LOCAL REDEVELOPMENT AUTHORITY
ROOSEVELT ROADS - PUERTO RICO

October 5, 2012

Mr. James Anderson
NAVFAC Base Realignment and Closure Program Management Office Southeast
Department of the Navy
4130 Faber Place Drive, Suite 202
North Charleston, South Carolina 29405

RE: Naval Station Roosevelt Roads – Parcels 1 and 2
Economic Development Conveyance Amended Application

Dear Mr. Anderson:

As discussed, the Local Redevelopment Authority for Naval Station Roosevelt Roads ("LRA") met on September 27, 2012 to consider the *Roosevelt Roads Redevelopment Economic Development Conveyance Amended Application (to include Parcels I and II)* ("Amended EDC Application") submitted to you in draft form on September 19, 2012.

This letter confirms that the LRA reviewed, approved, and adopted the Amended EDC Application; accordingly, we respectfully request that the Navy proceed to process the Amended EDC Application as submitted.

Should you have any questions or concerns, please contact me directly at (787) 294-0101 ext. 5200 or Mario.Gonzalez@lra.pr.gov or contact our counsel George Schlossberg directly at 202-828-2418 or by email at george.schlossberg@kutakrock.com.

Sincerely,

Mario González
Executive Director

Ave. Chardon #159, Edificio New San Juan, Hato Rey, PR 00918
Tel: (787) 294-0101 ext. 5200, Fax: (787) 294-0125

ROOSEVELT ROADS REDEVELOPMENT
ECONOMIC DEVELOPMENT CONVEYANCE

AMENDED APPLICATION
(To Include Parcels I and II)

The Local Redevelopment Authority (LRA) for Naval Station Roosevelt Roads

Prepared on behalf of the Local Redevelopment Authority of Roosevelt Roads by:
The Chicago Consultants Studio, Inc.
The Innovation Group

September 18, 2012

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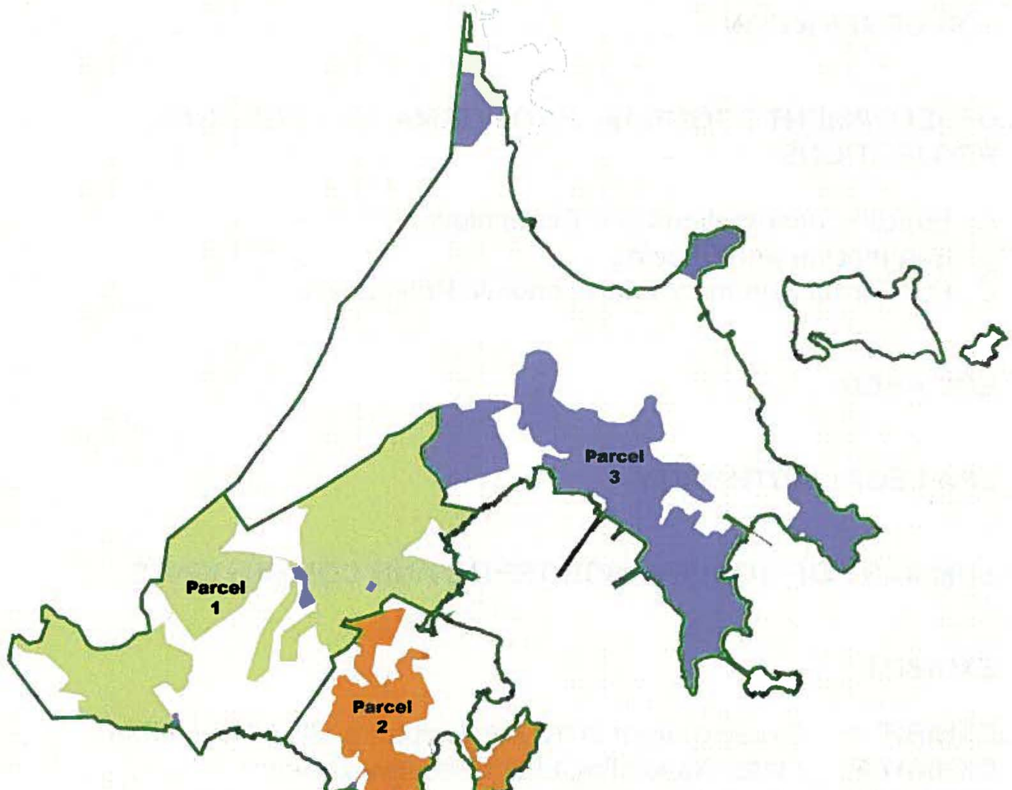
This document was prepared under contract with the Local Redevelopment Authority (LRA) for Roosevelt Roads with financial support from the Office of Economic Adjustment, Department of Defense. The content reflects the views of the LRA and does not necessarily reflect the views of the Office of Economic Adjustment.

TABLE OF CONTENTS

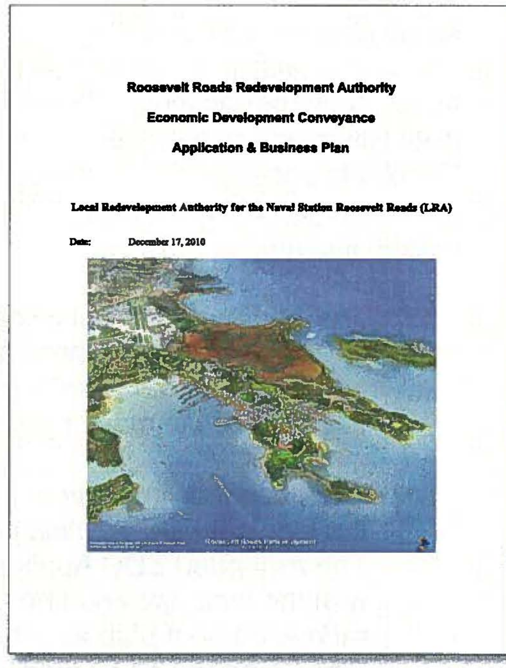
I. AMENDED EDC APPLICATION OVERVIEW

A. Summary of Amended EDC Application Approach

On January 26, 2012 the Navy conveyed to the LRA approximately 1,370 acres of property of the former Naval Station Roosevelt Roads ("NSRR") pursuant to that certain *Economic Development Conveyance Memorandum of Agreement by and between the United States of America, Acting by and through the Navy, and the Local Redevelopment Authority for Naval Station Roosevelt Roads* dated December 20, 2011 ("EDC Agreement") as a result of the LRA's submittal on December 17, 2010 of the Economic Development Conveyance Application and Business Plan for Parcel III ("Original EDC Application"). This document amends that Original EDC Application to incorporate a request for the additional lands known as Parcels I & II and their transfer to the LRA by economic development conveyance.

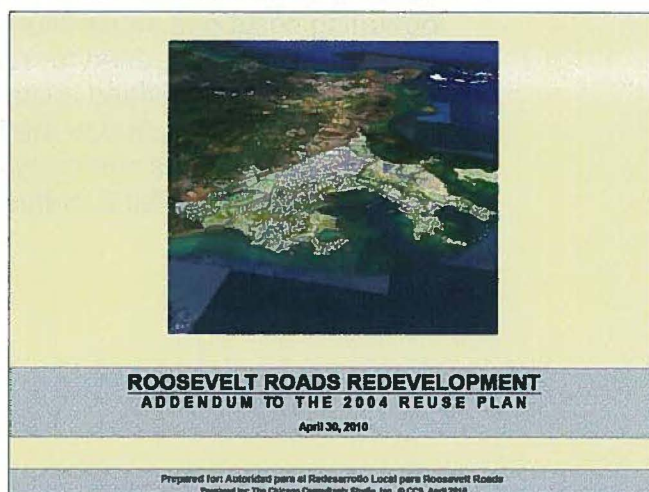


To meet mutually desired timetables for the initiation of economic development and job creation, the Navy agreed that the LRA should amend the Original EDC Application to include Parcels I & II ("Amended EDC Application"), rather than create a new economic development conveyance application. Both the Original EDC Application and this Amended EDC Application are based on the same master development plan and program contained in the April 30, 2010 Addendum to the 2004 Reuse Plan (“2010 Addendum”).



As such, the Amended EDC Application does not change or modify the content of the Original EDC Application other than by supplementing it with the additional materials contained herein related to Parcels I & II. The background data, general assumptions and reference materials contained in the Original EDC Application remain valid and are to be considered an integral part of this Amended EDC Application. The background on the closure of NSRR, the impact of BRAC actions, general market analysis, and integral reference materials included in the Original EDC Application are all part of the baseline data for the Amended EDC Application. Please refer to the pertinent sections of the Original EDC Application if needed as this information will not be restated or reproduced herein.

This Amended EDC Application focuses directly on the description of Parcels I & II, the anticipated development program, the pro forma and economic projections for Parcels I & II, the job creation projections for Parcels I & II, and the conveyance terms for Parcels I & II.



As described in the 2010 Addendum and the Original EDC Application, the redevelopment of NSRR will be the key regional economic development engine and catalyst for this area of Puerto Rico. Adding to the tourism, eco-tourism and destination entertainment of the Parcel III redevelopment program, Parcels I and II will further enhance those land uses with complimentary residential, commercial, retail, office, recreational and other compatible components throughout its redevelopment.

B. Reference to Original EDC Application Background Materials

As an amendment to the Original EDC Application, this Amended EDC Application incorporates by reference the background research, data and assessment pertaining to the overall property, adjacent communities, 2010 Addendum and related aspects contained within the Original EDC Application. For clarity and expediency, those items required per 32 C.F.R. 174.9(d) which are contained in the Original EDC Application and which are applicable to Parcel I and II include:

- The Adopted Redevelopment Plan: the April 30, 2010 Addendum to the 2004 Reuse Plan is the master plan framework for the entire property including Parcels I and II and is included here in its entirety by reference. Excerpts of the master plan zones specific to Parcel I & II are shown here in Exhibit A.
- The economic impacts of closure on the local community are addressed in the Original EDC Application and are included here by reference.
- The Amended EDC Application inclusive of Parcels I and II is consistent with the land use and character of development proposed with the overall redevelopment plan as adopted, as well as with the subsequent Zoning Plan as approved by the Puerto Rico Planning Board in August 2011.
- Evidence of the LRA's legal authority to acquire and dispose of property, the fact that it has full authority to perform all actions required of it, and that the Officers submitting this Amended EDC Application and representations contained herein on behalf of the LRA have full authority to do so, is addressed in the Original EDC Application, and is included here by reference. The only modification is that the LRA Executive Director is now Mario Gonzalez and his appointment is included as Exhibit B.
- Existing conditions assessment, infrastructure and capital cost estimates, operating costs and expenditures, and justification for infrastructure and other investments needed for redevelopment established by the Original EDC Application provided a site-wide framework which has been extrapolated and applied to the Parcel I and II financial analysis and economic projections summary in Section III: *Pro Forma and Economic Projections* and Exhibit E of this document.

II. PROJECT NARRATIVE

A. Description of Parcels I and II

Parcels I and II consist of approximately 2,160 acres in total (Parcel I – 1,660 acres and Parcel II – 500 acres). *Exhibit C* provides a detailed description of the intended redevelopment program for each master plan zone which is fully consistent with the April 30, 2010 Addendum to the 2004 Reuse Plan. Surveys of all property to be conveyed under the Amended EDC Application have been prepared by the Navy and are available.

Parcel I encompasses the former Bundy area, the golf course and primary retail/commercial areas of the former base. It consists mainly of former military housing, lodging, retail and recreational facilities. Parcel II consists mainly of former military housing and educational facilities. While both parcels front the water, the coastline areas are mostly inaccessible for commercial or recreational uses unlike the water frontage of Parcel III. The major attributes and amenities of both Parcel I and II are the physical siting and land characteristics that allow for residential, neighborhood retail, community lodging, office, conference area, and recreational facilities within the context of the overall Addendum master plan vision.

Environmentally, in contrast to the twenty-three solid waste management units ("SWMUs") with active remediation on Parcel III, Parcel II contains no SWMUs and Parcel I contains ten SWMUs with on-going remediation. While there remains some required environmental remediation work, its impact on redevelopment of Parcel 1 has been accounted for in the Amended EDC Application and reflected in the pro forma expenses projections.

B. Summary of Intended Use

Exhibit D provides an in-depth summary of the Addendum master plan program by phase for Parcels I and II which accounts for the nearly 6.3 million SF of intended development through the build-out of the properties.
As an overview, the intended redevelopment of Parcel I encompasses 2010 Addendum master plan Zones 6 (Uplands – The Collateral Development adjoining the airfield), 7 (Main Street – The Town Center along the former base's commercial support corridor), 8 (Sports Core – The Community's Recreational Hub including the former base's golf course) and 9 (Island Paradise – The Retreat, Conference, Learning Center a lush, remote portion of the property). The redevelopment opportunities presented by Parcel I include a wide range of commercial and community service/support uses necessary for the overall redevelopment of NSRR as a successful, mixed-use, economic development initiative.

The intended redevelopment of Parcel II encompasses 2010 Addendum master plan Zone 10 (Capehart – The Residential, Corporate, Institutional Community on the site of the former Officer housing and primary educational components of the base). The unique value and character of Parcel II is its potential to support a mix of "campus" environments including a new residential neighborhood, a corporate headquarters, a research/training/office park assemblage, and/or a stand-alone institutional or specialty corporate campus facility. This mix allows for the attraction of varied redevelopment uses that translate into both neighborhood residential benefits and long-term jobs and economic development through the attraction of corporate and institutional users.

C. Economic Conditions

The Economic condition of Puerto Rico and the communities adjoining Parcels I and II remains consistent with that as described and referenced in the Original EDC Application. While Puerto Rico has recently begun to see improvement in tourism travel, hotel room rates and other positive factors, the overall slow economic recovery nationally means that the economic and employment context remains unchanged for the purposes of this Amended EDC Application. In particular, Ceiba continues to struggle with higher than the average unemployment rates in Puerto Rico.

D. Redevelopment Plan

The 2010 Addendum is the master plan framework for the entire property including Parcels I and II and is included here in its entirety by reference. Excerpts of the master plan zones specific to Parcel I & II are shown here in Exhibit A. The proposed program and uses planned for Parcel 1 & 2 redevelopment are entirely consistent with the adopted 2010 Addendum.

III. JOB GENERATION

With unemployment rates still a significant factor in Puerto Rico and currently over 14%, Ceiba continues to struggle with even higher rates (over 16%) due in part to the lasting effect of the base closure and loss of over 10,000 jobs. Maximizing job creation and economic development remains a primary goal of the LRA and the EDC process.

The implementation of the program established by the 2010 Addendum will provide both long term, on-going employment opportunities as well as significant near term construction jobs. Based on the projected uses, the LRA estimates that nearly 5,500 direct jobs will be created with the construction of Parcels I & II. When factoring in the additional indirect and induced jobs, this estimate nearly doubles to just below 10,000 jobs. The ongoing direct job generation is estimated at nearly 4,800 jobs for Parcels I & II and, with the additional indirect and induced jobs, rises to over 9,100 jobs.

These jobs represent a diverse offering, across a variety of industry sectors corresponding to the various program uses planned for Parcels I & II. These will likely include retail, entertainment, hospitality, office and light industrial/warehousing (including possible airside related jobs).

IV. DEVELOPMENT PROGRAM, PRO FORMA AND ECONOMIC PROJECTIONS

A. Baseline Assumptions and Extrapolations

For expediency and currency of data, the LRA engaged The Innovation Group to undertake the fiscal analysis, assessment and economic feasibility/revenue projections for the Amended EDC Application. The Innovation Group has recently completed an in-depth market assessment of the commercial, tourism, hospitality and gaming market demand related to the ongoing advancement of Parcel III redevelopment activities. This current market data and research has helped The Innovation Group extrapolate market demand and data for the redevelopment of Parcels I and II.

In addition to on-site and area-wide market research and data collection performed by The Innovation Group professional team during the supplemental Parcel III market study competed January 2012, their professional team conducted (in late May 2012) on-site research and physical assessment related specifically to Parcels I and II to perform their analysis and generate the pro forma documents herein for the Amended EDC Application.

Infrastructure costs and related capital expenditures are extrapolated on a per acre/per square foot basis derived from the Original EDC Application and assigned appropriately to the redevelopment of Parcels I and II. Operating costs, LRA expenses and related aspects are similarly extrapolated from the Original EDC Application and appropriately assigned. Sources and uses of funds by the LRA for the redevelopment of Parcels I and II follow the methodology and approach of the Original EDC Application assuming an integrated business plan approach for all three Parcels.

The Innovation Group further made detailed scope assumptions specific to the approved development program for Parcels I and II utilizing a range of industry sector methodologies and parameters in order to generate a working pro forma for redevelopment. The findings and projections summarized herein are based on the complete fiscal analysis document by The Innovation Group which is included in its entirety as Exhibit E. The LRA has reviewed the analysis and hereby adopts Exhibit E in its entirety as part of this Amended EDC Application.

B. Sequencing and Phasing

Redevelopment of Parcels I and II will likely lag behind that of Parcel III which is reflected in the market analysis and economic projections of the Amended EDC Application, assuming that the market will likely dictate redevelopment along the prime waterfront parcels of Parcel III first. Based on land uses and market timing, development activities for Parcels I and II will occur under the following general timetable sequence:

- Pre-Development and Early Development Initiatives: Period from Closing through 2019
- Initial Full Development Phase: completion by 2025
- Mature Development Phase: completion by 2035

Exhibit D provides a proposed Phasing Plan for Parcels I and II by redevelopment zone and phase. Phase 1 (Years 1 to 7) reflects pre-development, site infrastructure, capital improvements and early construction start components. Phase 2 (Years 8 to 14) reflect the completion of approximately 50% of the total development program area. Phase 3 (years 15 to 25) reflects the completed build-out of the development program area.

For the purpose of the economic analysis, it is assumed that Parcel I and II are likely to lag behind the redevelopment of Parcel III by about 7 years, thus Phase 1 reflects no significant revenue. The twenty-year period starting 2020 through 2039 is therefore modeled for the economic revenue and job creation projections in the pro forma analysis.

C. Pro Forma Summary

Based on the economic analysis of the Amended EDC Application, the LRA anticipates that Parcels I and II will generate increasing business revenues starting in year 2020 and extending out to year 2039. An aggressive high range and conservative low range are both calculated to provide a bracket.

The inclusion of Parcels I & II may provide additional gross revenues to the LRA through real estate proceeds in the range of $375 M to $425 M over the twenty year projected build-out period. When factoring the LRA's cost of capital improvements necessary to attract and implement development, the projected net real estate proceeds may amount to a range of $125 M to $200 M. Per the *Summary of Acquisition Terms and Conditions for Parcels 1 and 2 at Naval Station Roosevelt Roads by and between the United States of America, acting by and through the Navy and the Local Redevelopment Authority for Naval Station Roosevelt Roads* dated July 13, 2012, ("Term Sheet") any net revenues in excess of $80M will provide significant additional return to the Navy beyond the base payment to the Navy based on the upside compensation provisions (see Exhibit F).

V. EDC NEED

The addition of the over 2,100 acres of Parcels I & II to the 1,370 acres of Parcel III provides the LRA with an enhanced means to stimulate economic development, advance the master plan vision for the property and increase job creation and employment opportunities. While the master development plan remains unchanged from the 2010 Addendum, the inclusion of Parcels I & II enables the LRA to explore a variety of comprehensive redevelopment scenarios and provide a level of development "certainty" that should increase the LRA's ability to attract a range of developers and investors.

The lack of any bids for Parcels I & II from the private development and investment communities from the recent (2012) and previous (2009) Navy public sale auctions clearly demonstrates that an Amended EDC Application is the most appropriate disposal mechanism and no other BRAC conveyance mechanism allows for the desired economic development and job creation to occur. The Original EDC Application noted that successful redevelopment of Parcel III required "an integrated, seamless development package" and the Amended EDC Application is aimed at further integrating the entire remaining redevelopment properties into a coordinated and strategic package. The benefits cited and documented in the EDC all apply as well to the Amended EDC Application by extension and extrapolation with Parcels I & II as summarized in *Section III: Pro Forma and Economic Projections* and Exhibit E of this document.

In short, the inclusion of Parcels I & II provides the most likely opportunity for success at realizing the desired economic development, and offers the only conveyance mechanism that allows for a coordinated, seamless approach toward timely redevelopment of the NSRR property.

VI. LRA LEGAL AUTHORITY

The Local Redevelopment Authority for the Naval Station Roosevelt Roads is a statutorily created public corporation and government instrumentality of the Commonwealth of Puerto Rico, created September 29, 2004 under Law 508, to serve as the officially recognized Local Redevelopment Authority (LRA) for NSRR. The legislation describes the purposes and structure of the LRA, which is governed by a nine-member board chaired by the Puerto Rico Secretary for Economic Development and Trade. The board includes members representing the local communities of Ceiba (2) and Naguabo (1), an appointee from the Puerto Rico Senate, one appointed by the House of Representatives and three appointed by the Governor, all with staggered terms. The Board appoints an Executive Director to manage and administer the affairs of the LRA. Law 508 grants to the LRA broad economic development powers, including the ability to own, develop and dispose of real estate and to issue bonds. A copy of Law 508 is included in Appendix G of the Original EDC Application.

In a letter dated August 30, 2006, the Office of Economic Adjustment recognized the LRA as the official *Implementation LRA* with the authority to develop and submit an Economic Development Conveyance Application as called for under BRAC regulations. A copy of the letter is included in Appendix H of the original EDC application.

As previously stated, Mario Gonzalez is the new Executive Director for the LRA, replacing Erwin Kiess who was the Executive Director when the Original EDC Application was submitted. As Executive Director, Mario Gonzalez has the authority to submit, negotiate and execute the terms and transactions with the Navy. The LRA maintains offices in Hato Rey and also maintains an office at NSRR.

VII. SUMMARY OF CONVEYANCE TERMS AND COMMITMENTS

The LRA and the Navy negotiated a non-binding *Summary of Acquisition Terms and Conditions for Parcels 1 and 2 at Naval Station Roosevelt Roads by and between the United States of America, acting by and through the Navy, and the Local Redevelopment Authority for Naval Station Roosevelt Roads* dated July 13, 2012 ("Term Sheet") for the acquisition of Parcels I and II by the LRA at a fair market value using the same basic framework of the approved EDC for Parcel 3. Further, the consideration utilizes and is consistent with the financial land values established by the approved EDC with the lands conveyed on January 26, 2012.

The negotiated terms for Parcels I and II are summarized as follows:

- No initial payment at the time of transfer of Parcels I and II in accordance with an agreed upon conveyance schedule
- Guaranteed payment of $8.5 million payable in fifteen equal annual principal payments plus interest commencing one year after the LRA's current obligations for the Parcel III Initial Consideration are completed
- Interest on the $8.5 million will begin accruing seven years after closing on Parcels I and II and calculated based on the US Treasury 10 Year Composite Note utilizing the rate established as of the date of closing plus 150 basis points
- Additional compensation to the Navy in the amount of 40% of all Real Estate Proceeds in excess of $80 million received by the LRA through September 30, 2035 for Parcels I, II and III

Exhibit F provides the negotiated Term Sheet in its entirety for reference.

Consistent with the EDC Agreement, the LRA commits to use all proceeds from any sale or lease of Parcels I and II during a minimum of the first seven years following the initial Parcel I and II property transfer to support economic redevelopment of or related to the site. Further, the LRA commits herein to execute the Amendment to the EDC Agreement and accept control of the properties per a mutually agreed upon conveyance schedule between the LRA and the Navy. While no additional funds from the LRA are required to be paid to the Navy at closing, the LRA has secured the necessary funds to provide for acceptance of the ongoing property, related carrying costs and operations.

Also, it should be noted that the conveyance of Parcels I and II to the LRA will provide significant cost avoidance for the Navy in terms of ongoing operations, site maintenance, utility carrying costs and security costs for Parcels I and II. These are estimated to produce an immediate fiscal savings to the Federal government of over $200,000 per month based on the Navy's current carrying costs.

VIII. EXHIBITS

EXHIBIT A: Excerpts from 2010 Addendum to 2004 Reuse Plan

EXHIBIT B: Letter Appointing LRA Executive Director

EXHIBIT C: Parcel I and II Summary – June 18, 2010 Program

EXHIBIT D: Parcel I and II Phasing Program Summary

EXHIBIT E: Parcel I and II Operating Pro Forma, Revenue Projections and Job Creation Estimates

EXHIBIT F: Summary of Acquisition Terms and Conditions for NSRR Parcels I and I

EXHIBIT A: Excerpts from 2010 Addendum to 2004 Reuse Plan

Parcel 1 & 2 EXCERPTS

ROOSEVELT ROADS REDEVELOPMENT

ADDENDUM TO THE 2004 REUSE PLAN

April 30, 2010

Zone 6: Uplands – "The Collateral Development"

Overlooking the Main Street and Ensenada Honda port as well located alongside the airport, the Zone 6 site offers a wide range of collateral development potentials from light industrial and office, to recreation and residential. With prime adjacency to the airport runway, the Addendum plan provides for a complimentary light industrial area that can serve as a distribution/warehouse/staging centers attractive to transshipment users, overnight delivery companies, airside maintenance and parts supply, or airside business/industrial park to provide the area with office space and light manufacturing facilities for other businesses that benefit from proximity to the airport. The addition of another world-class "hillside" 18-hole golf course, could establish Roosevelt Roads and the region as an international golf destination not unlike the five-diamond Kohler Resort in Wisconsin, the Bandon Dunes in Oregon, Cap Cana in the Dominican Republic or Pebble Beach. The sweeping views of El Yunque and across the new international port match any backdrop experienced in other world-class golf course settings as well as provide additional potential and value for related resort and residential development.

Zone 7: Main Street – "The Town Center"

Similar in function to the former "downtown" of Roosevelt Roads, the proposed community *Main Street* seeks to restore a neighborhood commercial vitality to the area and integrate with the local community through adaptive reuse and new development of community services and retail. The viable reuse of existing commercial structures such as the Navy Lodge or Commissary, together with strategic infill of new buildings along Langley Drive, will create a vibrant shopping and commerce *Main Street* to serve both residents and visitors alike. Second level offices for local businesses and commerce, as well as community incubator and entrepreneur centers are also envisioned. Overlooking the *Main Street* with spectacular views of the port and the outer islands of Vieques and Culebra is a variety of housing developments that create a hillside residential neighborhoods ideal for families, seniors, area workers, students and others in living and working within community.

Zone 8: Sports Core – "The Community's Recreational Hub"

Through a series of interactive ideas workshops, the community appropriately recommended that the main entry to the redeveloped Roosevelt Roads not be cluttered by strip malls or unsightly development, but rather should be a welcoming, open, landscaped gateway to the community. The *Sports Core* takes advantage of the old naval golf course to create a key "gateway" approach from Route 53, and repurposes the former Roosevelt Roads golf course to include soccer pitches, recreation areas, outdoor sports venues, equestrian trails and other community exercise and recreational facilities, all within a botanically rich garden-like setting. This added community value also creates potential for limited residential and lodging development that leverage the proximity to this unique, recreational and botanical environment.

Zone 9: Island Paradise – "The Retreat, Conference, Learning Center"

With its rolling topography, "treetop" character and incredible distant views of the ocean, the former "Bundy" property represents a remote, lush *Island Paradise* with great potential for a secluded retreat, a corporate conference/training center, corporate or institutional headquarters or research installation - whether for private use, community use, educational purposes or a combination of uses to serve and enhance all of the other redevelopment planned for Roosevelt Roads. Additional interim economic opportunities include boutique hotels or "paradors" through the reuse of existing lodging structures with long term potential for enhanced eco-tourism lodging/resorts as well as unique "treetop" residential.

Zone 10: Capehart – "The Residential, Corporate, Institutional Community"

Residential is a natural reuse for this zone particularly along the eastern tip; though relatively isolated from the rest of Roosevelt Roads, its value is derived from its oceanfront location, as well as its proximity and views to the new waterfront/port development. While its prior use was residential, the Capehart area may benefit most by waiting until other key zones are redeveloped to determine its maximum potential for combination use with residential. As the overall property is enhanced with the development of the *Port Caribe* area and other tourism components, the *Capehart* property may also become a desirable and valuable economic development tool to attract new corporate users or headquarters to Puerto Rico with its beautiful seaside setting, short drive from San Juan and extremely convenient commercial and private airport access. The best redevelopment scenario may be a combined residential, corporate and institutional community as a fitting completion to the overall redevelopment of the unique Roosevelt Roads property.

EXHIBIT B: Letter Appointing LRA Executive Director

GOVERNMENT OF PUERTO RICO

LUIS G. FORTUÑO
GOVERNOR

May 4, 2012

To Whom It May Concern:

I write to inform of the designation of Mr. Mario Gonzalez as the Executive Director of the Administration for the Local Redevelopment of Rossevelt Roads for the Government of Puerto Rico. I understand that as the Executive Director, Mr. Gonzalez will serve as the primary point of contact in my office for any issues concerning to the Local Redevelopment of Rossevelt Roads.

Sincerely,

LA FORTALEZA, SAN JUAN, PR 00901 * PO BOX 9020082, SAN JUAN, PR 00902-0082
TEL: (787) 721-7000 * FAX: (787) 722-4300

EXHIBIT C: Parcel I and II Summary – June 18, 2010 Program

NSRR - Preliminary Reuse Plan Summary, Job Creation Estimates, and Order of Magnitude Cost
April 30, 2010 Addendum to 2004 Reuse Plan
Parcel 1 & 2 Summary - June 18, 2010

Zone	Location	Projected Use	Proposed Development Area (GSF)	Potential Development Range (GSF)	Assumptions / Description	Unit Total	Job Creation (Direct and Induced)	Unit Cost ($/ SF)	Order of Magnitude Development Cost
PARCELS 1 & 2									
6	Airport Uplands	**Collateral Development**							
		Airport, Government, Military	250,000	250,000 - 500,000			250	$80	$20,000,000
		Industrial/ Warehouse	250,000	250,000 - 500,000			250	$80	20,000,000
		Specialty Industrial	200,000		movie production, other		200	$80	16,000,000
		Office	75,000	50,000 - 100,000			190	$100	7,500,000
		Residential	250,000	125,000 - 400,000	2,500 sf / du	100 du	25	$130	32,500,000
		18-hole Golf Course & Clubhouse	35,000				90	$1,300,000	23,400,000
		Zone Total	1,060,000				1,005		$119,400,000
7	Main Street	**Town Center**							
		Educational Facilities/ Schools	80,000	80,000 - 150,000	new and reuse		80	$130	$10,400,000
		Office	100,000	50,000 - 150,000			250	$150	15,000,000
		Retail, Restaurant, Entertainment	400,000	300,000 - 500,000	community service retail		1,330	$200	80,000,000
		Residential	1,450,000	600,000 - 1,500,000	single family & multi apartment	650 du	80	$150	217,500,000
		Back of House / Support / Services	200,000	75,000 - 200,000			200	$80	16,000,000
		Hotel	320,000	100,000 - 320,000	reuse and expansion	400 rooms	600	$200	64,000,000
		Zone Total	2,550,000				2,540		$402,900,000
8	Sports Core	**Community Sports**							
		Golf Course (par 3)	15,000		9 holes, par 3		40		$6,000,000
		Retail, Restaurant, Entertainment	30,000				100	$100	3,000,000
		Industrial	50,000	25,000 - 50,000	barn		50	$80	4,000,000
		Office	50,000	25,000 - 50,000			125	$150	7,500,000
		Sports Complex/ Recreation Fields	200,000	80,000 - 200,000	Rec Center		200		8,000,000
		Residential	200,000	100,000 - 200,000		90 du	10	$150	30,000,000
		Zone Total	545,000				525		$58,500,000
9	Island Paradise	**Retreat, Conference, Learning**							
		Retail, Restaurant, Entertainment	50,000	25,000 - 50,000			170	$200	$10,000,000
		Hotels	320,000	100,000 - 320,000	800 sf / unit; reuse, new	400 rooms	600	$200	64,000,000
		Support / Back of House	50,000	25,000 - 75,000			50	$80	4,000,000
		Conference/ Educational	500,000	250,000 - 500,000			1,250	$130	65,000,000
		Zone Total	920,000				2,070		$143,000,000
10	Capeheart	**Residential/ Corporate**							
		Corporate/ Institutional	500,000	250,000 - 750,000			1,250	$180	$90,000,000
		Retail, Restaurant, Entertainment	50,000	15,000 - 50,000			170	$200	10,000,000
		Residential	650,000	300,000 - 750,000	2,200 sf / du	300 du	25	$250	162,500,000
		Zone Total	1,200,000				1,445		$262,500,000
	Infrastructure Preliminary Allowance: Utility system upgrades Roadways, transit and circulation enhancements Structured and surface public parking Landscaping, streetscape and urbanscape elements								$211,225,000
			6,275,000				7,585		$1,195,525,000
							1.4	*(Multiplier)*	
							10,619	*(Total Jobs Created)*	

EXHIBIT D: Parcel I and II Phasing Program Summary

Proposed Addendum, Plan Parcel 1 & 2 Phasing Program

June 18, 2010

Zone	Location	Projected Use	Proposed Development Area (GSF)	Assumptions / Description
Phase 1		**Years 1-7; 2012 - 2019**		

Initial "Quick Wins" including temporary reuse of facilities and associated infrastructure improvements; Property transfer via Economic Development Conveyance completed and public sale process initiated; predevelopment tasks completed; first phase construction start

Zone	Location	Projected Use	Proposed Development Area (GSF)	Assumptions / Description
Phase 2		**Years 8-14; 2020 - 2025**		
6	**Airport Uplands**	**Collateral Development**		
		Airport, Government, Military	125,000	Army relo, Govt agencies etc
		Industrial/ Warehouse	125,000	Airside related, other
		Specialty Industrial	100,000	movie production, other
		Office	40,000	
		Residential	-	2,500 sf / du
		18-hole Golf Course & Clubhouse	35,000	
		Zone Total	**425,000**	
7	**Main Street**	**Town Center**		
		Educational Facilities/ Schools	-	new and reuse
		Office	50,000	
		Retail, Restaurant, Entertainment	250,000	community service retail
		Residential	680,000	single family & multi apartment; 300 du's
		Back of House / Support / Services	100,000	
		Hotel	160,000	Possible Navy Lodge reuse; 200 rooms
		Zone Total	**1,240,000**	
8	**Sports Core**	**Community Sports**		
		Golf Course (par 3)	15,000	9 holes, par 3
		Retail, Restaurant, Entertainment	30,000	
		Industrial	50,000	barn
		Office	30,000	
		Sports Complex/ Recreation Fields	120,000	Rec Center
		Residential	-	
		Zone Total	**245,000**	
9	**Island Paradise**	**Retreat, Conference, Learning**		
		Retail, Restaurant, Entertainment	30,000	support retail for hotel/conference ctr
		Hotels	240,000	First phase 300 keys: 800 sf / unit;
		Support / Back of House	30,000	
		Conference/ Educational	300,000	first phase
		Zone Total	**600,000**	
10	**Capeheart**	**Residential/ Corporate**		
		Corporate/ Institutional	350,000	First phase corporate center/ campus
		Retail, Restaurant, Entertainment	30,000	related support retail/restaurant
		Residential	220,000	First phase 100 du's ; 2,200 sf / du
		Zone Total	**600,000**	
			3,110,000	

Proposed Addendum, Plan Parcel 1 & 2 Phasing Program

June 18, 2010

Zone	Location	Projected Use	Proposed Development Area (GSF)	Assumptions / Description
Phase 3		Years 15-25; 2026 - 2035		
6	Airport Uplands	**Collateral Development**		
		Airport, Government, Military	125,000	Army relo, Govt agencies etc
		Industrial/ Warehouse	125,000	Airside related, other
		Specialty Industrial	100,000	movie production, other
		Office	35,000	
		Residential	250,000	300 du's
		18-hole Golf Course & Clubhouse		
		Zone Total	**635,000**	
7	Main Street	**Town Center**		
		Educational Facilities/ Schools	80,000	new and reuse
		Office	50,000	
		Retail, Restaurant, Entertainment	150,000	community service retail
		Residential	770,000	single family & multi apartment; 350 du's
		Back of House / Support / Services	100,000	
		Hotel	160,000	new hotel; 200 rooms
		Zone Total	**1,310,000**	
8	Sports Core	**Community Sports**		
		Golf Course (par 3)	-	9 holes, par 3
		Retail, Restaurant, Entertainment	-	
		Industrial	-	barn
		Office	20,000	
		Sports Complex/ Recreation Fields	80,000	Rec Center expansion
		Residential	200,000	90 dus around golf
		Zone Total	**300,000**	
9	Island Paradise	**Retreat, Conference, Learning**		
		Retail, Restaurant, Entertainment	20,000	support retail for hotel/conference ctr
		Hotels	80,000	expansion 100 rooms
		Support / Back of House	20,000	
		Conference/ Educational	200,000	conference expansion/related
		Zone Total	**320,000**	
10	Capeheart	**Residential/ Corporate**		
		Corporate/ Institutional	150,000	First phase corporate centered campus
		Retail, Restaurant, Entertainment	20,000	related support retail/restaurant
		Residential	430,000	Second/third phase 200 dus
		Zone Total	**600,000**	
			3,165,000	

EXHIBIT E: Parcel I and II Operating Pro Forma, Revenue Projections and Job Creation Estimate Report

Parcel I and II Operating Pro Forma Summary

Overview

The Innovation Group (TIG) was hired by the Roosevelt Roads Local Redevelopment Authority (LRA) to project revenue and expenses for the proposed developments on Parcel I and II at Roosevelt Roads for the purpose of creating financial pro formas along with employment projections for the first 20 year of operations. This pro forma illustrates one economic scenario justification for purposes of the Parcel 1 & 2 EDC application amendment per the requirements of 32 CFR 174.9(d). The proposed plans for each parcel are based on the client provided April 30, 2010 version of the *Addendum to the 2004 Reuse Plan* for Roosevelt Roads. For the purpose of this analysis Parcel I encompasses Zone 6, Zone 7 (less the community college facilities), Zone 8 and Zone 9. Parcel II encompasses Zone 10. We would note that for expediency this analysis does not include a full feasibility/market assessment whereby current market demand and future potential is evaluated for each proposed facility but rather relies largely on comparable analysis and The Innovations Group's own recent market research in order to forecast operations given the proposed site program. TIG is very familiar with the Caribbean and Puerto Rico market and relationships with the regional, stateside and international market dynamics. TIG recently completed a related tourism, retail, lodging and gaming feasibility analysis for Parcel III in January 2012 for the Puerto Rico Government which assessed a variety of similar program uses in this specific market location.

A summary of the related professional work expertise and experience of The Innovation Group is included at the end of this document for reference.

Approach/Methodology

In order to best estimate future revenue and expenses for Parcel I & II, The Innovation Group first gathered data from multiple sources. This includes, but is not limited to, the analysis and research obtained during our assessment of Parcel III in January 2012, interviews with industry and market experts, operating figures from comparable facilities in the regional area and industry reports providing benchmarking statistics and relevant financial ratios. In conjunction with the aforementioned process, The Innovation Group relied on our general expertise in the Caribbean and Latin American markets. Below is a list of public data sources used in our research:

- Bizminer Industry Reports
- IBIS World Market Research Reports
- CBRE Global Research and Consulting
- Institute of Real Estate, Inc: Latin American Real Estate Market Reports
- Cushman and Wakefield Market Beat Industry Reports
- United States Bureau of Labor Statistics
- Numbeo Cost of Living Database
- Smith Travel Research
- Baker Tilly International

- Various Public Company Annual Reports
- Brinswanger Puerto Rico
- Property Concept Commercial

The Innovation Group's next step was to establish current operations for each facility type (i.e. Industrial, Office, Residential, etc), using the data obtained from our sources. Where possible, we obtained historical revenue and expense figures within Puerto Rico and/or comparable Latin markets. In some cases, data was collected from U.S. markets and adjusted based on cost of living and labor costs relative to Puerto Rico. Given the development scope provided, we then converted figures into ratios on a per square foot basis and applied it to each proposed development. It is assumed that all construction on Parcel I and II will be conducted in three phases:

- Phase I includes all construction and will be completed by 2019.
- Phase II, as described below, shall begin 2020 with stabilized operations by 2024.
- Phase III, also described below, is staged to begin 2026 with stabilized operations by 2030.

Given this phased in timeline, revenue and expenses estimates for each proposed development was forecasted out to the first stabilized year of their corresponding Phase Period assuming 2% annual inflation. As the new supply is absorbed into the market, a notable ramp up period was assumed during the first few years of operations: for Phase II this will be from 2020 – 2023; for Phase III this will be from 2026 – 2029.

For the purpose of the Amended EDC Application for Parcels I and II, TIG worked with the LRA and its Program Manager CCS to extrapolate the baseline infrastructure costs and capital investments documented in the Parcel III EDC Application. Since much of the infrastructure extends across parcel boundaries and is site-wide (e.g. sewage treatment facilities, primary access points and roadways, etc.), this provided a means to properly integrate the appropriate infrastructure expenditure burden in the pro forma analysis of Parcels I and II without crafting a complete new Business Plan.

Major Scope Assumptions

The following presents a table of each phase followed highlights all major assumptions made for the purpose of this analysis. This includes specific parameters on the size and scope of certain developments and the financial assumptions for each facility type. While we made some minor adjustment to the scope we would note that the following assumptions are based on the range of potential development space that was provided by the client and considers the most strategic design mix to help optimize revenue and lower construction costs.

PARCEL/ ZONE		PROGRAM	PHASE II (2020 - 2025)		PHASE III (2026 - 2035)		TOTAL
			Proposed Development Area (GSF)	Description	Proposed Development Area (GSF)	Description	
Parcel I: Zone 6	Airport Uplands	**Collateral Development**					
		Airport, Govt, Military[1]	125,000	Army relo, Govt agencies etc	125,000		250,000
		Industrial/ Warehouse	125,000	Airside related, other	125,000	Airside related, other	250,000
		Specialty Industrial	100,000	movie production, other	100,000	movie production, other	200,000
		Office	40,000		35,000		75,000
		Residential	-	2,500 sf / du	250,000	300 du's	250,000
		Golf Course & Clubhouse	35,000	18 holes			35,000
		Zone Total	**425,000**		**635,000**		**1,060,000**
Parcel I: Zone 7	Main Street	**Town Center**					
		Office	50,000		50,000		100,000
		R,D&E	250,000	community service retail	150,000	community service retail	400,000
		Residential	680,000	single family & multi apartment; 300 du's	770,000	350 du's	1,450,000
		Back of House / Support	100,000		100,000		200,000
		Hotel	160,000	Possible Navy Lodge reuse; 200 rooms	160,000	new hotel; 200 rooms	320,000
		Zone Total	**1,240,000**		**1,310,000**		**2,550,000**
Parcel I: Zone 8	Sports Core	**Community Sports**					
		Golf Course (par 3)	15,000	9 holes, par 3			15,000
		R,D&E	30,000		-		30,000
		Industrial	50,000	barn			50,000
		Office	50,000				50,000
		Sports/Recreation Fields	120,000	Rec Center	80,000	Rec Center expansion	200,000
		Residential	-		200,000	90 dus around golf	200,000
		Zone Total	**265,000**		**280,000**		**545,000**
Parcel I: Zone 9	Island Paradise	**Retreat, Conference, Learning**					
		R,D&E	30,000	support retail for hotel/conference ctr	20,000		50,000
		Hotels	240,000	First phase 300 keys; 800 sf / unit;	80,000	expansion 100 rooms	320,000
		Support / Back of House	30,000		20,000		50,000
		Conference/ Educational	300,000	first phase	200,000	conf expansion/related	500,000
		Zone Total	**600,000**		**320,000**		**920,000**
Parcel II: Zone 10	Capeheart	**Residential/ Corporate**					
		Corporate/ Institutional	350,000	corporate center/ campus	150,000	Campus Expansion	500,000
		R,D &E	30,000	related support retail/restaurant	20,000		50,000
		Residential	220,000	First phase 100 du's ; 2,200 sf / du	430,000	2nd/3d phase 200 dus	650,000
		Zone Total	**600,000**		**600,000**		**1,200,000**

[1] Government Entity, not included in pro forma analysis

Industrial

- Industrial space is assumed to be owned by a single entity and leased to third parties as needed.
- Estimated rental rates per square foot per year are estimated based upon market information from Cushman and Wakefield of $8.00. This rate was then forecasted forward based upon an assumed growth rate of 2% per year to reach in $10.15 in Year 5. Expenses against this rental income were estimated based upon comparable properties of $4.87 per square foot per year. It is assumed to also rise at 2% per year to $6.18 in Year 5.
- Occupancy rates were set at 91% to correlate with office space vacancies.

Office

- Office space is assumed to be owned by a single entity and leased to third parties as needed.
- Estimated rental rates per square foot per year are estimated based upon market information from Cushman and Wakefield at $19.50. This rate was then forecasted forward based upon an assumed growth rate of 2% per year to reach in $24.73 in Year 5. Expenses against this rental income were estimated based upon comparable properties of $10.70 per square foot per year. It is assumed to also rise at 2% per year to $13.57 in Year 5.
- Occupancy rates were set at 91% year based upon vacancy rates of 9% reported by Cushman and Wakefield.
- In Parcel II – Zone 10, it assumed that the office space will consist of some type of Corporate Campus or Research Park. It is assumed to be leased like other office space.

Retail, Dining and Entertainment

- Retail, Dining and Entertainment ("RD&E") consists of space that is fully leased out and assumes some major brand operators to support newly developed Town Center.
- Rental Rates are estimated on a per square foot basis and are based on a range of rates from other Latin American markets as reported by CBRE. Based on an industry benchmark of rent/occupancy costs at 15% of sales, this equates to approximately $400 sales revenue per square foot by Year 5.
- Occupancy is based on current estimated rates for retail facilities in Puerto Rico and estimated at 85% by Year 5.
- The expense margin is estimated at 40% and is based on existing data from comparable facilities in similar markets.

Residential

- Revenue reflects ongoing operations of property management for which 50% of residences are assumed to participate in. This figure does not include sales revenue associated with selling/financing homes.
- Revenue and expenses are based on existing data from comparable property management companies with consideration for operations in the Puerto Rico market. Revenue per unit is estimated at $17,500 by Year 5 with approximate costs at $11,000.
- The following reflects that assumed development scope by Parcel and Zone:

- Parcel I
  - Zone 6: Residential consists of multi-family/condo facilities.
  - Zone 7: Residential consists of single family homes.
  - Zone 8: Residential consists of multi-family/condo facilities.
- Parcel II
  - Zone 10: Residential consists of single family homes

Sports/Recreation Center

- Assumes a 120,000 square foot recreation sports center with typical amenities such as, but limited to, a gymnasium, pool, tennis courts, playground, picnic area and, possibly, an outdoor field for baseball, soccer or other related sports. [1]
- Revenue is based a number of existing and proposed recreation facilities ranging from 70,000 to 200,000 square feet with consideration for the Puerto Rico market.
- Expenses were based on industry benchmarks and financial ratios as retrieved from Bizminer International & IBIS World and reflect optimal operations of a fitness or recreation center.

Golf Courses

- Assumes an 18-hole course in Parcel I – Zone 6 and a 9-hole course in Zone 8.
- Revenue and expenses are based upon our analysis of the golf course market from the Parcel III assessment and is estimated at approximately $290,000 in revenue per hole with an approximate 30% profit margin.

Conference Center (Continuing Education, Corporate Retreat, etc)

- Assumes a 250,000 square foot corporate retreat and conference center facility with 125,000 square feet of leasable space (the rest includes support, flow, and general back of house).
- Statistics for the center was based on the average revenue and expenses for existing comparable stand-alone facilities with at least 80,000 square feet of leasable space or more.

Hotel

- It is assumed that 400 hotel rooms in Parcel I - Zone 7 will be made up of two 200-room select-service hotels. In Parcel I Zone 9, we assumed an upscale 400-room full-service hotel to support the corporate retreat and conference center. 300 rooms shall be built in Phase II, with an expansion of additional 100 rooms in Phase III.
- Average Daily Rates (ADR) and hotel occupancy is based on the historical performance of hotels in the area in and around Roosevelt Roads as reported by the Puerto Rico Tourism Company and detailed in our original assessment of Parcel III.
- Other revenue and all expenses for the hotels were calculated based on statistics provided in the *2011 Hotel Operating Statistics Study* ("HOST") published by Smith Travel Research with consideration for the Puerto Rico market.

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[1] A larger facility such as ballpark for spring training, was considered, but would require significantly more acreage, averaging anywhere from 30 to 100 acres of land.

Pro formas

The tables on the following pages present a high-low range of revenue and expense for Phase II Stabilized Year 5 (2024) and Phase III Stabilized Year 5 (2030) by Parcel and Zone.

Roosevelt Roads Development
Phase I - Year 5 (2024): High Estimate

Parcel I		Square Feet	Revenue	(000s) Expense	EBITDA
Zone 6:					
	Industrial	125,000	$1,270	$811	$459
	Specialty Industrial	100,000	$1,016	$649	$367
	Office	40,000	$990	$570	$420
	Residential (~100 units)	250,000			
	18-hole Golf Course and Clubhouse	18 holes	$5,620	$3,755	$1,865
Total Zone 6		**265,000**	**$8,896**	**$5,785**	**$3,111**
Zone 7[1]:					
	Office	50,000	$1,238	$712	$525
	RD&E	250,000	$108,699	$41,503	$67,196
	Residential (~650 units)	680,000	$2,838	$1,729	$1,109
	Hotel (200 ~)	160,000	$10,450	$5,815	$4,635
Total Zone 7		**1,140,000**	**$123,225**	**$49,760**	**$73,464**
Zone 8:					
	Golf Course (par 3)	9 holes	$2,810	$1,878	$932
	RD&E	30,000	$13,044	$4,980	$8,063
	Industrial	25000	$254	$162	$92
	Office	25,000	$619	$356	$263
	Sports/Recreation Center	120,000	$3,638	$3,336	$302
	Residential (~90 units)				
Total Zone 8		**200,000**	**$20,365**	**$10,712**	**$9,653**
Zone 9 [2]:					
	RD&E	30,000	$13,044	$4,980	$8,063
	Conference/Corp Retreat	150,000	$5,456	$5,657	($200)
	Hotel (~300 rooms)	240,000	$38,865	$21,349	$17,516
Total Zone 9		**420,000**	**$57,365**	**$31,986**	**$25,379**
TOTAL PARCEL I		**2,025,000**	**$196,490**	**$91,088**	**$105,402**

[1] Zone includes 200,000 SF of back of house/support/services
[2] Zone includes 50,000 SF of back of house/support/services

Parcel II		Square Feet	Revenue	Expense	EBITDA
Zone 10:					
	Corporate Camp/Office Space	350,000	$9,521	$4,987	$4,534
	RD&E	30,000	$13,044	$4,980	$8,063
	Residential (~300 units)	220,000	$946	$576	$370
TOTAL PARCEL II		**600,000**	**$23,511**	**$10,544**	**$12,967**
BOTH PARCELS COMBINED		**2,625,000**	**$220,001**	**$101,632**	**$118,369**

Source: The Innovation Group

Roosevelt Roads Development

Phase I - Year 5 (2024): Low Estimate

Parcel I		Square Feet	Revenue	(000s) Expense	EBITDA
Zone 6:					
	Industrial	125,000	$1,039	$734	$305
	Specialty Industrial	100,000	$831	$587	$244
	Office	40,000	$810	$516	$295
	Residential (~100 units)	250,000			
	18-hole Golf Course and Clubhouse	18 holes	$4,598	$3,398	$1,201
Total Zone 6		**265,000**	**$7,278**	**$5,234**	**$2,044**
Zone 7(1):					
	Office	50,000	$1,013	$645	$368
	RD&E	250,000	$88,935	$37,551	$51,385
	Residential (~650 units)	680,000	$2,322	$1,565	$757
	Hotel (200 rooms)	160,000	$8,550	$5,262	$3,288
Total Zone 7		**1,140,000**	**$100,820**	**$45,021**	**$55,799**
Zone 8:					
	Golf Course (par 3)	9 holes			
	RD&E	30,000			
	Industrial	25000	$208	$147	$61
	Office	25,000	$506	$322	$184
	Sports/Recreation Center	120,000	$2,977	$3,018	($41)
	Residential (~90 units)	200,000			
Total Zone 8		**200,000**	**$16,662**	**$9,692**	**$6,970**
Zone 9 (2):					
	RD&E	30,000	$10,672	$4,506	$6,166
	Conference/Corp Retreat	150,000	$4,464	$5,118	($654)
	Hotel (~300 rooms)	240,000	$20,867	$12,842	$8,026
Total Zone 9		**420,000**	**$36,004**	**$22,465**	**$13,538**
TOTAL PARCEL I		**2,025,000**	**$160,764**	**$82,413**	**$78,352**

(1) Zone includes 200,000 SF of back of house/support/services

(2) Zone includes 50,000 SF of back of house/support/services

Parcel II		Square Feet	Revenue	Expense	EBITDA
Zone 10:					
	Corporate Camp/Office Space	350,000	$7,790	$4,512	$3,278
	Retail, Dining & Entertainment	30,000	$10,672	$4,506	$6,166
	Residential (~300 units)	220,000	$774	$522	$252
TOTAL PARCEL II		**600,000**	**$19,236**	**$9,540**	**$9,697**
BOTH PARCELS COMBINED		**2,625,000**	**$180,001**	**$91,953**	**$88,048**

Source: The Innovation Group

Roosevelt Roads Development
Phase II - Year 5 (2030): High Estimate

Parcel I		Square Feet	Revenue	(000s) Expense	EBITDA
Zone 6:					
	Industrial	125,000	$1,430	$913	$517
	Specialty Industrial	100,000	$1,144	$731	$413
	Office	35,000	$976	$562	$414
	Residential (~100 units)	250,000	$1,065	$649	$416
	18-hole Golf Course and Clubhouse				
Total Zone 6		**510,000**	**$4,615**	**$2,855**	**$1,760**
Zone 7[1]:					
	Office	50,000	$1,394	$802	$592
	RD&E	150,000	$73,448	$28,044	$45,404
	Residential (~350 units)	770,000	$3,729	$2,272	$1,457
	Hotel (~200 rooms)	160,000	$11,326	$7,655	$3,671
Total Zone 7		**1,130,000**	**$89,896**	**$38,773**	**$51,124**
Zone 8:					
	Golf Course (par 3)	9 holes			
	RD&E	30,000			
	Industrial	25000	$286	$183	$103
	Office	25,000	$697	$401	$296
	Sports/Recreation Center	80,000	$2,731	$2,477	$255
	Residential (~90 units)	200,000	$959	$584	$375
Total Zone 8		**330,000**	**$4,673**	**$3,645**	**$1,028**
Zone 9 [2]:					
	RD&E	20,000	$9,793	$3,739	$6,054
	Conference/Corp Retreat	100,000	$2,458	$2,548	($90)
	Hotel (~100 rooms)	80,000	$16,924	$9,932	$6,992
Total Zone 9		**200,000**	**$29,175**	**$16,219**	**$12,955**
TOTAL PARCEL I		**2,170,000**	**$120,672**	**$58,102**	**$62,570**

(1) Zone includes 200,000 SF of back of house/support/services
(2) Zone includes 50,000 SF of back of house/support/services

Parcel II		Square Feet	Revenue	Expense	EBITDA
Zone 10:					
	Corp Campus/Office	150,000	$4,595	$2,407	$2,188
	RD&E	20,000	$9,793	$3,739	$6,054
	Residential (~200 units)	430,000	$2,131	$1,298	$832
TOTAL PARCEL II		**600,000**	**$16,519**	**$7,444**	**$9,075**
BOTH PARCELS COMBINED		**2,770,000**	**$137,192**	**$65,547**	**$71,645**

Source: The Innovation Group

Roosevelt Roads Development
Phase II - Year 5 (2030): Low Estimate

Parcel I		Square Feet	Revenue	(000s) Expense	EBITDA
Zone 6:					
	Industrial	125,000	$1,170	$826	$344
	Specialty Industrial	100,000	$936	$661	$275
	Office	35,000	$798	$508	$290
	Residential (~100 units)	250,000	$872	$587	$284
	18-hole Golf Course and Clubhouse				
Total Zone 6		**510,000**	**$3,776**	**$2,583**	**$1,193**
Zone 7[1]:					
	Office	50,000	$1,140	$726	$415
	RD&E	150,000	$60,093	$25,373	$34,721
	Residential (~350 units)	770,000	$3,051	$2,056	$995
	Hotel (~200 rooms)	160,000	$9,267	$6,926	$2,341
Total Zone 7		**1,130,000**	**$73,552**	**$35,080**	**$38,471**
Zone 8:					
	Golf Course (par 3)				
	RD&E				
	Industrial	25000	$234	$165	$69
	Office	25,000	$570	$363	$207
	Sports/Recreation Center	80,000	$2,235	$2,241	($6)
	Residential (~90 units)	200,000	$784	$529	$256
Total Zone 8		**330,000**	**$3,823**	**$3,298**	**$526**
Zone 9 [2]:					
	RD&E	20,000	$8,012	$3,383	$4,629
	Conference/Corp Retreat	100,000	$2,011	$2,305	($294)
	Hotel (~100 rooms)	80,000	$7,558	$5,920	$1,638
Total Zone 9		**200,000**	**$17,581**	**$11,608**	**$5,973**
TOTAL PARCEL I		**2,170,000**	**$98,732**	**$52,569**	**$46,163**

[1] Zone includes 200,000 SF of back of house/support/services
[2] Zone includes 50,000 SF of back of house/support/services

Parcel II		Square Feet	Revenue	Expense	EBITDA
Zone 10:					
	Corp Campus/Office	150,000	$3,760	$2,178	$1,582
	RD&E	20,000	$8,012	$3,383	$4,629
	Residential (~200 units)	430,000	$1,743	$1,175	$569
TOTAL PARCEL II		**600,000**	**$13,516**	**$6,735**	**$6,780**
BOTH PARCELS COMBINED		**2,770,000**	**$112,248**	**$59,304**	**$52,944**

Source: The Innovation Group

The following tables present a 20 year pro forma for Parcel I and Parcel II. Each parcel is presented with a high and low range of estimates and ***includes all phases of development***.

Roosevelt Roads Development
20 Year Pro Forma - Parcel I: High Estimate(1)

(In Millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
REVENUES:																				
Industrial	$1.3	$1.5	$1.8	$2.2	$2.5	$2.6	$4.0	$4.7	$5.2	$5.6	$5.7	$5.8	$5.9	$6.1	$6.2	$6.3	$6.4	$6.6	$6.7	$6.8
Office	$1.4	$1.7	$2.0	$2.5	$2.8	$2.9	$4.5	$5.2	$5.7	$6.1	$6.3	$6.4	$6.5	$6.7	$6.8	$6.9	$7.1	$7.2	$7.3	$7.5
Residential	$0.7	$1.2	$1.9	$2.4	$2.8	$2.9	$3.7	$5.4	$7.5	$8.8	$8.9	$9.1	$9.3	$9.5	$9.7	$9.9	$10.1	$10.3	$10.5	$10.7
Golf Courses	$6.3	$6.5	$6.7	$6.9	$8.4	$8.7	$8.9	$9.2	$9.5	$9.8	$10.1	$10.4	$10.7	$11.0	$11.3	$11.7	$12.0	$12.4	$12.8	$13.1
Recreation Center	$0.9	$1.6	$2.4	$3.1	$3.6	$3.7	$5.4	$5.8	$6.3	$6.7	$7.1	$7.3	$7.5	$7.7	$8.0	$8.2	$8.4	$8.7	$9.0	$9.2
Conference Center	$3.8	$4.2	$4.6	$5.1	$5.5	$5.6	$6.5	$7.2	$7.9	$8.6	$9.0	$9.2	$9.5	$9.8	$10.1	$10.4	$10.7	$11.0	$11.4	$11.7
Hotels	$31.6	$32.6	$33.6	$34.6	$36.0	$37.0	$52.9	$56.0	$58.9	$61.5	$63.5	$65.4	$67.4	$69.4	$71.5	$73.6	$75.8	$78.1	$80.4	$82.8
RD&E	$80.9	$93.0	$107.0	$123.0	$134.8	$138.8	$189.2	$213.3	$233.7	$244.9	$244.2	$251.5	$259.1	$266.8	$274.8	$283.1	$291.6	$300.3	$309.3	$318.6
Total Revenue	**$127.0**	**$142.4**	**$160.0**	**$179.8**	**$196.5**	**$202.3**	**$275.1**	**$306.8**	**$334.9**	**$352.0**	**$354.7**	**$365.2**	**$375.9**	**$387.0**	**$398.4**	**$410.1**	**$422.1**	**$434.6**	**$447.4**	**$460.5**
EXPENSES:																				
Industrial	$1.1	$1.2	$1.3	$1.5	$1.6	$1.6	$2.9	$3.2	$3.5	$3.6	$3.6	$3.7	$3.7	$3.8	$3.9	$3.9	$4.0	$4.1	$4.2	$4.2
Office	$1.1	$1.2	$1.3	$1.5	$1.6	$1.7	$2.8	$3.2	$3.4	$3.6	$3.6	$3.6	$3.7	$3.7	$3.8	$3.9	$3.9	$4.0	$4.1	$4.2
Residential	$0.6	$0.9	$1.3	$1.6	$1.7	$1.8	$2.4	$3.5	$4.8	$5.5	$5.4	$5.5	$5.6	$5.7	$5.8	$5.8	$6.0	$6.1	$6.2	$6.3
Golf Courses	$5.6	$5.3	$4.9	$4.8	$5.6	$5.8	$5.9	$6.0	$6.1	$6.2	$6.4	$6.6	$6.8	$7.0	$7.2	$7.5	$7.7	$7.9	$8.2	$8.4
Recreation Center	$1.1	$1.8	$2.4	$3.0	$3.3	$3.4	$5.3	$5.6	$5.9	$6.1	$6.3	$6.5	$6.6	$6.8	$7.0	$7.2	$7.4	$7.6	$7.8	$8.1
Conference Center	$4.4	$4.8	$5.0	$5.4	$5.7	$5.8	$6.7	$7.4	$8.1	$8.7	$9.0	$9.3	$9.5	$9.8	$10.0	$10.3	$10.6	$10.9	$11.3	$11.6
Hotels	$23.5	$22.0	$20.6	$20.2	$20.0	$20.4	$31.8	$32.6	$33.1	$33.8	$37.1	$38.0	$39.1	$40.1	$41.2	$42.3	$43.5	$44.8	$46.2	$47.6
RD&E	$41.2	$43.1	$45.0	$49.3	$51.5	$52.5	$77.2	$85.4	$90.5	$92.6	$90.6	$93.0	$95.5	$98.1	$100.7	$103.4	$106.5	$109.7	$113.0	$116.4
Undistributed Op Exp(2)	$22.9	$24.1	$25.4	$26.7	$28.1	$29.0	$43.9	$45.5	$47.2	$49.0	$50.8	$52.3	$53.8	$55.4	$57.0	$58.7	$60.4	$62.2	$64.1	$65.9
TOTAL EXPENSES	**$101.5**	**$104.3**	**$107.2**	**$114.0**	**$119.2**	**$121.9**	**$178.8**	**$192.5**	**$202.5**	**$209.1**	**$212.7**	**$218.5**	**$224.4**	**$230.4**	**$236.6**	**$243.0**	**$250.1**	**$257.5**	**$265.0**	**$272.8**
EBITDA	**$25.5**	**$38.0**	**$52.7**	**$65.7**	**$77.3**	**$80.4**	**$96.2**	**$114.3**	**$132.4**	**$142.9**	**$142.0**	**$146.7**	**$151.6**	**$156.6**	**$161.7**	**$167.1**	**$172.0**	**$177.1**	**$182.4**	**$187.8**
EBITDA % (gross)	**20.1%**	**26.7%**	**33.0%**	**36.6%**	**39.3%**	**39.7%**	**35.0%**	**37.3%**	**39.5%**	**40.6%**	**40.0%**	**40.2%**	**40.3%**	**40.5%**	**40.6%**	**40.7%**	**40.8%**	**40.8%**	**40.8%**	**40.8%**

Source: The Innovation Group

(1) Major Revenue and Expense Assumptions discussed in section "Approach/Methodology"

(2) Based on Parcel III Estimates from TIG Assessment

Roosevelt Roads Development
20 Year Pro Forma - Parcel I: Low Estimate[1]

(In Millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
REVENUES:																				
Industrial	$1.0	$1.2	$1.5	$1.8	$2.1	$2.1	$3.3	$3.8	$4.3	$4.6	$4.7	$4.8	$4.9	$5.0	$5.1	$5.2	$5.3	$5.4	$5.5	$5.6
Office	$1.2	$1.4	$1.7	$2.0	$2.3	$2.4	$3.6	$4.2	$4.7	$5.0	$5.1	$5.2	$5.3	$5.4	$5.6	$5.7	$5.8	$5.9	$6.0	$6.1
Residential	$0.6	$1.0	$1.5	$2.0	$2.3	$2.4	$3.0	$4.4	$6.2	$7.2	$7.3	$7.5	$7.6	$7.8	$7.9	$8.1	$8.2	$8.4	$8.6	$8.8
Golf Courses	$5.2	$5.3	$5.5	$5.7	$6.9	$7.1	$7.3	$7.5	$7.8	$8.0	$8.2	$8.5	$8.7	$9.0	$9.3	$9.5	$9.8	$10.1	$10.4	$10.7
Recreation Center	$0.7	$1.3	$2.0	$2.5	$3.0	$3.1	$4.4	$4.8	$5.2	$5.5	$5.8	$6.0	$6.1	$6.3	$6.5	$6.7	$6.9	$7.1	$7.3	$7.6
Conference Center	$3.1	$3.4	$3.8	$4.2	$4.5	$4.6	$5.3	$5.9	$6.5	$7.0	$7.3	$7.6	$7.8	$8.0	$8.3	$8.5	$8.8	$9.0	$9.3	$9.6
Hotels	$25.9	$26.7	$27.5	$28.3	$29.4	$30.3	$43.3	$45.8	$48.2	$50.3	$52.0	$53.5	$55.1	$56.8	$58.5	$60.2	$62.0	$63.9	$65.8	$67.8
RD&E	$66.2	$76.1	$87.5	$100.6	$110.3	$113.6	$154.8	$174.5	$191.2	$200.4	$199.8	$205.8	$212.0	$218.3	$224.9	$231.6	$238.6	$245.7	$253.1	$260.7
Total Revenue	**$103.9**	**$116.5**	**$130.9**	**$147.1**	**$160.8**	**$165.5**	**$225.1**	**$251.0**	**$274.0**	**$288.0**	**$290.2**	**$298.8**	**$307.6**	**$316.6**	**$325.9**	**$335.5**	**$345.4**	**$355.6**	**$366.0**	**$376.8**
EXPENSES:																				
Industrial	$1.0	$1.1	$1.2	$1.3	$1.5	$1.5	$2.6	$2.9	$3.1	$3.3	$3.3	$3.3	$3.4	$3.4	$3.5	$3.5	$3.6	$3.7	$3.8	$3.8
Office	$1.0	$1.1	$1.2	$1.3	$1.5	$1.5	$2.6	$2.9	$3.1	$3.2	$3.2	$3.3	$3.3	$3.4	$3.4	$3.5	$3.6	$3.6	$3.7	$3.8
Residential	$0.5	$0.8	$1.1	$1.4	$1.6	$1.6	$2.1	$3.2	$4.4	$5.0	$4.9	$5.0	$5.0	$5.1	$5.2	$5.3	$5.4	$5.5	$5.6	$5.7
Golf Courses	$5.1	$4.8	$4.5	$4.4	$5.1	$5.2	$5.3	$5.4	$5.5	$5.7	$5.8	$6.0	$6.2	$6.4	$6.6	$6.8	$7.0	$7.2	$7.4	$7.6
Recreation Center	$1.0	$1.6	$2.2	$2.7	$3.0	$3.1	$4.8	$5.1	$5.3	$5.6	$5.7	$5.8	$6.0	$6.2	$6.3	$6.5	$6.7	$6.9	$7.1	$7.3
Conference Center	$4.0	$4.4	$4.6	$4.9	$5.1	$5.2	$6.1	$6.7	$7.3	$7.8	$8.2	$8.4	$8.6	$8.8	$9.1	$9.3	$9.6	$9.9	$10.2	$10.5
Hotels	$21.3	$19.9	$18.6	$18.3	$18.1	$18.5	$28.8	$29.5	$29.9	$30.5	$33.5	$34.4	$35.3	$36.3	$37.2	$38.2	$39.4	$40.6	$41.8	$43.0
RD&E	$37.3	$39.0	$40.7	$44.6	$46.6	$47.5	$69.8	$77.2	$81.8	$83.8	$82.0	$84.2	$86.4	$88.8	$91.1	$93.6	$96.4	$99.3	$102.3	$105.3
Undistributed Op Exp[2]	$20.7	$21.8	$23.0	$24.2	$25.5	$26.2	$39.7	$41.2	$42.7	$44.3	$46.0	$47.3	$48.7	$50.1	$51.6	$53.1	$54.7	$56.3	$58.0	$59.7
TOTAL EXPENSES	**$91.8**	**$94.4**	**$97.0**	**$103.2**	**$107.9**	**$110.3**	**$161.8**	**$174.2**	**$183.2**	**$189.2**	**$192.5**	**$197.7**	**$203.0**	**$208.5**	**$214.1**	**$219.9**	**$226.3**	**$232.9**	**$239.8**	**$246.8**
EBITDA	**$12.1**	**$22.1**	**$33.9**	**$43.9**	**$52.9**	**$55.2**	**$63.2**	**$76.9**	**$90.8**	**$98.8**	**$97.8**	**$101.1**	**$104.6**	**$108.2**	**$111.8**	**$115.7**	**$119.1**	**$122.6**	**$126.3**	**$130.0**
EBITDA % (gross)	**11.6%**	**19.0%**	**25.9%**	**29.9%**	**32.9%**	**33.3%**	**28.1%**	**30.6%**	**33.1%**	**34.3%**	**33.7%**	**33.8%**	**34.0%**	**34.2%**	**34.3%**	**34.5%**	**34.5%**	**34.5%**	**34.5%**	**34.5%**

Source: The Innovation Group

(1) Major Revenue and Expense Assumptions discussed in section "Approach/Methodology"

(2) Based on Parcel III Estimates from TIG Assessment

Roosevelt Roads Development
20 Year Pro Forma - Parcel II: High Estimate[1]

(In Millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
REVENUES:																				
Office	$4.8	$5.7	$6.9	$8.2	$9.5	$9.7	$11.3	$12.4	$13.6	$14.7	$15.3	$15.6	$15.9	$16.3	$16.6	$16.9	$17.3	$17.6	$17.9	$18.3
Residential	$0.2	$0.4	$0.6	$0.8	$0.9	$1.0	$1.2	$1.6	$2.3	$2.9	$3.2	$3.3	$3.3	$3.4	$3.5	$3.5	$3.6	$3.7	$3.7	$3.8
RD&E	$7.8	$9.0	$10.4	$11.9	$13.0	$13.4	$16.8	$19.1	$21.8	$24.1	$25.4	$26.1	$26.9	$27.7	$28.6	$29.4	$30.3	$31.2	$32.1	$33.1
Total Revenue	**$12.8**	**$15.1**	**$17.8**	**$20.9**	**$23.5**	**$24.1**	**$29.2**	**$33.1**	**$37.7**	**$41.7**	**$43.9**	**$45.0**	**$46.2**	**$47.4**	**$48.6**	**$49.8**	**$51.1**	**$52.5**	**$53.8**	**$55.2**
EXPENSES:																				
Office	$3.3	$3.6	$4.0	$4.5	$5.0	$5.1	$6.1	$6.7	$7.2	$7.7	$7.9	$8.0	$8.2	$8.4	$8.5	$8.7	$8.9	$9.1	$9.2	$9.4
Residential	$0.2	$0.3	$0.4	$0.5	$0.6	$0.6	$0.7	$1.0	$1.5	$1.8	$1.9	$2.0	$2.0	$2.1	$2.1	$2.1	$2.2	$2.2	$2.3	$2.3
RD&E	$4.0	$4.2	$4.4	$4.8	$5.0	$5.1	$6.7	$7.6	$8.4	$9.1	$9.5	$9.8	$10.0	$10.4	$10.7	$11.0	$11.3	$11.7	$12.0	$12.4
Undistributed Op Exp[2]	$2.7	$2.9	$3.0	$3.2	$3.4	$3.4	$4.4	$4.8	$5.2	$5.8	$6.2	$6.3	$6.4	$6.5	$6.7	$6.8	$6.9	$7.1	$7.2	$7.4
TOTAL EXPENSES	$10.2	$11.0	$11.8	$13.0	$13.9	$14.2	$17.9	$20.1	$22.3	$24.5	$25.4	$26.1	$26.7	$27.3	$28.0	$28.6	$29.3	$30.0	$30.7	$31.5
EBITDA	**$2.6**	**$4.1**	**$6.1**	**$7.9**	**$9.6**	**$9.9**	**$11.3**	**$13.1**	**$15.3**	**$17.2**	**$18.4**	**$19.0**	**$19.5**	**$20.1**	**$20.6**	**$21.2**	**$21.8**	**$22.5**	**$23.1**	**$23.8**
EBITDA %	**20.1%**	**27.4%**	**34.0%**	**37.9%**	**40.8%**	**41.2%**	**38.6%**	**39.4%**	**40.7%**	**41.2%**	**42.0%**	**42.1%**	**42.2%**	**42.4%**	**42.5%**	**42.6%**	**42.7%**	**42.8%**	**42.9%**	**43.0%**

Source: The Innovation Group

(1) Major Revenue and Expense Assumptions discussed in section "Approach/Methodology"

(2) Based on Parcel III Estimates from TIG Assessment

Roosevelt Roads Development
20 Year Pro Forma - Parcel II: Low Estimate[1]

(In Millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
REVENUES:																				
Office	$3.9	$4.7	$5.6	$6.7	$7.8	$7.9	$9.2	$10.1	$11.2	$12.0	$12.5	$12.8	$13.0	$13.3	$13.6	$13.8	$14.1	$14.4	$14.7	$15.0
Residential	$0.2	$0.3	$0.5	$0.7	$0.8	$0.8	$0.9	$1.3	$1.9	$2.4	$2.6	$2.7	$2.7	$2.8	$2.8	$2.9	$2.9	$3.0	$3.1	$3.1
RD&E	$6.4	$7.4	$8.5	$9.7	$10.7	$11.0	$13.7	$15.7	$17.8	$19.7	$20.8	$21.4	$22.0	$22.7	$23.4	$24.1	$24.8	$25.5	$26.3	$27.1
Total Revenue	**$10.5**	**$12.4**	**$14.6**	**$17.1**	**$19.2**	**$19.7**	**$23.9**	**$27.1**	**$30.8**	**$34.1**	**$35.9**	**$36.8**	**$37.8**	**$38.8**	**$39.8**	**$40.8**	**$41.8**	**$42.9**	**$44.0**	**$45.2**
EXPENSES:																				
Office	$3.0	$3.3	$3.6	$4.1	$4.5	$4.6	$5.5	$6.0	$6.5	$6.9	$7.1	$7.3	$7.4	$7.6	$7.7	$7.9	$8.0	$8.2	$8.4	$8.5
Residential	$0.2	$0.3	$0.4	$0.5	$0.5	$0.5	$0.7	$0.9	$1.3	$1.6	$1.7	$1.8	$1.8	$1.9	$1.9	$1.9	$2.0	$2.0	$2.0	$2.1
RD&E	$3.6	$3.8	$3.9	$4.3	$4.5	$4.6	$6.1	$6.9	$7.6	$8.3	$8.6	$8.8	$9.1	$9.4	$9.6	$9.9	$10.2	$10.5	$10.9	$11.2
Undistributed Op Exp[2]	$2.5	$2.6	$2.7	$2.9	$3.0	$3.1	$4.0	$4.3	$4.7	$5.3	$5.6	$5.7	$5.8	$5.9	$6.0	$6.1	$6.3	$6.4	$6.5	$6.7
TOTAL EXPENSES	$9.3	$9.9	$10.6	$11.8	$12.6	$12.8	$16.2	$18.1	$20.2	$22.2	$23.0	$23.6	$24.1	$24.7	$25.3	$25.9	$26.5	$27.1	$27.8	$28.5
EBITDA	**$1.2**	**$2.4**	**$3.9**	**$5.4**	**$6.7**	**$6.9**	**$7.7**	**$9.0**	**$10.6**	**$11.9**	**$12.9**	**$13.3**	**$13.6**	**$14.1**	**$14.5**	**$14.9**	**$15.3**	**$15.8**	**$16.2**	**$16.7**
EBITDA %	**11.6%**	**19.7%**	**27.0%**	**31.3%**	**34.6%**	**35.0%**	**32.1%**	**33.0%**	**34.4%**	**35.0%**	**35.9%**	**36.0%**	**36.1%**	**36.3%**	**36.4%**	**36.5%**	**36.6%**	**36.8%**	**36.9%**	**37.0%**

Source: The Innovation Group

[1] Major Revenue and Expense Assumptions discussed in section "Approach/Methodology"

[2] Based on Parcel III Estimates from TIG Assessment

Land Value

Parcel I is approximately 1,506 acres of deeded property and 122-acre lease for a total of 1,628 acres. Parcel II is 497 acres. In addition to this, there are two other smaller parcels at 30.4 acres and 2.3 acres respectively. This totals 2,158 acres. Based on the above analysis for proposed operations at Parcel I and II as well as comparative data in the market for land values of similar developments we estimate a blended average price per acre. Taking this high level approach, we estimated a value of approximately $190,000 per acre. The following presents total land value for Parcels I and II:

Estimated Land Value

Parcel	Acreage*	Value ($M)
Parcel I	1,628	$308.7
Parcel II	530	$94.3
Total Value	2,158	$402.9

*Includes two smaller parcels noted above

Job Creation

The following section presents our analysis and findings for job creation from the construction and ongoing operations associated with Parcel I and II at Roosevelt Roads. The construction phase of the project will be considered a one-time benefit to the area. This refers to the fact that these jobs will be introduced into the economy only during the construction phase of the project, and cannot be expected to continue to provide permanent jobs beyond the project's completion. This differs from the economic benefits that accrue from the annual operations of a facility once it has opened for business. These are termed ongoing jobs and can be expected to accrue annually as a result of business operations and the attraction of business patrons. Direct, indirect impacts are assessed for both the construction of the facilities and on-going operations, while the ongoing operations also include the induced impact.

> ***Direct impacts*** result from the economic activity that occurs on the property itself. The direct impact sums the jobs made by the facilities operation.
>
> ***Indirect impacts*** reflect the employment changes occurring in other businesses/industries around the community that supply inputs to the project industry.
>
> Jobs associated with ***Induced impacts*** result from the effects of spending by the households in the local economy as the result of direct and indirect effects from an economic activity (i.e. project, event, etc.). The induced effects arise when employees who are working for the project (e.g. new manufacturing plant or the local festival) spend their new income in the community.

As a part of this analysis, we will first present the construction budget which was created to project the number of construction jobs needed for the full development of the entire proposed building program at each parcel. This is followed by job projections for construction at both parcels and concluded with ongoing job estimates upon completion of all phases of development.

Construction Budget

In assessing the construction cost estimates for the proposed development in Parcel's I and II, cost were segmented into Hard Costs, Site Improvement Costs, Soft Costs, Opening Expenses, Contingencies and Interest Expense. Ranges were given for each expense and the total expenses.

The Innovation Group first assessed the estimated hard costs on a per square foot approach. Scope and sizing were based upon information provided by the client. Using information from Rider, Levett, Bucknall and Innovation Project Development, per square foot hard costs were derived for development on property (hotel, retail, office, ect). Next, costs were forwarded to 2016 prices based upon an assumed 2% annual inflation. Given the estimated inflation in prices, hard costs are estimated to range between $929.5 and $997.5 million Once hard costs were inflated and then aggregated, The Innovation Group used the per square foot site improvement figure as reported provided by the client. Site improvement costs are expected to range between $227.5 and $251.4 million Soft and opening costs were based upon percentages of hard costs at 12% and 1% respectively. Soft costs are expected to range between $133.4 and $147.5 million. Opening costs are expected to range between $11.1 and $12.3 million. Contingencies were calculated as 10% of the combined Hard, Soft and Opening costs. Contingencies are expected to range between $125.6 and $138.9 million. Lastly, interest expense was estimated based upon a 35% down payment, 11% interest rate over a 24-month schedule and is expected to range between $255.3 and $282.2 million. In total the project's cost is forecasted to range between $1.64 billion and $1.81 billion.

Roosevelt Roads – Parcel I and II
Total Estimated Construction Costs (both Phase)

Parcel	Use	Use	Square feet	Cost ($millions) Low	High
Parcel 1	6	Industrial warehouse	250,000	$27.8	$30.7
		Special Industrial	200,000	$23.4	$24.5
		Office	75,000	$15.3	$16.1
		Residential	250,000	$58.5	$61.4
		Golf Course	35,000	$11.0	$11.6
	7	Office	100,000	$20.5	$21.5
		Retail	400,000	$58.5	$61.4
		Residential	1,450,000	$117.7	$123.6
		Back of House	200,000	$32.8	$34.4
		Hotel	320,000	$84.2	$88.4
		Golf Course	15,000	$5.5	$5.8
	8	Retail	30,000	$4.4	$4.6
		Industrial	50,000	$5.8	$6.1
		Office	50,000	$10.2	$10.7
		Sports Complex	200,000	$44.9	$47.2
	9	Residential	200,000	$46.8	$49.1
		Retail	50,000	$7.3	$7.7
		Hotel	320,000	$84.2	$88.4
		Back of House	50,000	$8.2	$8.6
		Conference	250,000	$71.0	$74.6
Parcel 2	10	Corporate/Office	500,000	$131.5	$138.1
		Retail	50,000	$7.3	$7.7
		Residential	650,000	$52.8	$55.4
Hard Cost Total				$929.5	$977.5
Site Improvement				$227.5	$251.4
Soft Costs				$133.4	$147.5
Opening Costs				$11.1	$12.3
Contingencies				$125.6	$138.9
Construction Total				**$1,382.1**	**$1,527.6**
Interest Expense				**$255.3**	**$282.2**
Grand Total				**$1,637.4**	**$1,809.8**

Source: Rider-Levett-Bucknall, Innovation Project Development

Construction Jobs

Job analysis for Roosevelt Roads was based on average incomes and economic outputs from a comparable market to Puerto Rico and was derived from IMPLAN® (IMpact analysis for PLANning), which is an economic impact modeling system. More specifically, IMPLAN develops detailed Social Accounting Matrices and Multiplier Models of local economies. Through region-specific data and outstanding technical support the software enables users to make in-depth examinations of state, multi-county, county, sub-county, and metropolitan regional economies. Using this software, construction of the facilities in Parcel I and II are estimated to directly employ 5,484 workers nationwide. Including indirect and induced effect of construction, it is estimated to add a total of 9,292 jobs.

Construction Job Estimates*

Jobs	Parcel I	Parcel II	Total
Direct Effect	4,667	816	5,484
Indirect Effect	1,577	237	1,814
Induced Effect	1,707	288	1,995
Total Effect	7,951	1,341	9,292

Source: IMPLAN; The Innovation Group
* Employment is in man years (i.e. if the construction period is 2 years, the total unique jobs would equal 82,303)

Ongoing Jobs

Unlike the construction phase, economic benefits resulting from the ongoing operation of an integrated resort can be expected to occur annually, resulting in a constant stimulus to the economy. As noted above, this assumes the completion of Phase II and Phase III of the proposed building program (Year 2026). Using the analysis from the operating pro formas as well as the IMPLAN Software, Parcel I and II are estimated to generated 4,782 direct ongoing jobs. The total impact to Puerto Rico by on-going operations is shown in the following table:

Ongoing Job Estimates

Employment	Parcel I	Parcel II	Total
Direct Effect	2,993	1,789	4,782
Indirect Effect	690	1,061	1,751
Induced Effect	894	1,697	2,590
Total Effect	**4,576**	**4,546**	**9,123**

Source: IMPLAN; The Innovation Group
*Based on 2026

DISCLAIMER

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

EXHIBIT F: Summary of Acquisition Terms and Conditions for NSRR Parcels I and II

Summary of Acquisition Terms and Conditions For Parcels 1 and 2 At Naval Station Roosevelt Roads By and Between The United States of America, Acting By and Through the Navy and The Local Redevelopment Authority for Naval Station Roosevelt Roads

Seller: United States of America, acting by and through the Department of the Navy ("Navy").

Purchaser: Local Redevelopment Authority for Naval Station Roosevelt Roads ("LRA"), as the Federally recognized local redevelopment authority for Naval Station Roosevelt Roads ("NSRR").

Background: On December 20, 2011, the Navy and the LRA executed that certain *Economic Development Conveyance Memorandum of Agreement between the United States of America acting by and through the Navy and the Local Redevelopment Authority for Naval Station Roosevelt Roads* (**"EDC Agreement"**). The EDC Agreement contained the terms and conditions for the transfer to the LRA of approximately 1,370.2 acres at NSRR referred to as **"Parcel 3"**. On January 25-26, 2012, the Navy and the LRA executed various quitclaim deeds and a Lease in Furtherance of Conveyance (**"LIFOC"**) to convey Parcel 3 to the LRA.

Purpose: The LRA and the Navy desire to amend the EDC Agreement to provide for the conveyance of additional property at NSRR to the LRA in exchange for additional consideration payable to the Navy, in accordance with the terms and conditions set forth herein. The additional property to be conveyed consists of approximately 2,000 acres of land and improvements referred to as **"Parcel 1"** and **"Parcel 2"** at Naval Station Roosevelt Roads, as set forth in Exhibit A (collectively, **"Parcels 1 and 2"**).

Legal Authority: Fair market value economic development conveyance, as authorized by section 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990 (Public Law No. 101-510), as amended, and 32 C.F.R. Part 174.

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EDC Application Amendment: The LRA shall submit to the Navy an amendment to the LRA's application for an economic development conveyance ("EDC") dated December 17, 2010 that shall include, at a minimum, an amended financial pro forma and an amended jobs generation matrix to address the inclusion of Parcels 1 and 2.

EDC Agreement/ LIFOC Amendment: This Summary of Acquisition Terms and Conditions shall be non-binding and shall have no force or effect in law or equity. Following appropriate regulatory review and administrative action by the Navy and the LRA, the Navy and the LRA will negotiate and execute the binding first amendment to the EDC Agreement (**"EDC Agreement Amendment"**) and the binding first amendment to the LIFOC (**"LIFOC Amendment"**) to address the terms, conditions and schedule for the conveyance of Parcels 1 and 2 to the LRA in accordance with the terms and conditions identified in this Summary of Acquisition Terms and Conditions.

The definition of "Property" in the EDC Agreement and the definition of "Leased Premises" in the LIFOC shall be amended, as appropriate, to include Parcels 1 and 2. Where necessary in Articles 3 and 4 of the EDC Agreement, the EDC Agreement Amendment shall specifically identify whether the provision applies to Parcel 1, Parcel 2, or Parcel 3.

The Parties intend that, except with respect to the payment of consideration for Parcel 1 and Parcel 2, (i) all terms and conditions of the EDC Agreement and the LIFOC relating to Parcel 3 will remain unchanged, and (ii) the rights, liabilities and responsibilities of the Parties identified in the EDC Agreement and the LIFOC for Parcel 3 shall apply also to Parcels 1 and 2.

Property Transfer: The Parties recognize that the Navy will be unable to transfer by deed certain portions of Parcel 1 until such time as the Navy completes further environmental remediation and issues a finding of suitability to transfer ("FOST") for such portion of Parcel 1. The map attached as <u>Exhibit B</u> identifies, as of the execution date of this Summary of Acquisition Terms and Conditions:

FOST Property: Those portions of Parcels 1 and 2 for which the Navy has issued a FOST and are therefore eligible for conveyance to the LRA by quitclaim deed, and

LIFOC Property: Those portions of Parcel 1 for which the Navy has not issued a FOST, are not eligible currently for conveyance to the LRA by quitclaim deed, and that will be transferred to the LRA at the Parcels 1 and 2 Closing by amending the LIFOC.

Quitclaim Deeds: The Navy shall convey to the LRA the Navy's right, title, and interest in those portions of Parcels 1 and 2 for which there is a FOST as identified in Exhibit B by multiple quitclaim deeds meeting the technical requirements necessary to be recorded in the Commonwealth of Puerto Rico (**"Quitclaim Deeds"**) in accordance with a schedule set forth in the EDC Agreement Amendment. The Quitclaim Deeds shall include all necessary reservations, easements, covenants, conditions and notices and shall be substantially in the form of those set forth in Exhibit G-1 to the EDC Agreement.

LIFOC Amendment: The Navy and the LRA will execute the LIFOC Amendment setting forth the terms and conditions of the Navy's lease to the LRA of certain portions of Parcel 1 identified on Exhibit B, pending the completion of environmental remediation and conveyance of such portions of Parçel 1 to the LRA by Quitclaim Deed.

Consideration: The EDC Agreement Amendment shall amend the EDC Agreement to provide consideration to the Navy for the conveyance of Parcels 1 and 2 to the LRA, as described herein:

A. Initial Consideration: The LRA will pay no Initial Consideration to the Navy at the time Parcels 1 and 2 are transferred to the LRA. The LRA will assume custody, control and responsibility for Parcels 1 and 2 as soon as the conveyance can be accomplished.

B. Guaranteed Consideration: Eight Million Five Hundred Thousand Dollars ($8,500,000.00) (**"Guaranteed Consideration"**) payable in fifteen equal annual principal installments plus interest commencing one year after the LRA's current payment obligations for the Parcel 3 Initial Consideration (as defined in the EDC Agreement) are completed pursuant to Sections 4.2.1.2 and 4.2.4 of the EDC Agreement (thus, unless the Parcel 3 payments are extended in accordance with the

terms of the EDC Agreement, the first principal and interest payment would be due on September 30, 2031).

Interest on the Guaranteed Consideration will begin accruing seven (7) years after the Parcels 1 and 2 Closing and shall be calculated at 150 basis points over the U.S. Treasury 10 Year Composite Note as of the date of the Parcels 1 and 2 Closing.

The LRA shall provide security for the Guaranteed Consideration to the Navy by a document evidencing the full faith and credit of an agency, department, or instrumentality of the Commonwealth of Puerto Rico or such other security that is acceptable to the Navy (the "Parcels 1 and 2 Note").

The Guaranteed Consideration may be pre-paid by the LRA without penalty at the net present value of the amount then due, but in no event may the amount to be pre-paid by the LRA as Guaranteed Consideration be less than Eight Million Five Hundred Thousand Dollars ($8,500,000.00).

In the event that the LRA elects to pre-pay the Initial Consideration for Parcel 3, the LRA's obligations to commence payment of the Parcels 1 and 2 Note are not accelerated.

B. <u>Additional Consideration</u>: Section 4.3.1 of the EDC Agreement shall be amended to provide that the LRA shall pay the Navy "Additional Consideration" in the amount of forty percent (40%) of all Real Estate Proceeds (as defined in Section 4.3.2 of the EDC Agreement) in excess of Eighty Million Dollars ($80,000,000.00) received by the LRA through September 30, 2035 for Parcels 1, 2 and 3. When due, such payments shall be paid annually on or before September 30 of each year for the time period between June 30 of the previous year and June 30 of the current year.

C. <u>Other Payment Due to the Navy</u>: The Navy may also receive an "Outside Scope Payment" as defined and described below, in lieu of Additional Consideration.

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Special Consideration Provision For Outside Scope: If at any time within the five (5) year period beginning on the date of the Parcels 1 and 2 Closing, the LRA sells, leases, assigns, or licenses any portion of Parcels 1 or 2 for a purpose not reasonably contemplated in the Addendum to the 2004 Roosevelt Roads Reuse Plan dated April 30, 2010 (**"Reuse Plan Addendum"**) (**"Outside Scope Parcel"**), the LRA agrees to pay to the Navy seventy-five percent (75%) of the Net Proceeds (as defined in the EDC Agreement) received by the LRA for such Outside Scope Parcel in excess of the amount of the Guaranteed Consideration then outstanding (**"Outside Scope Payment"**). Any Outside Scope Payment required to be paid to the Navy under this section shall be in lieu of an Additional Consideration payment for such Outside Scope Parcel.

Schedule: The Navy and the LRA shall use their best efforts to execute the EDC Agreement Amendment no later than August 31, 2012. Within thirty (30) days following the execution of the EDC Agreement Amendment, the **"Parcels 1 and 2 Closing"** shall occur, and the Navy shall transfer to the LRA at such Parcels 1 and 2 Closing:

A. By Quitclaim Deed, certain portions of Parcel 1 for which a FOST has been issued as identified on Exhibit B, and all of Parcel 2;

B. All necessary access and other required easements and rights of way, if any are required;

C. The personal property appurtenant to Parcel 1 and Parcel 2 by bill of sale; and

D. Certain portions of Parcel 1 by LIFOC for which a FOST has not been issued as identified on Exhibit B.

Exhibits: The following exhibits are attached and made a part of this Summary of Acquisition Terms and Conditions:

Exhibit A: Map of Parcels 1 and 2
Exhibit B: Map Depicting Initial Quitclaim Deed/LIFOC Parcels

[Signature Page Follows]

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APPROVED:	**APPROVED:**
LOCAL REDEVELOPMENT AUTHORITY FOR NAVAL STATION ROOSEVELT ROADS	**DEPARTMENT OF THE NAVY**
Mario González Lafuente	**Gregory C. Preston**
Executive Director	**Real Estate Contracting Officer**
Date: 7/9/2012	**Date:** 7/13/2012
WITNESS:	**WITNESS:**
By: ________________	**By:** ________________

4837-7616-9231.3

Exhibit A

04.30.13