



HONEY CREEK RESORT  
STATE PARK

ON RATHBUN LAKE

FEBRUARY 3, 2009

CONSTRUCTION AND OPERATIONS SUMMARY FOR HONEY CREEK RESORT STATE PARK

On the shores of Rathbun Lake, Honey Creek Resort State Park opened its doors in late September as the first "destination" park in Iowa's state park system. The 850-acre park features a great lodge/hotel, conference center, restaurant, indoor water park and 18-hole golf course.

A destination state park focuses on the outdoor experience as the center point of a visitor's stay. The DNR's goal is for Honey Creek Resort to be the first choice in Iowa for families and groups, with staff and amenities that provide the perfect venue for visitors to experience Iowa's natural resources.

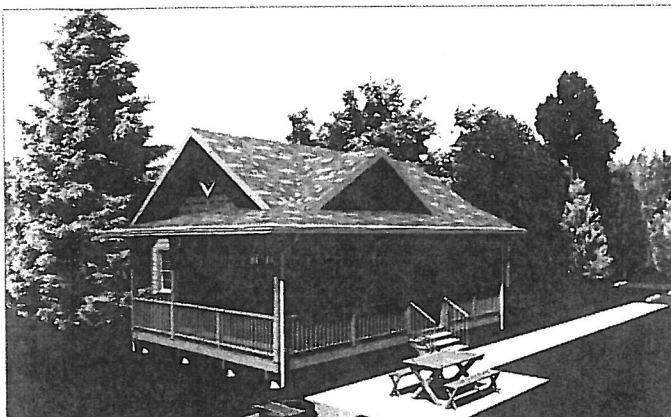
CONSTRUCTION SUMMARY/WHAT'S NEW IN 2009

Construction costs for the lodge facility are \$20 million, with final completion this spring of outdoor landscaping, concrete and other finish work.

Cabins, with a construction budget of \$5.4 million, are rapidly being built and will open this spring. The \$8 million legislative appropriation from 2008 covers cabin construction, cabin furniture and fittings, and cabin landscaping and outdoor amenities.

Opening in 2009:

- 28 cabins, ranging from one- to four-bedrooms with fireplaces, kitchens and decks
- 18 holes of the golf course (9 holes were closed in '08 due to floods)
- Boat ramp and 40-slip boat dock
- Multi-purpose trail system
- Picnic shelter with seating for 250
- RV campground
- Natural playground for children



## OPERATIONS SUMMARY

Honey Creek Resort State Park is managed by Central Group Companies from St. Cloud, Minn. Prior to opening, the DNR established a reserve to help meet any operational challenges for the first year. This operating reserve is \$500,000, with an additional \$700,000 set aside for contingencies. In its first four months, the management company only needed \$71,000 from this reserve.

The DNR and Central Group Co. projected an overall net loss in operations to date, and actual net losses are about 10 percent higher than projections. A full year of budget information will be necessary for a complete analysis of operations and revenue trends.

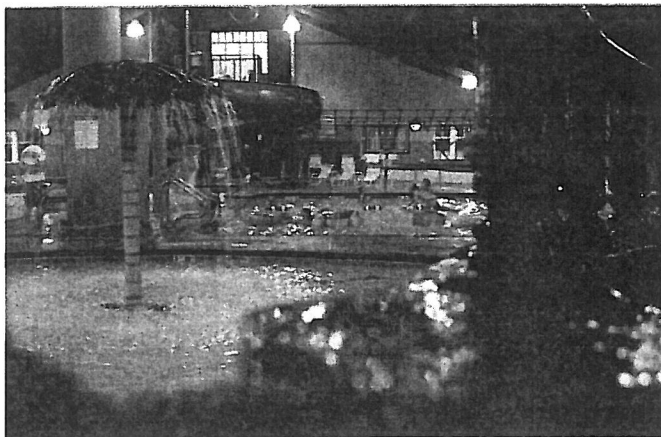
### Occupancy

Average occupancy rates at the resort for the first three months (Oct. - Dec. 2008) were 31%, which was lower than projected, but higher than the 25.2% occupancy among peer resorts in the region one year prior.\* The resort saw 80% occupancy in the last six days of December, and January is projected to have 35% occupancy. Every Saturday in February is 100 percent booked, and 19 group events are planned through May.

Central Group will continue to market through radio and television advertising, the web site and special promotions, with expectations that spring and summer occupancy levels will grow considerably as more resort amenities open. Already, at least 56 group events are planned for July-August, with resort occupancy at 30% just from these events. The cabins are quickly booking on-line and the management company anticipates a busy summer.

### Restaurant Operations

Restaurant business has exceeded expectations, with 25,000 covers in Oct. - Dec. Central Group is working to balance its food costs to maximize revenues. The resort continues to focus on customer service to ensure quality experiences for visitors.



### Special Events

The resort management company is successfully marketing for special events and professional meetings. Weddings are booked for nearly every weekend between May and October. Numerous professional organizations are locating their meetings at the resort. At the golf course, eight tournaments are planned for 2009, with tentative plans set for 12 additional golf outings/tournaments.

For more information: [www.honeycreekresort.com](http://www.honeycreekresort.com)

## HONEY CREEK RESORT BUDGET OPERATING RESERVE

February 1 to June 30, 2009

	Planned Expenditure	Actual Expenditure	Balance
Beginning			\$500,000
February '09	\$100,000	\$71,000	\$429,000
March - 09	\$100,000	n/a	\$329,000
April - 09	\$100,000	n/a	\$229,000
May - 09	\$100,000	n/a	\$129,000
June - 09	---	n/a	\$129,000
<b>TOTAL</b>	<b>\$400,000</b>	<b>\$71,000</b>	

Operating Reserve budget submitted to Bond Authority June 2008.

