

REQUEST FOR PROPOSAL
PROJECT FEASIBILITY STUDY REVIEW
FOR THE CITY OF LAWRENCE, KANSAS
14 | DECEMBER | 2007

We put the
Knowledge in
Your hands.
Run with it.

Real Estate **RESEARCH**
CONSULTANTS

December 14, 2007

City of Lawrence
City Clerk's Office
6 East 6th
P.O. Box 708
Lawrence, KS 66044

Real Estate Research Consultants, Inc. (RERC) is pleased to submit this proposal to provide consulting services to the City of Lawrence, Kansas. It is expressly understood that your immediate needs require an objective, focused review of a planned mixed use project on a site totaling .746 acres proposed for the community. As we understand the concept, it could include a 74 room hotel, 11,000 square feet of retail space, a parking garage and two floors of condominium or extended stay units.

Although the precise nature of our services may evolve as your requirements are discussed, we envision a role for our team that identifies specific issues associated with the project as presented to the City. As in other cities we have assisted, it is expected that this project would benefit from the legal structure associated with a specifically designated Tax Increment Financing (TIF) area. In this case, both sales tax and property tax generated by the project would be available to support revenue bonds that could be issued to fund infrastructure improvements. Your RFP indicates that the focus of this effort will be a focused, but quick review of major assumptions used by the project's developer to estimate taxable revenue available to fund these bonds.

As you have asked for in your Request for Proposal (RFP), we are outlining our strategy to complete the requested work. Over the next several pages we describe our firm's prior experience, services, and timetable for the immediately required work. Further information about the firm, its experience, and professional staff is also provided.

Our firm and individuals involved in this effort have pledged the needed resources and staff to assure the client the issues raised are properly investigated and resolved. Because we have provided similar services to many other units of federal, state and local government, we have achieved a special level of understanding about the particular circumstances in which you and the planned district would operate. That knowledge is reflected in outcomes and the many articles and papers we have drafted on related subjects.

As you will see from the material we are providing, the firm has been involved in issuing a substantial amount of bond debt, most of it secured through a pledge of sales tax, property tax increment or other specifically designated funding sources. In each case, it was incumbent we understand not only the present context in which the financial issues were being analyzed, it was also important to understand the long term viability of the

related revenue streams. Most of the assignments described demonstrate a particular understanding of the interactions between the public and private sector.

Although the scale may be different, the firm's recent work with the Unified Government of Wyandotte County/Kansas City, Kansas for the Village West project is an excellent example of the type of service we can provide. This project also includes multiple land uses and incorporates several layers of debt and funding. In July 2005, our retail sales tax projections and resulting report(s) were used as part of a \$174,025,000 bond issue completed. Our report was a significant part of the offering memorandum. Even though material work and documentation had been submitted prior to our involvement in Village West, our participation demonstrated the project's viability as *disinterested third parties*, a role more difficult if the firm had also been involved in the project's planning. In effect, we provided *independent* scrutiny for a very complex transaction. These bonds were actually oversubscribed by a factor of five, indicating the strong level of interest from the investment community and the comfort placed in the supporting project documentation.

We have also conducted a similar assignment in Wheeling, West Virginia. Approximately \$150,000,000 in bonds was issued to support infrastructure improvements within that tax district. The bonds were in two separate issues which closed in May of 2006 and April of 2007. That project, to be called The Highlands, encompasses a 2,500,000 square foot retail and commercial area that includes the following components:

- Cabela's (opened August 2004)
- Power Center, which could include a Home Depot, Wal-Mart, Target, Kohl's, PetCo, TJ Maxx and JC Penney's
- Lifestyle Town Center
- Hotels (Marriott Residence Inn and Hilton Garden Inn)
- Restaurants

Because of its nearby location, we assume you may be also familiar with our work in downtown Manhattan, Kansas. Here, our analysis considered a variety of revenues including sales tax, property tax and special assessments that will support a major retail complex in the downtown area. This is an ongoing project. The City expects the bond issue to close in the first quarter of 2008.

Previous public offerings of the kind or scale you envision have been completed or are pending elsewhere, all dependent upon our functioning role as third party advisors. For example, a second project initiated by the developers of Village West is expected to close in Sparks, Nevada in the first quarter of 2008. In Florida, our work has included comparable work involving both public and private interests associated with retail, office, hotel, and residential components. Among the most similar of these is Orlando's Millennia Mall, one of the largest high fashion retail centers in this region.

As a firm, RERC's primary mission is *independent* guidance and counseling on complex strategic matters involving acquisition, use, and disposition of substantial real estate holdings by government, business and individuals. By our estimates, this firm has been involved in more than 300 studies related to the planning, development and

implementation of retail, tourism and entertainment programs or projects over a period that spans over 20 years. Among others, our clients have included both Universal Studios and Walt Disney World.

It is an important characteristic of RERC's practice that a large share of our clients are drawn from institutional settings and the public sector which require a special ability to balance diverse perspectives on real estate matters. As we reflect on the sum of our work, most of it comes from ongoing relationships with clients sharing an interest in the issues outlined in your RFP. We are pleased that our clients continue to seek our counsel but we are particularly gratified that these clients acknowledge our ability to balance the interests of both the public and private real estate industries in achieving solutions.

Sincerely,



Owen M. Beitsch, PhD, AICP, CRE
Executive Vice President



David R. Darsey
Vice President

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A. ASSIGNED PERSONNEL AND RESUMES

At this time we envision the following professional staff will be assigned to this assignment:

Staff	Title	Role
William Owen	President and CEO	Quality Control
Owen Beitsch	Executive Vice President	Principal in Charge
David Darsey	Vice President	Project Manager
Todd DeLong	Associate	Bond Analysis and Projections
Morgan Braine	Associate	Bond Analysis and Projections

David Darsey will be the lead contact for this assignment. Owen Beitsch would be a secondary contact.

All applicable staff resumes are included in this section.

Professional Resumes



William H. Owen, CRE
President & CEO

William H. Owen, President of Real Estate Research Consultants Inc., has more than thirty-five years of varied experience as a real estate financial analyst and development consultant, and his project experience has ranged throughout the United States. Mr. Owen has been involved in hundreds of research assignments for domestic and international clients in the private, public, and institutional sectors. Mr. Owen has managed the research, analysis and evaluation of office, industrial, retail, mixed use, residential, and hotel projects. He has directed several market analyses for professional sports teams and their facilities, as well as market studies for small, mid-size and large convention/exhibit centers. Mr. Owen was involved in the preparation of master plans for downtown areas of Tampa, Orlando, and Jacksonville, Florida. He has participated in master planning several premier real estate developments throughout Florida and directed the preparation of strategic plans for economic development. Mr. Owen founded Real Estate Research Consultants, Inc. in 1986, and now manages a staff of fifteen professionals.

Mr. Owen's capabilities in the areas of real estate advisory services, public planning, litigation support, and economic analysis include:

- Analysis of market support and competitive positioning for real estate ventures
- Strategic planning for large scale mixed-use developments
- Project concept development and site analysis
- Highest and best use of real estate properties
- Public/private financing plans for redevelopment and revitalization projects
- Market and economic feasibility of major public facilities

Through Real Estate Research Consultants, Inc., Mr. Owen has provided regular real estate market monitoring and counseling services to major banks, pension funds, and commercial brokerages throughout Central Florida. He is a well-known and popular speaker on subjects of real estate development trends, economic impact, and economic development planning. He is also an occasional writer for several real estate industry publications. Mr. Owen attended Georgia Tech and Emory University Business School. In 1988, he was awarded the prestigious Counselor of Real Estate (CRE) designation, which honors the top 1,000 real estate professionals world-wide. His community involvement is typified by his Silver Beaver Award from the Boy Scouts of America and his commitment to alleviating the tragedy of homelessness.



Owen M. Beitsch, PhD, AICP, CRE
Executive Vice President

Owen M. Beitsch, Executive Vice President with Real Estate Research Consultants, Inc., has been active in the management and execution of complex studies for public and private clients since 1983. His background includes public planning and finance as well as real estate development. In addition to some 3,500 multi-family units financed and developed during his tenure at the Tennessee Housing Development Agency, he has coordinated public sector participation in urban mixed-use projects in Ft. Lauderdale, FL, Providence, RI, Orlando, FL and Kansas City, MO. These latter projects include residential, entertainment office, hotel and retail elements and represent investments in excess of \$100 million.

His interest in special issues confronting downtown and other urban areas is demonstrated by his civic as well as his business activities. He has held an active leadership role in the Tampa Downtown Partnership and he is a founding member of the Orlando Neighborhood Improvement Corporation where he served as Chairman for four years. He is now a member of the Orlando Housing Authority Board of Commissioners.

Prior to joining Real Estate Research Consultants, he had been a principal in Laventhol & Horwath's (L&H) Real Estate Advisory Services Group. L&H was then the eighth largest of the nation's major accounting firms. From 1976 through 1981 he was the Chief of Planning and Market Research for the Tennessee Housing Development Agency (THDA), one of the largest and oldest housing finance agencies in the United States.

The selected assignments and/or studies listed below speak to his varied experience.

POLICY OR REDEVELOPMENT PLANNING

- Naval Training Center (Orlando, FL); closure and negotiations
- Inclusionary Housing (Miami, FL); ordinance reviews
- Inclusionary Housing (Miami, FL); ordinance and program reviews
- Impact Fee Study (Lake County, FL); evaluation of fiscal benefits occurring from impact fees
- State of Florida Office Protocol (State of Florida); policy document establishing procedures and provides for the acquiring of office space
- Orange County Economic Element (Orlando, FL); policy document addressing area's economic future
- High Speed Rail (Orlando, FL); strategic real estate analysis
- Orlando Sports District (Orlando, FL); strategy for developing a master plan focused on Orlando's Citrus Bowl

- West Palm Beach Airport (West Palm Beach, FL); development strategy for airport authority acquisition area
- Impact Fee Study (Tampa, FL); position study on proposed fee ordinance
- Universal Studios (Orlando, FL) tax increment analysis for proposed district
- Westshore Comprehensive Plan (Tampa, FL); development strategy for suburban commercial district
- Republic Drive/Commercial CRA (Orlando, FL); Implementation of redevelopment plan
- Gulf Shores Tourist District (Gulf Shores, AL); tourism development strategy
- Orange County Housing Authority (Orlando, FL); housing relocation and redevelopment plan
- Japanese National Railroad (Orlando, FL); high-speed rail corridor study
- Downtown Development Board (Orlando, FL); study for tax increment district

MEETING AND OTHER PUBLIC ASSEMBLY FACILITIES

- Orange County Convention and Civic Center (Orlando, FL); market and financial analysis
- Ocean Center (Daytona Beach, FL); market and financial analysis
- Rhode Island Convention Center (Providence, RI); market, financial and economic analysis; developer negotiations
- Broward County Convention Center (Ft. Lauderdale, FL); market, financial and economic analysis; developer negotiations
- Municipal Civic Center (Steamboat Springs, CO); market, financial and economic analysis
- Washington State Convention Center (Seattle, WA); delegate expenditure survey

COMMERCIAL

- Orlando Central Park (Orlando, FL); strategic plan
- Lockheed-Martin (Orlando, FL); strategic plan
- Universal Studios (Orlando, FL); valuation for interchange financing
- Orlando International Airport (Orlando, FL); feasibility analysis for industrial facility

RECREATIONAL OR SPECIAL USE

- New England Aquarium (Boston, MA); market and financial analysis for proposed expansion
- Tampa Port Authority (Tampa, FL); leasehold negotiations with proposed Florida Aquarium
- Disney Development (Orlando, FL); concept plan for eyeing recreational facilities
- Audubon Society (Yeehaw Junction, FL); market analysis for proposed wildlife sanctuary
- Edison Home (Ft. Myers, FL); concept plan for historical landmark and museum
- Ponce Inlet Marina (Ponce Inlet, FL); market, economic and financial analysis
- Grand Cypress Resort (Orlando, FL); market and financial analysis for equestrian facilities
- Planned Raceway (Kissimmee, FL); market and financial analysis for proposed thoroughbred track

HOUSING

- Orlando Utilities Commission (Orlando, FL); financial analysis for proposed apartments
- Celebration (Kissimmee, FL); market and financial analysis for Disney planned resort housing
- Magnolia Ranch (Kissimmee, FL); market and financial analysis for Disney planned primary community
- Perdido Bay (Pensacola, FL); market analysis for existing resort community

SELECTED PUBLICATIONS AND PAPERS

- "A Warm Welcome for Meetings", Orbus, September, 1986
- Market Profiles, Urban Land Institute, (Washington, D.C.), 1987
- Market Profiles, Urban Land Institute, (Washington, D.C.), 1988
- The Increasing Costs of Hazardous Waste, paper delivered November, 1989
- "Aquarium Revenue Support New Development", Urban Land, February, 1991
- "Funding Infrastructure, An Overview", Real Estate Finance, Winter, 1992.
- "Market Analysis and the Application of Theoretical Models to Contemporary Research Problems", McGraw Hill Real Estate Development Handbook (Los Angeles, CA) 1993.
- "An Introduction to the Concept of Sports Facilities as Tools for Economic Activity", Real Estate Issues, April, 1997
- Voices Speaking Loudly: Public Participation and Accountability in Special Purpose Governments, University of Central Florida, (Orlando, FL), 2006

ACTIVE MEMBERSHIPS OR LICENSES

- American Planning Association, (President, Orlando Section)
- American Institute of Certified Planners, (AICP designation)
- American Society of Real Estate Counselors, (CRE designation)
- Orlando Neighborhood Improvement Corporation, (Chairman of the Board)
- Florida Real Estate License
- Editorial Board, Real Estate Issues
- Xentury City Community Development Corporation (Assistant Chairman)
- Orlando Housing Authority (Commissioner)

OTHER

- Affordable Housing Work Group, Florida Chapter of the American Planning Association
- Technical Advisor, Palm Beach Economic Council Housing Task Force
- Mayor's Housing Advisory Panel, City of Orlando
- Adjunct Faculty, University of Central Florida, 1990-2006

Specializing in Urban Affairs, Owen received his PhD from the University of Central Florida where he continues as a research associate and adjunct faculty. Owen earned his Masters Degree in Urban and Regional Planning from Florida State University following graduation from Vanderbilt and the University of Florida. Special district governments and similarly created bodies and organizations are among his principal research interests.



David R. Darsey
Vice President

David R. Darsey's background includes 25 years of experience in real estate consulting and development experience with a wide variety of real estate projects. His involvement with consulting and development has included assignments in the fields of real estate market and financial analysis for a diverse group of clients.

Mr. Darsey's area of specialization includes the following:

- Project concept development and site analysis
- Market analysis and competitive project evaluation
- Sales and property tax analysis to support publicly issued revenue bonds
- Evaluation of prospective financial operation
- Analysis of economic and fiscal benefits
- Identification of funding alternatives

Mr. Darsey has been actively involved with real estate engagements throughout the United States. The following is a sample of some of the assignments he has worked on as a project manager.

Public-Private Partnerships – Revenue Bonds

- City of Louisville, Kentucky – Proposed mixed use project with 300,000 square foot of office, 188 condos, 262 hotel rooms, and 35,000 square feet of retail. Analyzed pending bond issue financed by sales tax, property tax, and corporate and individual income tax from on-site employees and companies.
- City of Sparks, Nevada – Proposed 1,400,000 square foot Legends at Sparks Marina retail project involving a \$150,000,000 bond issue. On-going project.
- City of Manhattan, Kansas – Proposed 300,000 square feet of retail and restaurants, two hotels, conference center, assisted living facility and rental apartments. Approximately \$50,000,000 in initial bonds to be issued by late 2007.
- Ohio County Development Authority, Wheeling, West Virginia – Proposed 2,500,000 square foot retail complex, involving a \$99,000,000 bond issue. The bonds were issued and sold in May 2006. Updated analysis resulted in additional bond issue of \$51,580,000 in April 2007.
- Unified Government of Wyandotte County/Kansas City, Kansas – Major retail and entertainment complex involving Cabela's, Nebraska Furniture Mart, Legends at Village West retail area, four hotels and numerous restaurants. A \$174,025,000 bond issue was

sold in July 2005.

- Schlitterbahn Vacation Village, Kansas City, Kansas – Proposed indoor-outdoor water park, 500,000 square feet of retail/entertainment area and 500 hotel rooms. A \$200,000,000 bond issue has been proposed.

Housing

- Numerous condominium market analyses in downtown Orlando:
 - The Vue, 374 units, under construction
 - Paramount at Lake Eola, 312 units, under construction
 - The Waverly, 230 units, successful apartment conversion
 - The Grande, 364 units, successful apartment conversion
 - The Cristal, 60 units on top of luxury hotel, proposed
 - Presidential Towers, 462 units, proposed
- Grand Bohemian, St. Petersburg, Florida – 50 units on top of luxury hotel, under construction
- Tarragon Development – Conducted 12 market studies for apartment to condominium conversions in Orlando, Jacksonville, Tampa, Melbourne and Sarasota.
- Echelon at Cheney Place Apartments – Downtown Orlando, Florida
- Downtown Orlando Housing Study – City of Orlando, Florida
- Broadstreet Partners – Proposed apartments in southwest Orlando and Winter Springs
- Ryland Homes – Analysis of market demand and pricing for proposed single family home sites in Central Florida

Large Scale Land Development

- HealthPark Florida, Ft. Myers, Florida – Market implications for master plan revisions
- Baldwin Park, Orlando, Florida – Financial analysis for redevelopment options at the former Orlando Naval Training Center
- Celebration, Florida – Financial development pro-forma; Analysis of comparable “town center” projects
- Rotonda Communities, Charlotte County, Florida – Five year business plan
- MetroWest, Orlando, Florida – Market analysis of potential development options

Commercial Real Estate

- Fashion Square Mall, Orlando, Florida – Market analysis for redevelopment options
- Progress Pointe, Winter Park, Florida – Market analysis for office and retail project
- Winter Springs Town Center, Winter Springs, Florida – Office market analysis
- Carrier Business Park, Orlando, Florida – Office market analysis
- Center Place, Orlando, Florida – Downtown office market analysis
- Celebration Hotel, Orlando, Florida – Market analysis and product positioning for a proposed meeting oriented hotel
- Four Corners, Windermere, Florida – Market and financial analysis for proposed retail and office development options
- Lake Park Marina, Lake Park, Florida – Market analysis for proposed marina expansion
- Retail Center, Gary, Indiana – Market analysis for proposed retail center adjacent to gaming casinos in Buffington Harbor

Recreational and Resort Facilities

- NASA Visitor's Center Complex, Kennedy Space Center, Florida – Market analysis for new attractions, lodging and meeting facilities

- Sunken Gardens, St. Petersburg, Florida – Market and financial analysis for attraction purchased by City of St. Petersburg
- USS Forrestal Sea, Air and Space Museum, Tampa, Florida – Market and financial analysis for conversion of an aircraft carrier to a public museum/attraction
- Royal Gorge Tourism Plan, Canon City, Colorado – Market demand and financial performance of tourist-oriented development options at Royal Gorge Park
- Grand Cypress Resort and Walt Disney World, Florida – Golf course market demand analysis
- Lodging Analysis – Numerous studies for proposed hotels in Orlando, Cocoa Beach, Destin, Pensacola, St. Petersburg Beach and Melbourne, Florida

Community Planning and Development

- City of Orlando, Florida – Downtown area-wide DRI; Tax increment projections for downtown community redevelopment area; Office demand analysis for downtown area; Downtown housing demand study
- Ben White Raceway, Orlando, Florida – Potential redevelopment options for former racetrack
- City of Raleigh, North Carolina – Residential and commercial downtown redevelopment potential
- City of Naples, Florida – Tax increment projections for community redevelopment area
- City of Cape Coral, Florida – Tax increment projections for community development area

Public Assembly Facilities

- Orange County Convention Center, Orlando, Florida
- Expo Centre, Orlando, Florida
- Seminole County Meeting Center, Seminole County, Florida
- Osceola County Convention Center, Osceola County, Florida
- Southwest Volusia County Meeting Center, Deltona, Florida
- Brevard County Meeting Center, Melbourne, Florida
- University of Central Florida Convocation Center, Orlando, Florida
- Alachua County Meeting Center, Gainesville, Florida
- New Yankee Stadium Site Analysis, New York, New York
- Georgia Dome Stadium, Atlanta, Georgia
- Camden Yards Stadium, Baltimore, Maryland
- Milwaukee Brewers Stadium, Milwaukee, Wisconsin
- Outdoor Concert Amphitheaters – Atlanta, Boston, West Palm Beach and Ocean City, Maryland

Prior to his current association with Real Estate Research Consultants, Inc., Mr. Darsey was employed with Disney Development Company (DDC) as their Manager of Finance, Planning and Analysis. This position involved strategic planning and market analysis for a variety of proposed real estate projects at Walt Disney World and Euro Disneyland. Before joining DDC, Mr. Darsey was a Manager in the Real Estate Advisory Services Department of Laventhol and Horwath, CPA's (Orlando and Tampa).

Mr. Darsey's educational background includes a Bachelors Degree in Accounting (with honors) and a Masters Degree in Business Administration (Finance concentration) from the University of Florida. Mr. Darsey is also a licensed real estate salesman in the State of Florida.



Todd C. DeLong, AICP
Associate

Todd C. DeLong, an Associate with Real Estate Research Consultants, Inc. (RERC), has authored, participated in, or managed numerous market studies, fiscal and economic impact analyses, and financial feasibility studies. He has also developed numerous economic and financial models for the purposes of forecasting, financial analysis, and pro forma development. With a background in urban and regional planning, Mr. DeLong is particularly experienced in downtown development and urban revitalization. He offers clients a diverse knowledge base with expertise in the areas of planning, economic development, and financial and economic modeling.

The following are selected recent, or current, assignments highlighting his varied experience.

Fiscal and Economic Impact Analysis

- Seminole County, FL – General consulting/advisory services and calibration of a fiscal impact analysis model; application of the model for multiple potential projects and land use change scenarios
- City of Maitland, FL – Fiscal impact analysis for a potential office development
- Lake County, FL – General consulting/advisory services relating to market feasibility and economic and fiscal impact analysis
- City of Raleigh, NC - Economic impact analysis of a proposed 21-acre multiple-use development on state-owned land in downtown Raleigh, NC
- Heritage Green – Fiscal impact analysis of three different development scenarios for multiple land owners covering nearly 6,000 acres in Lake County, FL
- Lake Nona Development – Fiscal impact analysis for the recently approved UCF medical school
- Votorantim Cimentos North America – Fiscal and economic impact analyses of proposed cement plants and mines in Center Hill, FL and Houston County, GA

Investment Grade Sales Tax Projections for Bond Issue

- City of Manhattan, KS - Investment grade sales tax projection analysis of a proposed 300,000 square foot multiple-use development for multiple bond issues
- City of Sparks, NV – Investment grade sales tax projection analysis of a proposed 1.8 million square foot multiple-use development for multiple bond issues

- Ohio County Development Authority (Wheeling, WV) - Investment grade sales tax projection analysis of a proposed 1.3 million square foot multiple-use development for bond issue

Market Feasibility Analysis (Residential & Commercial)

- NASA's Kennedy Space Center (KSC) – Market analysis for the siting and leasing of cell towers on KSC's property; market analysis for the redevelopment and expansion of the KSC Visitor Center Complex
- City of Sparks, NV – Market demand analysis of a proposed 1.8 million square foot multiple-use development
- Xentury City Development Company – Market analysis and financial modeling of multiple development scenarios for 400 acres adjoining Walt Disney World.
- Kitson & Partners – Market demand analysis for large-scale and entertainment-oriented multiple-use development project on approximately 90 acres adjoining the client's Grande Champion residential project in Daytona Beach, FL.
- Tarragon South Development Corp. – Multiple condominium and apartment market analyses in the Cities of Tampa, Orlando, and Jacksonville, addressing the potential demand, pricing, and pace of absorption

CRA Analysis / Tax Increment Financing

- South OBT CRA (Orlando, FL) – Tax increment financing (TIF) projection analysis
- Kissimmee CRA (Kissimmee, FL) - Tax increment financing (TIF) projection analysis
- Charlotte County, FL – General consulting/advisory services associated with a proposed large-scale multiple-use development project comprised of approximately 1.3 million square feet of commercial and 4,000 residential units within a designated redevelopment area
- City of Gainesville, FL – General consulting/advisory services associated with multiple CRAs in the City of Gainesville; TIF projection analysis
- Flagler Development – Revenue projections from alternative financing tools such as TIF and special assessments for a large-scale multiple-use development project comprised of approximately 5 million square feet of warehouse, 650,000 square feet of office uses, 225,000 square feet of retail, 125-room hotel, and 300 multifamily residential units

Development of Regional Impact – Application for Development Approval

- Florida Hospital – Advisory services associated with the submittal of the client's Application for Development Approval (ADA)
- Lake Planning Group (LPG) – Analyzed and documented responses for multiple ADA submittals in Sumter County, FL and Lake County, FL

Other Financial Analysis

- Broward County, FL – Financial feasibility analysis of multiple proposed development scenarios for a designated redevelopment site within the county
- City of Casselberry, FL - Financial and fiscal advisory services in conjunction with the development of the City Center concept development program
- Sumter County, FL – Special assessment analysis for the Sumter County Fire Department

Prior to joining RERC, Mr. DeLong participated in a number of development-oriented projects,

some of these include: a feasibility analysis on the use of professional sports stadiums/arenas as an economic development strategy in Cleveland, OH; an economic and population analysis for a county in Florida's Big Bend; the planning of a research and development park on NASA property in Cape Canaveral, FL; and an assessment of the corporate-led redevelopment of a premiere downtown entertainment district in Columbus, OH.

Mr. DeLong has also been directly involved with projects in the area of transportation. These projects include an analysis of light rail transit (LRT) as a catalyst for economic development in Portland, OR and Atlanta, GA; traffic analysis and traffic modeling at the Cape Canaveral Spaceport; and a study on the viability of Bus Rapid Transit (BRT) as an economically efficient alternative for mass transportation in Tallahassee.

Mr. DeLong completed his undergraduate education at the College of Wooster (Wooster, Ohio) where he earned a Bachelor's degree in Urban Studies and participated in the Urban Semester Abroad program in Portland, OR. He has also earned a Master's degree in Urban and Regional Planning from Florida State University, where he was awarded the Florida Space Authority Fellowship.

Mr. DeLong is an active member in such professional organizations as the American Planning Association, Urban Land Institute, and International Council of Shopping Centers.



Morgan T. Braine
Senior Associate

Morgan T. Braine, an Associate with Real Estate Research Consultants, Inc. (RERC), has authored, participated in, or managed numerous market studies, tax increment financing exercises, fiscal and economic benefit analyses, affordable housing studies and financial feasibility studies. Ms. Braine brings to RERC a diverse knowledge base with expertise in the areas of economic development and analysis.

The following are selected recent, or current, assignments highlighting her varied experience.

Market Feasibility Analysis (Residential & Commercial)

- Orlando Fashion Square Mall, Orlando, FL – Market analysis for potential expansion of the mall to include such land uses as retail, office, hotel and residential.
- Greater Orlando Aviation Authority, Orlando, FL – Multiple market analyses for properties in the greater Orlando area examining such land uses as retail, office, hotel, rental housing and industrial.
- Karlton Development of Regional Impact – Market analysis for the residential and commercial components of the proposed project in Lake County, Florida.
- International Corporate Park Development of Regional Impact – Analysis of the industrial space market in the greater Orlando area with relation to this project.
- Xentury City Development Company – Market analysis for property in northern Osceola County including residential and commercial uses.
- Tavares Active Adult Retirement Community – Market analysis for proposed active adult community with a mix of single family and condominium units.
- James Doran Company – Market analysis for traditional office product in the Winter Springs area.
- Residential Condo Analysis, City of Melbourne, FL – Market analysis for residential condos proposed in Melbourne.

Affordable Housing Analysis

- Housing Needs Assessment, City of DeLand, FL - Analysis of current and historical housing supply and projected housing demand for categories of housing deemed to be “affordable” within the City of DeLand.
- Development of Regional Impact related studies performed pursuant to the East Central Florida Regional Planning Council Methodology:
 - Karlton, Lake County, FL
 - Summer Bay, Lake County, FL
 - Florida Hospital, City of Orlando, FL

- Beltway Commerce Center, Orange County, FL
- Celebration, Osceola County, FL
- Reedy Creek Improvement District, Orange County, FL – Update to previous affordable housing study required by Florida’s Department of Community Affairs.

Fiscal and Economic Impact Analysis

- Hills of Minneola, Minneola, FL – Fiscal impact analysis for a mixed-use Development of Regional Impact.
- Minneola Ridge, Minneola, FL – Fiscal impact analysis for a mixed-use Development of Regional Impact.
- Heritage Green – Fiscal impact analysis of three different development scenarios for multiple land owners covering nearly 6,000 acres in Lake County, FL

CRA Analysis / Tax Increment Financing

- Louisville-Jefferson County, KY - In-depth tax increment financing (TIF) projection analysis for a bond issue including property, sales, and income taxes.
- City of Manhattan, KS - In-depth tax increment financing (TIF) projection analysis for a bond issue including property taxes.
- City of Orlando Downtown CRA, Orlando, FL - In-depth tax increment financing (TIF) projection analysis including property taxes.
- Bayshore/Gateway Triangle CRA, Collier County, FL – In-depth tax increment financing (TIF) projection analysis.
- South OBT CRA (Orlando, FL) – Tax increment financing (TIF) projection analysis

Development of Regional Impact – Application for Development Approval

- Advisory services associated with the submittal of the client’s Application for Development Approval (ADA) for the following projects:
 - Hills of Minneola, Minneola, FL
 - Cherry Lake Tree Farm, City of Groveland, FL
 - Karlton, Lake County, FL
 - International Corporate Park, Orange County, FL
 - Clear Springs, Bartow, FL

Prior to joining RERC, Ms. Braine completed her undergraduate education at Stetson University (DeLand, Florida) where she earned a Bachelor’s degree in Religious Studies and was a member of the Honor’s Program. As a member of the Honor’s Program Council she participated in the admissions and recruitment process for the program. She has also earned a Master’s degree in Business Economics from the University of South Florida.

B. RERC EXPERIENCE

Brief Profile of Real Estate Research Consultants

Real Estate Research Consultants, Inc. (RERC) was formed in 1986. Its principals are drawn from among the largest and most experienced consulting organizations in the country. The firm and its principals have provided real estate advice and guidance to a wide variety of clients in virtually all segments of the real estate industry. The firm maintains a commitment to support the unique and often innovative requirements of our clients. Our goal to achieve and maintain excellence is based upon:

- The recruitment, development, and placement of experienced staff.
- An ability to respond to our clients' needs accurately and in a timely manner.
- A commitment to develop long-lasting relationships with our clients to "get the job done".
- Informed understanding of rapid changes in the way real estate products are being developed, financed, marketed, managed, and regulated.
- A diversified client base.
- A nationwide perspective with local emphasis.

Services for Public Agencies

Government at all levels is being increasingly forced to reevaluate the types and levels of services it provides; its revenue generation opportunities; the need to revitalize and realize overall economic potentials; the requirements to measure and monitor the economic and fiscal impacts of existing and future development projects; and to identify funding sources which permit economic growth and community development to occur. As advisors to all sectors of government, RERC provides the following services.

Economic Development Services

- Economic action plans
- Economic development organization
- Industrial and commercial development projection
- Economic base studies

Community Revitalization and Urban Development Services

- Renewal site evaluation and planning
- Housing elements and programs
- Adaptive use and historic preservation
- Socioeconomic analysis
- Public/private partnerships
- Corporate relocation and/or dislocations
- Public facility planning (convention center, arena, hotel, etc.)

Economic and Financial Services

- Economic and fiscal impact analysis
- Environmental economics

- Cost revenue/cost benefit analysis
- Valuation and appraisals
- Alternative revenue services
- Sources of funding
- Cost estimates
- Tax increment and revenue bond financing

Planning Services

- Disposition strategies for surplus public facilities
- Master and general plans
- Rate and direction of growth determination
- Developer evaluations selection and negotiation
- Infrastructure investment planning
- Program and facility planning, sizing and pricing

Public/Private Facility Services

- Site location and evaluation
- Needs assessment and use projections
- Market support and feasibility analysis
- Program development
- Financial analysis

Public Resource Management

- Productivity analysis
- Management systems development
- Manpower and skills analysis
- Policy/project performance audits
- Ballot initiatives

Services for Developers

In today's rapidly changing real estate development marketplace, the determination of a project's success depends on the timeliness and accuracy of the data utilized during each phase of the project's planning, development and implementation process. RERC has structured its services for real estate developers in such a way that it can provide analytical techniques, information and advice which are both timely and thorough. The firm's familiarity with the entire real estate development process permits our consultants to respond to specific issues associated with an entire development program.

Project Planning

- Concept development
- Site selection
- Highest and best use determination
- Property valuation/appraisal

Feasibility Analysis

- Definition, identification and evaluation of potential market support

- Analysis of supply and demand factors
- Project sizing and amenity mix
- Projection of likely utilization levels and operational performance
- Estimates of sales based upon project characteristics
- Financial projections
- Project cost estimation
- Economic and fiscal impact analysis

Financial Planning

- Identification of financing sources
- Public/Private partnerships
- Computerized financial planning models
- Sensitivity testing
- Deal Structuring
- Cost/Benefit analysis
- Tax planning

Development Programming

- Formulation of phasing schedule
- Timing and sequence of development
- Selection of and liaison with design consultants

Project Administration/Implementation

- Identification of tenants and structuring lease/sale terms
- Establishment of operating procedures
- Approval/Permit assistance

Investor Services

Data provided by RERC permits financial institutions to assess their real estate portfolios and investment decisions. Realistically, RERC provides advice and guidance regarding investment opportunities. Our advisory services include:

Portfolio Analysis

- Review/projection of cash flows and capital appreciation
- Formulation of investment objectives
- Analysis of yield/risk consideration
- Analysis of debt/equity asset performance
- Assess portfolio returns vis-à-vis
 - Other properties
 - Other, non-real estate financial instruments
- Acquisition/divestiture/exchange strategies
- Geographic/property diversification
- Valuations

Real Property Portfolio Management Consulting

- Acquisition strategy formulation and implementation assistance
- Disposition strategy formulation and implementation
- Developer solicitation

Selected Public Finance Experience

Examples of Major Bond or other Financial Transactions (Last Four Years)

Project	Location	Description	Date(s)	Transaction Size Or Sum	Type Or Instrument
Museum Plaza	Louisville, KY	180 condos; 262 hotel rooms; 300,000 SF office; 35,000 SF retail; art museum	2007	\$125,000,000 (estimated)	Sales tax anticipation; tax increment based on ad valorem; corporate and individual income tax (Signature project)
Legends at Sparks Marina	Sparks, NV	1,300,000 SF retail complex plus casino hotel	2006, 2007	\$150,000,000 (estimated)	Sales tax anticipation
Downtown Redevelopment Project	Manhattan, KS	300,000 SF retail, 218 hotel rooms, 120 unit assisted living facility, 104 rental apartments	2007	\$50,000,000 (estimated)	Sales tax anticipation; tax increment based on ad valorem
Village West	Kansas City, KS	1,500,000 SF retail complex, 515 hotel rooms	2004, 2005	\$174,025,000	Sales tax anticipation
The Highlands	Wheeling, WV	1,500,000 SF retail complex	2005, 2006, 2007	\$150,000,000	Sales tax anticipation
Millenia Mall	Orlando, FL	1,000,000 SF retail complex and other significant commercial elements	2003	\$20,000,000	Tax increment based on ad valorem; special assessments
Front Beach Road	Panama City Beach, FL	18 miles transportation corridor	2005, 2006	\$50,000,000	Tax increment based on ad valorem

Examples Of Major Studies Or Analyses Associated With Anticipated Bond Debt Or Other Financial Transactions (Last Four Years)

Project	Location	Description	Date(s)	Transaction Size Or Sum	Type Or Instrument
Schlitterbahn Vacation Village	Kansas City, KS	Enclosed water theme park supported by 500,000 SF retail complex, waterpark, marine park, 450 hotel rooms	2006	\$200,000,000 (estimated)	Sales tax anticipation
Front Beach Road	Panama City Beach, FL	18 miles transportation corridor	2004, 2005, 2006	\$100,000,000	Tax increment based on ad valorem; special assessments
Multiple Venues Analysis	Orlando, FL	Long term financial analysis associated with Citrus Bowl, Orlando Arena, and proposed performing arts center	2006	\$60,000,000	Tax increment based on ad valorem
Owassa	Raleigh, NC	Water and wastewater assessment program	2006, 2007	\$60,000,000	Operating assessment and rates
Maritime Park	Pensacola, FL	Public park supporting baseball complex, residential development and commercial facilities	2005, 2007	\$90,000,000	Tax increment based on ad valorem;
State Street	Raleigh, NC	Public disposition of key properties owned by State of North Carolina	2004, 2005	\$28,000,000	Overall analysis of tax receipts
Pine Island Road	Cape Coral, FL	25 mile transportation corridor	2006, 2007	\$100,000,000	Tax increment based on ad valorem; special assessments
Murdock Village	Port Charlotte, FL	1,000 acres multi-use development	2003, 2004, 2005, 2006, 2007	\$150,000,000	Tax increment based on ad valorem; special assessments; special tax millages

Examples Of Other Related Studies (Last Four Years)

Project	Location	Description	Date	Capital Objectives	Instruments Or Resources Involved
Haines City CRA	Haines City, FL	Create CRA and implement plan	2006, 2007	\$100,000,000	Tax based on ad valorem; special assessments
St Pete Beach CRA	St Pete Beach, FL	Create CRA and implement plan	2003, 2004, 2005, 2006	\$100,000,000	Tax increment based on ad valorem
Fire assessment	Lauderdale by the Sea, FL	Fire department analytical study	2006	\$10,000,000	Assessments
Fire department consolidation	Orlando, FL	Services analytical study	2006, 2007	\$50,000,000	Ad valorem; assessment; impact fees
Florida Hospital	Orlando, FL	Master plan	2004, 2005, 2006, 2007	\$800,000,000	Ad valorem; assessment; impact fees
Broward County	RtLauderdale, FL	Government services complex	2005, 2006, 2007	\$350,000,000	Overall analysis of tax receipts

Detailed Experience: Profile of Selected Transactions

Village West, Kansas City, KS



- **500 acre destination retail complex anchored by Kansas City Speedway, Cabela's, and Nebraska Furniture Mart**
- **First substantial development in Kansas City, Kansas in more than 20 years**
- **More than 1,000,000 SF of total development**
- **Approximately \$174,000,000 in total debt financing**

DESCRIPTION OF PROJECT AND ROLE OF KEY PERSONNEL

Village West represents an innovative open air destination concept focused on entertainment. Anchored by the Kansas City Speedway and mega outlets associated with Cabela's and the Nebraska Furniture Mart, this project unifies restaurants, retail, and entertainment options at a scale never experienced in this area of the United States. In addition to the major anchors, the project features a baseball stadium, the area's only multiplex cinema and more than a dozen themed restaurants together representing approximately 1,500,000 SF of shopping and dining options. Many of the restaurants and retail concepts are making their debut in this regional market. T-Rex, for example, will not be a part of any other development in the area and Cabela's purposely limits its retail openings.

For Kansas City, this project has signaled new confidence in the real estate market which had shown substantial compression over the preceding decade. In the host county, the population was expected to continue declining. Now, that trend has been reversed and Wyandotte County is experiencing a literal explosion in housing and non-residential construction, most occurring in response to Village West.

The challenges of securing debt in the existing environment required a selection of capable private partners, a well executed business strategy, targeted tenants and users, and detailed documentation of the market attributes in which the project was to be implemented. RERC was retained to validate the project's key operating assumptions, evaluate the project's context, and to project sales tax revenues used to retire approximately \$174,000,000 in tax exempt STAR bond debt. To this day, the project's actual tax receipts have tracked very closely with the firm's projections and Village West has emerged as a STAR bond model being conceptualized in several other communities and states.

SIGNIFICANCE

- Large, complex implementation effort
- Among the first projects implemented in Kansas using the state's sales tax anticipation revenue (STAR) legislation intended to combine public-private investment
- Supported the County's efforts to identify and solicit developers and interested parties
- Completed and validated sales tax analyses for all project components
- Supported complex financial discussions
- Helped to secure subscription for debt in excess of available proceeds

KEY PERSONNEL

David Darsey
Owen Beitsch

Downtown Redevelopment District, Manhattan, KS



- **Retail complex anchored by several large retailers -- including one of the state's best performing Best Buy stores – Fairfield Inn, Hilton Garden Inn, and theater complex**
- **Many restaurants and entertainment facilities**
- **Combination of public and private financing**
- **Anticipated debt of \$50,000,000**

DESCRIPTION OF PROJECT AND ROLE OF KEY PERSONNEL

Manhattan, Kansas, location of Kansas State University and Fort Riley, has often been overlooked as a major retail center, in part, because its reported population understates the region's development potential. In this case, it was necessary to balance both the long term needs of possible investors with those of the city's team responsible for financing the project. Because of the market context, it was essential to explore the fundamental economic and demographic trends defining the project's long term potential.

By definition, the community is a small retail market but secondary demographic sources undercount both the actual population and the incomes available for spending. A small existing mall is located adjacent to the proposed project. The current project is envisioned as way of enhancing the downtown retail environment by capitalizing on the financial opportunities provided through STAR debt and tax increment financing. In the initial phase of development, the transaction will represent approximately \$50,000,000 in tax exempt debt. This phase includes, among others, Best Buy, a mix of other shopping, movie theater, conference hotel, dining, and entertainment options.

As in many other projects around the country, this community is crafting a public-private partnership using committed sales tax and property tax revenues to support long term debt. RERC was retained to validate the project's key operating assumptions, evaluate the project's context, and to project sales tax revenues used to retire the anticipated bond debt. The transaction is expected to close during 2008.

SIGNIFICANCE

- Large, complex implementation effort
- Represents community's first effort to combine public-private investment using a combination of STAR debt and tax increment financing
- Completed absorption analyses for all project components to test validity of assumptions
- Supported complex financial discussions
- Completed all revenue estimates

KEY PERSONNEL

David Darsey
Morgan Braine
Todd Delong
Owen Beitsch

The Legends – Sparks, NV



- **1,300,000 SF of retail development, plus casino, hotels**
- **First project implemented in Nevada using the state's sales tax anticipation revenue (STAR) legislation intended to combine public-private investment**
- **Approximately \$200,000,000 in total debt financing ultimately to be issued**

DESCRIPTION OF PROJECT AND ROLE OF KEY PERSONNEL

The Legends at Sparks Marina is the second of two major entertainment projects implemented by RED Development, the owners of The Legends at Village West in Kansas City, KS. RERC has been involved with both.

- Retail complex anchored by Scheel's All Sports and casinos
- First substantial development in Sparks in many years
- Approximately 1,300,000 SF of retail development, plus casino, hotels
- Anticipated \$200,000,000 in total debt financing

Anchored by Scheel's All Sports, Target and a newly planned casino complex, this project represents restaurant, retail, and entertainment options at a scale never experienced in this area of Nevada. Altogether the project includes some 1,300,000 SF of retail space.

For this project, RERC was retained to estimate the taxable sales available to secure approximately \$200,000,000 in publicly issued debt. The City of Sparks expects to issue debt for the first phase of the project by the first quarter of 2008. The tax exempt bond proceeds will help provide necessary infrastructure improvements to the project area. The debt will be made available through Sales Tax Anticipation Revenue (STAR) bonds, effectively a sales tax increment concept now found in many states.

As with Village West, RERC was retained to validate the project's key operating assumptions, evaluate the project's context, and to project sales tax revenues used to retire debt.

In 2006, RERC staff was asked to testify before the Nevada Tourism Commission regarding the project's role in generating future tax receipts in the region. As of December, 2006, the Commission determined the project satisfied the necessary legal requirements and final procedures are being completed to issue the first phase of debt.

SIGNIFICANCE

- Large, complex implementation effort
- First project implemented in Nevada using the state's sales tax anticipation revenue (STAR) legislation intended to combine public-private investment
- Completed and validated sales tax analyses for all project components
- Supported complex financial discussions

KEY PERSONNEL

Owen Beitsch
Dave Darsey
Todd DeLong

The Highlands, Wheeling, WV



- **Retail complex anchored by Cabela's, Wal-Mart Supercenter, Target, Kohl's, JC Penneys, and Marquee Cinema**
- **First substantial development in Wheeling in many years**
- **More than 1,000,000 SF of total development**
- **Approximately \$99,000,000 in total debt financing**

DESCRIPTION OF PROJECT AND ROLE OF KEY PERSONNEL

Wheeling, West Virginia, located at the confluence of Ohio, Pennsylvania, and West Virginia, serves a regional population that has historically traveled to other areas to secure its major retail, dining, and entertainment needs. Because of the unproven market context, it was essential to explore the fundamental economic and demographic trends defining the project's long term potential. RERC was selected to support the project because of its specific knowledge in the retail industry, exposure to the capital markets, and understanding of this particularly challenging set of historical conditions.

To date the project has been capitalized for its initial phases of development, representing a closed transaction of approximately \$99,000,000 in tax exempt debt. This phase includes, among others, Wal-Mart, Cabela's and Target. Together, these users will anchor a total project in excess of 1,000,000 SF offering a mix of shopping, dining, and entertainment options. We updated our disclosure documents in 2007, and a subsequent \$51,580,000 in bonds was issued in April of that year.

Like other projects in the country, the Ohio County Development Authority is crafting a public-private partnership using committed sales tax and property tax revenues to support long term debt. RERC was retained to validate the project's key operating assumptions, evaluate the project's context, and to project sales tax revenues used to retire the anticipated bond debt. The original transaction closed May 2006 and the expansion effort is expected to be finalized in the first quarter of 2007. As with similar studies done by RERC, the project's actual tax receipts have tracked very closely with the firm's projections.

SIGNIFICANCE

- Large, complex implementation effort
- Among the first projects implemented in West Virginia to use the state's excise sales tax legislation intended to combine public-private investment
- Completed and validated sales tax analyses for all project components
- Supported complex financial discussions
- Helped to secure subscription for debt in excess of available proceeds

KEY PERSONNEL

David Darsey
Owen Beitsch
Todd Delong

Museum Plaza – Louisville, KY



- **First Signature TIF project in State of Kentucky**
- **Largest downtown Louisville project to be constructed in over a decade**
- **Approximately \$125,000,000 in total debt financing ultimately to be issued**

DESCRIPTION OF PROJECT AND ROLE OF KEY PERSONNEL

Museum Plaza is a planned 62-story mixed-use complex overlooking the Ohio River in downtown Louisville. This will be one of the largest projects to be constructed in downtown Louisville in more than a decade. The project will include:

- 180 residential condominiums
- 300,000 SF of Class A office space
- A 262-room full-service luxury hotel
- A multi-media art museum
- 35,000 SF of retail and restaurants

In light of recently enacted legislation, RERC was retained to estimate the relevant taxes and fees for this Signature TIF project that could be applied to allow incremental proceeds generated from a series of local and state taxes in Louisville, Jefferson County, and Kentucky to be directed to specific development initiatives. These estimates will be used to determine the appropriate scale of public debt that can provide necessary infrastructure improvements.

Relevant taxes and fees include local and state ad valorem tax increment, sales tax, transient room tax, individual and entity income taxes and occupational fees. Multiple scenarios were projected to reflect a range of possible outcomes.

Nothing of this scale has been publicly financed in the state and the new legislation required an in-depth examination for such a venture. In particular, the entity income tax and occupational fees are uncommon for this type of analysis and required additional and creative analyses to estimate.

SIGNIFICANCE

- Large, complex analytical effort
- The first project in Kentucky attempting to use the state's Signature TIF legislation
- Completed and validated local and state ad valorem tax increment, sales tax, transient room tax, individual and entity income taxes and occupational fees analyses for all project components
- Supported complex financial discussions

KEY PERSONNEL

Owen Beitsch
Dave Darsey
Morgan Braine

Orlando Arena and Other Major Venues Orlando, FL



- **Newly planned home of the Orlando Magic, cost estimated at approximately \$350,000,000**
- **Improvements to existing Citrus Bowl football stadium**
- **Planned Orlando Performing Arts Center, cost estimated at approximately \$200,000,000**

DESCRIPTION OF PROJECT AND ROLE OF KEY PERSONNEL

Beginning in 2004, the City of Orlando initiated a study of its major public venues in the downtown area determining that the existing arena needed enlargement, the Citrus Bowl needed a major renovation and demand was adequate for a performing arts center to support the region's cultural activities. One aspect of this continuing analysis involved a combined City/County/Private approach to funding and financing the various facilities that will cost almost one billion dollars when constructed or improved, the largest public undertaking in this region with the exception of the Orlando Airport.

As part of its funding strategy, the City envisions \$60,000,000 to \$70,000,000 will come from tax increment generated in Orlando's downtown Community Redevelopment Area (CRA) which has funded some \$30,000,000 in improvements over a number of years. The area already produces tax increment on property taxes at a level that makes this district one of the state's most viable. RERC is routinely required to update its projections of this revenue to support the City's initiatives, a task the firm first began in 1990. With the analysis provided by RERC, the Orlando CRA is one of the few in this state capable of issuing non-insured tax increment debt.

For the most recent analysis which was completed in 2006, RERC was asked to examine past and prospective trends in the downtown's valuations that could total some \$4,200,000,000 by 2026. This upturn in value stems from the rapid rise in appreciation and the material change in the mix of development seen in this tax increment district. These substantive changes required that we do an unusually detailed analysis of the area's development and valuation activity to document future growth. As part of that effort, we evaluated the timing of all projects, their scale, locational attributes and values. Land valuations and tax appraisals in Florida occur under very stringent rules, and it is necessary to follow state procedures to produce correct and reliable forecasts of future tax collections.

Formal debt arrangements are expected in early 2008.

SIGNIFICANCE

- Complex valuation procedures to forecast ad valorem tax increment for a major downtown area and from related projects
- Prepared multiple scenarios reflecting a variety of development concepts and mix of valuation approaches.
- Completed and validated ad valorem tax increment analysis for all project components
- Provided related analysis many times of several years
- Supported non-insured refunding of tax exempt debt

KEY PERSONNEL

Owen Beitsch
Dave Darsey
Morgan Braine

C. PROPOSED SCOPE OF SERVICES

Our scope of services is based on the information you have provided in your RFP but it can be modified as needed if circumstances suggest additional informational resources or a different approach are necessary.

The focus of this effort will be a *review* of major assumptions used by the project's developer to estimate taxable revenue generated by the development occurring within one very tight timetable you outlined. This will include taxable sales and subsequent tax receipts and property tax receipts. Your relatively tight timeframe to obtain results from this research effort necessitates a compressed and focused analysis. Although this scope reflects that approach, we do not believe the analysis will be compromised since RERC has provided this service many times in the past.

The services typically include, but may not be limited to, the following series of tasks. These tasks could vary according to the work already completed or the need to address particular issues.

- Task 1.1** Meet with City representatives via conference call following authorization to agree on basic content and direction of analysis and obtain current reports, program and sales estimates.
- Task 1.2** Interview developer to obtain project development program, feasibility studies, tax increment estimates, development costs and any other major assumptions used to estimate revenue associated with sales tax and property tax.
- Task 1.3** Review documents obtained from the City and developer.
- Task 1.4** With the City's assistance, obtain existing property tax valuations from the County for a select number of hotel, retail, residential condominiums and parking garages within Lawrence or other areas as deemed appropriate.
- Task 1.5** Obtain area hotel operating statistics, such as occupancy and rate trends, from the local convention and visitor's bureau.
- Task 1.6** As necessary, obtain occupancy and rate information from a select number of Lawrence hotels that may be comparable to the proposed project.
- Task 1.7** Based on this information, refine the developer's estimates of principal program and operating assumptions for the proposed project. This would include hotel occupancy and rate assumptions, sales per square foot for the retail area and residential condominium sales.
- Task 1.8** Refine the developer's estimate of hotel and retail sales revenue and the resulting sales tax for the project over the life of the bonds.
- Task 1.9** Refine the developer's estimates of initial and recurring ad valorem property taxes for the project over the life of the bonds.

- Task 1.10** Review debt service schedules provided by the developer and/or bond underwriter. Compare with projected revenue streams to ascertain debt coverage.
- Task 1.11** Working with the bond underwriter or City Counsel, comment on potential TIF/TDD financing alternatives.
- Task 1.12** Summarize the analysis in a report.
- Task 1.13** Revise the report as necessary to reflect comments from the City.

D. FEES AND TIMEFRAME

The fees are estimated based on the time required to complete the assignment. Invoices would be issued as work is completed. The final payment is due with the issuance of the draft report. The scope and fees proposed here are valid for 60 days from the date of this proposal.

The fees estimated below do not include expenses for travel, report reproduction and the acquisition of data if needed to support the analysis. However, with the exception of a trip to Lawrence to present our findings, we expect these expenses to be minimal.

Total professional fees for the services as described in this proposal are \$22,500. You have indicated that the findings of the analysis need to be presented to your City Commission no later than the January 22, 2008 session. We will be able to meet that timeframe if requested information from the City and developer is provided promptly.

We anticipate two client meetings associated with this scope of services. The first would occur at the kick-off of the Scope of Services, and would be conducted via conference call. The second would occur in Lawrence at the end of the analysis to go over our findings and conclusions. Other meetings in Lawrence could be arranged as needed and would be billed at our standard hourly rates. We are always available for teleconferences, which can be arranged at the client's discretion and would be included in our fee estimate.

As indicated earlier, David Darsey will manage this assignment. Both Todd DeLong and Morgan Braine will assist with the research effort under the direction of Mr. Darsey. Owen Beitsch will provide project oversight and quality control review.

MISCELLANEOUS TERMS OF THE ENGAGEMENT

The following paragraphs express conditions and limitations, which our firm necessarily states with any engagement of this nature. Please call us if you should have questions.

Our services will not include legal and regulatory counseling although we may comment on matters associated with zoning, as well as, other state and local government regulations, permits and licenses. Further, no effort will be made to determine the possible effects on any specific projects as they may be influenced by present or future federal, state or local legislation, including any bond restrictions, changes in tax structure or tax law, environmental or ecological matters, or interpretations thereof. Our documentation will contain a statement to that effect.

Any conclusions and/or any prospective financial information that may be included in our documentation will be based on estimates and assumptions from previous studies, information developed from supplemental research, knowledge of the industry and other sources, including certain information that you may provide. These sources of information and bases of significant estimates and assumptions will be stated in our documentation. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from any estimates, and the variations may be material. Our documentation will contain a statement to that effect.

The terms of this engagement will be such that we will have no obligation to revise the documentation to reflect events or conditions, which occur subsequent to the date of the documentation. Our documentation will contain a statement to that effect.

Our documentation will be intended solely for your information, potential financial partners and lenders and internal planning and should be relied upon only for this purpose. We will so state in our documentation. We understand it is the intent of the City to use our documentation and report in an offering circular or registration statement. Permission will be granted to use our documentation after reviewing any offering statement with our accompanying report.

2007 STANDARD BILLABLE HOURLY LABOR RATES

The following is a schedule of RERC's standard hourly billing rates used to derive the fee schedule.

Staff Position	Hourly Rate
Principal in charge	\$285
Client executive	\$265
Senior advisor	\$250
Senior project manager	\$225
Senior associate	\$175
Project manager	\$165
Associate	\$150
Senior research analyst	\$125
Research analyst	\$115
Technician	\$85
Clerical	\$65