential Customers List

Financial Analysis

- Startup Costs, Financing of Costs, Accounting System, Loan Applications, Inventory System, Break Even Analysis, Financial Ratios, Assets, Growth Projections
- Income Statement (5 Years)
- Balance Sheet (5 Years)
- Annual Cash Flow Projections/Budget (5 Years, Year 1 by month)

Supporting Documents

- Agreements/Contracts, Resumes, Licenses, Quotes, Maps, Tax Returns

BUSINESS REFERENCES

Please list three references who can confirm the information provided on Proposal Form 1.

1. Name _____

Address _____

Telephone _____

2. Name _____

Address _____

Telephone _____

3. Name _____

Address _____

Telephone _____

OPERATING PROPOSAL

Describe how the recreation area will be operated, the type of equipment to be utilized, and how public services will be provided.

a. Number of employees, duties, and supervision:

b. Fee collections:

c. Security:

d. Cleaning, mowing, and maintenance of facilities and premises:

OPERATING PROPOSAL (continued)

e. Storage and maintenance of material and equipment:

f. Reservation system:

g. Type and location of temporary residence:

h. Other revenue-producing operations:

i. Seasonal campsite rentals:

j. Source and estimated annual cost of liability insurance:

OPERATING PROPOSAL (continued)

k. Source and type of performance guarantee:

l. Operation of the day-use area:

m. Communication of camping rules:

n. Operation of annual lottery system:

o. Date of the mandatory two-week vacancy period:

(Reproduce or use additional sheets as necessary.)

AUTHORIZATION TO INVESTIGATE
(Each applicant must complete this authorization)

I hereby authorize TVA to investigate, if necessary, my ability to finance, develop, and operate the facilities, including the authority to run any background checks deemed necessary by TVA

Signature of Applicant

Social Security # _____

Date _____

Please Type or Print Information:

Name: _____

Street Address: _____

City, State, Zip: _____

Telephone Number: _____