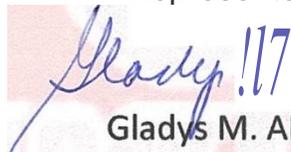


Proposal for
Roosevelt Roads Redevelopment

Submitted by
Black Beard Sports

PO Box 1042
Vieques, Puerto Rico
00765

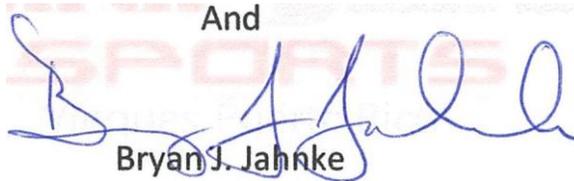
Represented by



Gladys M. Aleman

787-300-0159

And



Bryan J. Jahnke

787-300-0159

9 May 2014

1.0 Project

Memorandum

1.1 Concept

Black Beard Sports proposes to establish an Adventure Sports Center and PADI Dive shop at one of the available sites at FNBRR. The venture will adapt our successful business model by offering retail, rentals, tours, scuba diving, technical service, resort services and transportation. Revenue forecast for year 1 is a modest \$350,000 with a goal of exceeding \$1,000,000 annually by year 5. Initial investment is projected at \$100,000 increasing yearly during the 5 year plan. The overall economic impact to Ceiba and the surrounding communities is likely to be considerable as FNBRR becomes a focal point for Nautical Tourism and the entrance to the "Green Triangle".

1.2 Eco Tourism

Eco tourism defines a broad category of land and water activities forming the backbone of the initial phase of the redevelopment effort. These activities will not only draw business into the area, but will provide educational and recreation opportunities for local residents. Scope and direction for these activities is to be defined by the Nautical Tourism office of Puerto Rico. Precise routes and tour operations will be developed by our professional staff during phase 1 of the proposed project.

Outdoor recreation with sports and fitness must be developed alongside Eco Tourism in order for the local community to grow with the overall project. This begins with educational programs and activities geared toward creating a local passion for the outdoors and sharing these natural treasures with others. Local enthusiasts and talented young people become the driving force for Eco Tourism.

1.3 Proposed Areas

Black Beard Sports has evaluated two potential sites that show promise for the size and scope of the proposed venture.

Site 1 (preferred): Buildings 2036 and 2036A with access to short pier



- The two buildings are surrounded by a paved parking area and enclosed with a chain link fence. Small concrete pier extends to the front across the street.
 - o Building 2036 is a block building with sanitation and power. Suitable for retail operations.
 - o Building will require initial investment to bring maintenance up to standard and adapt for planned use.
 - Roof repair
 - Interior and exterior paint
 - Interior partitioning and fixtures
 - Miscellaneous repairs and improvements
 - o Building 2036A is a steel constructed commercial building on a concrete base with electrical power, suitable for storage and equipment maintenance.
 - o Building will require initial investment to bring maintenance up to standard and adapt for planned use.
 - Roof repair
 - Interior partitioning and fixtures
 - Miscellaneous repairs and improvements
 - o Pier access is an important element to our proposed business strategy.
 - Overall management of small pier.
 - Coordination
 - Maintenance
 - Operations
 - Occupation and use of one side.
 - Docking of craft.
 - Loading and unloading of vessels.

Site 2 (second choice): Building 1715 across from marina, with access to docking and loading facilities.



- o Consists of a concrete block structure formerly used by MWR as a dive shop and support facility for adjacent sports complex. Building has sanitation and electrical power. Suitable for retail operations and tour support.
 - o Building will require initial investment to bring maintenance up to standard and adapt for planned use.
 - Roof repair
 - Interior and exterior paint
 - Interior partitioning and fixtures
 - Miscellaneous repairs and improvements
 - o Additional improvements will be necessary as the business expands to provide storage and security for rental equipment.
 - o Under present arrangement, patrons of the adjacent baseball field have use of restroom facilities.

1.4 Monthly Rents

Proposed rents for the facilities are largely dependent upon the potential revenue which can be generated from operations. Presently there are no adjacent businesses with relatively light traffic and virtually no near term plan to stimulate economic activity necessary to sustain a business.

At the moment these facilities stand idle, slowly deteriorating waiting for a breath of life to come their way. We are proposing a plan to invest resources and energy into this area to create sustainable long term economic growth for the region. With that said, Black Beard Sports proposes a schedule of rents that would allow necessary investment to take place immediately with increases as the business climate gains traction and builds momentum.

Rent for site #1 which would include buildings 2036 and 2036A with use of short pier should be in the range of \$1500/month during the development phase, increasing to \$2000/month at business startup. After year three rent could increase to \$3000/month with additional increases after year five.

Rent for site #2 which would include building 1715 with access to docking and loading facilities should be in the range of \$1000/month during the development phase, increasing to \$1500/month at business startup. After year three rent could increase to \$2000/month with additional increases after year five.

1.5 Workforce

Workforce requirements will be determined by level of business activity and can best be presented by development phase.

- Employees versus contractors
 - o Generally speaking core employees will be hired full time.
 - o Captains and guides are likely to be contracted.
- Manager
 - o Overall operations
 - o Sales
- Assistant Manager
 - o Backs up manager

- o Sales
- o Rentals
- Technician
 - o Rentals
 - o Repairs
 - o Scuba Support
 - o Sales
- Watercraft operator
 - o Captain
- Guides/Dive masters
 - o Scuba/snorkeling
 - o Kayaking/paddle boards
 - o Biking/hiking

Phase 1-Initial startup: core operations

- Employees - 3
- Contractors – 2+

Phase 2 - Run mode: addition of resort services

- Employees - 4
- Contractors – 6+

Phase 3 – Business growth: operation of water taxi

- Employees - 5
- Contractors – 8+

1.6 Organizational Structure

Organizationally this venture will represent a wholly owned subsidiary of Black Beard Sports, Inc. with management personnel from the Vieques operation. We will begin to hire and train local talent at the initiation of Phase 1. By year 2, core operations in Ceiba should be under local management.

Depending upon the rate of business growth and the availability of a local work force, hiring will likely extend beyond Ceiba and Naguabo.

1.7 7 Timing of Execution

To realize the maximum benefit from this opportunity it will be imperative that business operations commence by the middle of November 2014. Upon our selection and site approval, a detailed project plan will be developed. We estimate that the development phase will take between 2-3 months. This will require a start date no later than 1 August 2014.

While we will be seeking additional financing through the Economic Development Bank and Banco Popular, much of what we need to open the business is currently on hand and internal resources are available. Adjustments to business licenses and operating permits are likely to be the longest lead items and will represent the critical path.

2.0 Graphic Project Concept

2.1 General Concept

The general concept of the proposed operation is based on our successful business in Vieques, uniquely adapted for the opportunities at the FNBRR location.



Main store in Isabel II



Black Beard at the W Retreat, Vieques



Technical support and warehouse

2.2 Building Renovaton

- o Appendix A

2.3 Resumes – Project Team

- o Appendix B
 - o President Bryan Jahnke
 - o Vice President Gladys Aleman
 - o Business Manager Cristina Von Essen
 - o Director of Dive Operations L. Gabriel Espino
 - o Retail Manager Parroco Anderson
 - o Site Development Manager William Sanders

3.0 Evidence of Vieques Residence

- o Appendix C

4.0 Benefits to the Community

- o At the present time almost one half of our workforce are from Vieques.
 - o Many of our local employees have grown up with Black Beard Sports and our community outreach programs.
 - o Local hiring is essential to the success of the business.
- o All residents of Vieques receive a 10% discount on goods and services at Black Beard Sports.
 - o Often the discounts exceed 10% and they return because of the excellent service.
 - o Local residents must embrace the business as if it were their own.
- o Black Beard Sports is all about training and community development.
 - o Proponents and supporters of Boys and Girls Club.
 - o Training for Boys and Girl Scouts.
 - o Anti-violence workshops and "clothesline projects" at high school.
 - o Bike 101 - Bicycle safety and repair workshops.
 - o Outdoor survival training with Sports and Recreation.
 - o Open water scuba diving for all Vieques Fishermen.
 - o Storytelling and craft workshops.
 - o The list goes on...and on...
- o Communal improvements
 - o Black Beard Sports resurfaced the pier in Esperanza.
 - o Development of dive and snorkel access at the Rompe Olas.
 - o Beach cleanups.
 - o Renovation of cultural sites.
 - o More...

5.0 Additional Information

- o Executive Summary - Appendix D

Building Renovation - Appendix A



Building 1715

Pros	Cons
<ul style="list-style-type: none"> - Visible from the main access road - Accessibility to marina across street - Boat parking lot across the road - Surrounded by recreation areas - Minor renovations can make the structure operable 	<ul style="list-style-type: none"> - Small facility with limited footprint expansion - Not a waterfront property - Shares bathrooms with baseball park - No parking lot

This alternate location will provide with more "visibility and accessibility" for the visitors of Roosevelt Roads. BBS can generate movement by renting individual ecotourism equipment (kayaks, SUP, bicycles, snorkel equipment, beach equipment) from the location and working with other local operators to move groups (snorkel trips, dive trips, bio bay trips). Additional to ecotourism, BBS Ceiba can become a hub for fishermen and recreational boaters that will be using the dock and boat parking across the street. Additional interventions of ecotourism and partnerships with other companies can provide for the creation of trails and other outdoor sports such as paintball, zip lines, hiking, bird watching, stargazing, etc. The location of this building also allows for the possibility of expanding the business in the future by having BBS guided snorkeling tours by boat and connecting with Vieques through water with Ceiba.

For this location to be ready for future expansion the proposal must include certain expansion areas as part of the facilities. It will be necessary to specify the following:

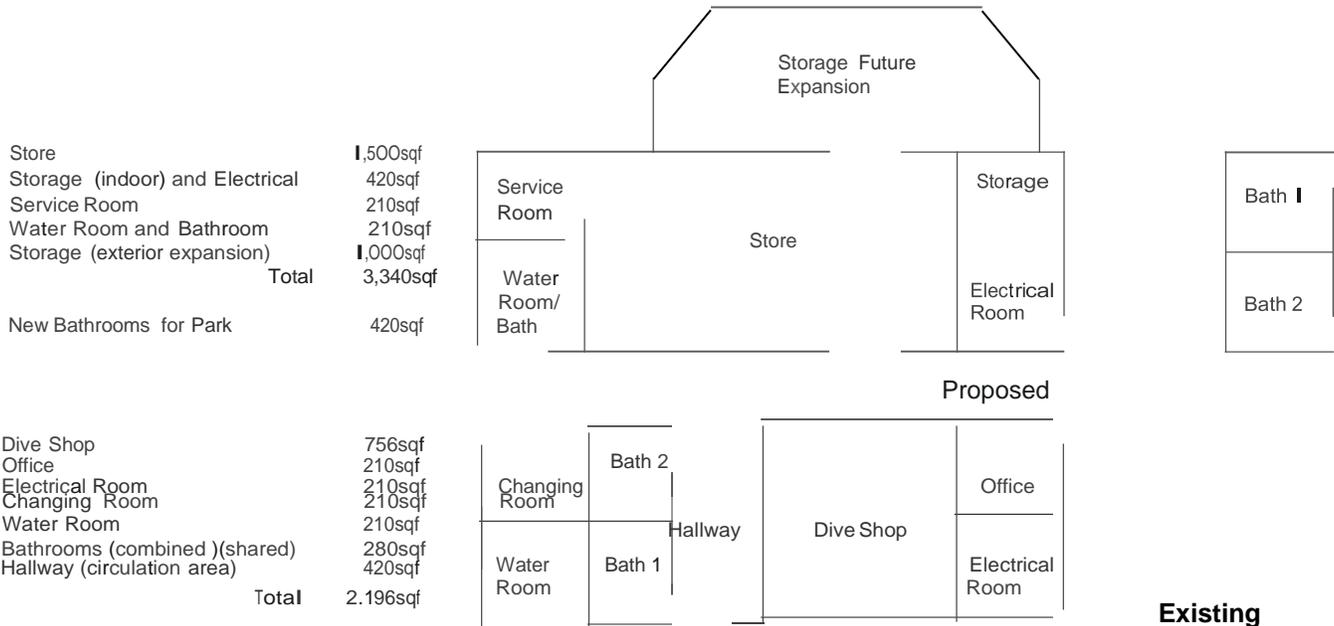
- Possibility of expanding the footprint of the building towards the North on the already paved terrace facing the baseball park.
- Expanding the footprint vertically and add a second story to the existing building.
- Creating a storage "cage" for kayaks on the sides of the building. This should be an open covered structure with the possibility of being closed and having a second story in the future.

- Bathrooms for the baseball field should be separated from the retail BBS spaces (new facilities being built or bathrooms accessible from outside structure).
- Two slips in the adjacent marina with capacity for a dive boat and a small cat (?) with fresh water and electricity.
- Permission to park the kayak cart in the grass area next to the boat ramp (reserve spaces) Min. 5 parking lot spaces reserved to BBS vehicles next to the DRNA facility.

To make the building usable for our operations some physical alterations and improvements need to be made. This can be written into the lease (?)/rent (?) of the building as structure improvements and maintenance and receive a discount on the monthly payments (?). The following recommendations are for initial discussions and by no means final.

- Metal roof over wooden trusses should be inspected for holes, cracks, breaks, weaknesses, etc.
- Interior non load bearing partitions can be removed to create an open plan for the store.
- All electrical wiring, conduits and panel should be checked and necessary upgrades and changes made to the system. (Buzzing sound coming from panel and adjustments for air compressor)
- All doors and metal sliding gates should be removed and replaced those to remain.
- A few parking spaces should be allowed on the grass in front of the store, this can be done with grass pavers so as to maintain the "natural look" (not using asphalt).
- Structure is to be prepared structurally for the addition of a second story in the future by replacing CMU blocks for columns and beams where necessary.
- Windows and access to store areas should be protected by sliding metal doors (similar to existing) or by manually operated rolling shutters.
- BBS bathroom should be relocated with exterior showers and hose connections available

This opportunity to renovate a CMU structure can provide BBS with the opportunity to "build green". By integrating water and electrical management systems and using sustainable products this can become a PADI Green Award dive shop as well as receive potential tax breaks.





Buildings 2036 and 2036A

Pros	Cons
<ul style="list-style-type: none"> - Large facility with extensive footprint expansion - Waterfront property (across the street) - Self-contained operation - Ample parking for staff and visitors - Two structures provide the opportunity of turning into an extension of Vieques - Has small dock across street - Potential for other lots to be developed and have the area turn into a "Paseo Portuario" 	<ul style="list-style-type: none"> - Not visible from the main access road - No formal marina near - Away from any of the existing operations and recreational activities - Medium renovations are needed to make the structures operable - Self-contained operation - Large lot with several improvements that will require substantial initial monetary injection - No accessible boat ramp

This location offers BBS all the space it might need to carry out an operation in the scale of Vieques. Two buildings located in an enclosed lot with ample exterior spaces that compress the uses of the service center, storage, and retail all in one location. This lot has plenty of room for growth and expansion. Although the location is not visible from the road and is currently separated from the other "active" areas, this has the possibility of turning into a waterfront recreation area with other businesses operating next to each other in a manner similar to the Paseo Portuario in San Juan. In this location BBS can provide the same services that are offered in Vieques. These can include guided hikes, bike, kayak, and snorkeling tours providing the transportation from our facilities to the location of the activity. This location also provides BBS with the opportunity to store large watercraft out of the water, as well as vehicles and equipment. Because the lot comprises two buildings it should be considered moving into the main structure (furthest to the south) first and as business grows fix and expand into the secondary structure. The fencing and landscaping of the lot should be looked at so as to improve the rundown look that the site currently shows. This lot has ample room to grow, but some stipulations should be proposed in order for operations and future growth to fit in the location. Some of these are:

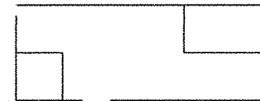
- Ownership of the "sidewalk" across the street from the lot so that no mobile businesses (ie foodcarts) park along the waterfront and block the visual reference between the water and the shop.
- One side of the short dock across the street should be made exclusive for the use of BBS with running water and electrical connections (or connection ready).

- Possibility of construction and expansion into 100% of the site by covering all current open air areas.
- Clarify that the two containment units that are underground were described as "never been used" and "not having any problems" in case something occurs in the future, they are responsible for the old containment tanks that are underground.
- Permission to add a second story to the smaller structure.
- Permission of subletting "hangar space" or "parking space" to other companies for storage.

To make the building usable for our operations some physical alterations and improvements need to be made. This can be written into the lease (?)/rent (?) of the building as structure improvements and maintenance and receive a discount on the monthly payments (?). The following recommendations are for initial discussions and by no means final.

- Perimeter fence and gates should be redone.
- In the primary structure, all water and electrical lines should be assessed and improved as necessary.
- Interior partitions in bad shape should be removed and upgraded if necessary.
- If hangar structure is to be used by people, insulation should be placed on the walls and roof in order to offer better working conditions in the inside.
- All doors should be changed and metal rolling doors should be given maintenance.
- There is no vegetation in the lot, I recommend installing some green areas to make the lot more attractive and possibly create some sitting areas where people can picnic.

Main Structure	1,560sqf
Storage	3,000sqf
Buildable Outdoor Area	12,270sqf
Underground Storage Tanks	6,500sqf
Total	23,330sqf



The adaptation of these structures to be used by BBS also provides us with the opportunity of reusing structures in a "green" way and run our businesses in an eco-friendly manner so that we can potentially receive awards and recognition for the efforts.

General analysis of sites and recommendations

- When both of the sites are compared, the difference in size is noticeable. Although smaller in lot size, building 1715 is larger than any of the two 2036 buildings.

- Buildings 2036 and lot offer great ample room for different outdoor activities, but because it's located far from any other activities, there is a risk of having a low volume of people traffic.
- When looking at the location of the buildings that are being offered as part of the repopulation proposal there is none located to structure 2036, making it apparent that there will be no immediate or short term renovation or activity generated in the area.
- Even though building 1715 has no attached lot to it, there are other amenities in the surrounding areas where the activities that would be placed on the "lot" could be located.
- In the possible future, if the surrounding areas to structure 2036 were to be developed into an activity hub, building 1715 would still be "on the way" to those activities. Additionally it would still remain in direct contact with the traffic generated by the baseball field, basketball courts, marina, boat parking lot, and DRNA.

FNBRR Redevelopment Proposal - Executive Summary

9 May 2014

Submitted by

Black Beard Sports

Vieques, Puerto Rico

Introduction

The purpose of this proposal is to illustrate how Black Beard Sports could help to develop FNBRR into a viable center of economic activity for the municipalities of Ceiba and Naguabo as well as providing benefits for the eastern areas of Puerto Rico, Culebra and Vieques (the Green Triangle).

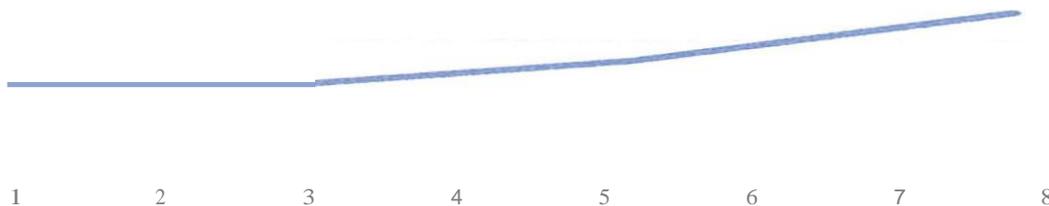


Black Beard Sports is a leader in Eco Tourism, Outdoor Recreation and Water Sports. As a small business founded on the island of Vieques in 2006, we are the premiere 5 Star PADI Dive Center and Adventure Sports retailer dedicated to marine and land activities. Black Beard Sports promotes awareness of local venues through creatively logo'd souvenirs and apparel as well as the sale of local crafts.

Beginning with a single store located on the island of Vieques, Black Beard Sports expanded their presence to the W Retreat and Spa as well as many of the local guest and rental houses on the island. Simply put, Black Beard Sports is where you go for all of your outdoor recreation needs and island memorabilia.

Black Beard Sports Revenue Growth

Years 1-8



Black Beard Sports demonstrates their commitment to the local community.



- Education and culture
 - Reading initiatives
 - Storytelling and crafts
 - Special projects with local school classes
 - Youth development and anti-violence
 - Boys and Girls Club of Vieques
- Sports and recreation
 - Funding for local athletes
 - Youth activities
 - School sports programs
 - Fishing tournament
 - Races and competitions
- Environment
 - Beach cleanups
 - Maintenance of cultural sites
- Economic development
 - Local business association involvement
 - Support for micro businesses
 - Community based agriculture
 - Job creation

Black Beard Sports has developed partnerships and business relationship across Puerto Rico and the Caribbean.

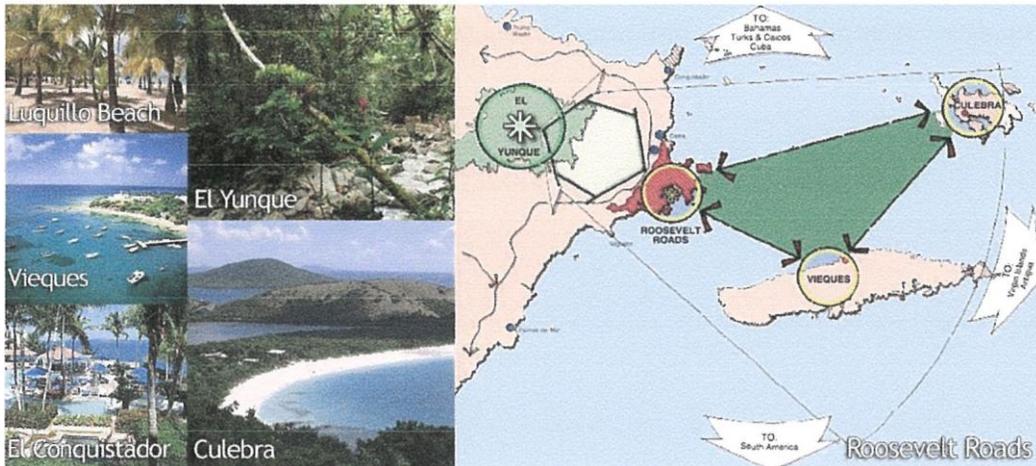
- Endorsed by Puerto Tourism Company.
- Permitted to operate by DRNA and Nautical Tourism.
- Financing through the Economic Development Bank of Puerto Rico and Banco Popular.
- Local supply base
- Solid brand recognition

The participation of Black Beard Sports in the redevelopment of FNBRR will help ensure a successful venture over the life of the project and establish a solid base for future development.

Visit blackbeardsports.com for addition information and background.

See us on Face Book, Twitter and Google+

The "Green Triangle".



The most significant problem facing this venture is capturing the market and driving customers toward the location. Guests and customers will not naturally find their way to the piers at FNBR.

Because of the relatively remote location and an absence of public transport, the only traffic is likely to come from residents who have their own transport and thus access to other recreational alternatives. Without broader appeal the venture is not likely to get off the ground.

The challenge is to develop FNBR in such a way as to draw visitors to Puerto Rico and establish an inter-dependency between Ceiba, Vieques and Culebra. This can be done while attracting local residents and outdoor enthusiasts to create the "village" atmosphere.

The "Green Triangle"¹¹ consists of three tightly located destinations offering a diverse selection of Caribbean Island experiences. Ultimately the objective is to develop all three as economically viable communities.

At the present time, Vieques is experiencing dramatic growth in the area of tourism. The rate of tourism growth on Vieques Island is outpacing the ability of the local business community to cater to the needs of the guests. Despite the fact that local municipal government and resident activists do not support tourism development on the island.

Culebra, while motivated to develop tourism, remains comparatively underdeveloped. This somewhat "sleepy"¹¹ destination presents a charm of its own to Puerto Rico as well as North American tourists. The Bay of Bahia Honda is an extraordinary anchorage and attracts cruisers and pleasure boaters alike. Flamingo beach attracts thousands of visitors every year. Culebra is only a short distance from St. Thomas and the islands of the Lesser Antilles.

Ceiba is presently the most challenged in terms of developing a tourist economy and leveraging its natural wealth and island charm. The opening up of FNBR alone is not likely to turn the tide in favor of the Ceiba community. Without vigorously attracting guests to the venue, any investment and business development efforts are likely to fail. The future of the FNBR redevelopment project and Ceiba depends on bringing guests to the area and rapidly establishing a viable business community. Upon recognition of Ceiba as a viable center of tourism, larger scale investment and redevelopment is likely to follow.

Driving Business to Ceiba

At the present time, Vieques is enjoying the tourism spot-light and significant business growth. The fact that this growth is not supported by the local municipality or the ATM is a tragedy. However this economic bubble is real and is likely to continue into the future.

Vieques offers a genuine opportunity for the development of Ceiba and the longer term viability of the "green triangle". Because of its proximity to FNBRR, transfer of guests from Vieques via Mosquito Pier may offer the initial solution to the challenge of bringing clients to Ceiba. This is not another spin on the "short route" for the ferry, but rather a dedicated tourist based system based initially on water taxis and charter vessels. Augmented with flights between Vieques and Ceiba by local airlines, the potential for moving guests to and from the activities located at Ceiba is significant.

Transfer of guests to the area of FNBRR is likely to be the pacing factor in the redevelopment efforts and can be viewed in the following phases:

- Phase 1: Initially, customers and guests will be transported to Ceiba via Vieques either by water taxi/charter vessel or aircraft.
- Phase 2: Once initial businesses are up and running with necessary infrastructure and tour routes established, the area is likely to be visited by recreational users from Puerto Rico.
- Phase 3: Focus on bringing guests from regional hotels and resorts.
 - o Dedicated fleet of vehicles.
 - o Providing tours and recreational options for guests.
 - o Marketing support services to hotels and resorts such as retail, equipment rentals, pool and beach management, and pool maintenance and repair.
- Phase 4: Will see the growth of nautical tourism and direct flights into Ceiba to service the entire "green triangle".
 - o Small cruise ships
 - o Mega yachts
 - o Cruisers
 - o Tourism ferries

These phases are not mutually exclusive or associated with a fixed timeline, they merely illustrate a method for stimulating the redevelopment effort.

The San Juan Government must truly embrace the "green triangle concept". Local and regional politics must take a backseat to overall economic growth in Puerto Rico.

Black Beard Sports proposes an overall coordination and support role in the redevelopment effort. As leaders in business planning and project management, Black Beard Sports is uniquely capable of developing and operating any element of the redevelopment effort. From excursions and tours to rentals and retail, we have the experience, knowledge and resources to be successful.

Black Beard Sports favors an "all in one" or integrated approach to establishing a viable business footprint. We have found that during the early stages of a new venture, bundling of activities and services is important for success. The notions of generating a "critical mass" and establishing "economies of scale" are important in the early stages of a small business in a developing economy.

With that said, Black Beard Sports is uniquely positioned to extend their present business model to Ceiba in such a way as to provide economic benefits for both communities. Black Beard Sports is in a position to develop the facilities and business footprint while increasing traffic to both locations. In this way Ceiba can be developed quickly, providing economic benefits sooner rather than later.

By establishing the primary operation, Black Beard Sports can leverage local businesses as partners where available, help develop new ventures where needed and utilize internal resources to fill the gaps. To this end, Black Beard Sports is interested in one of two physical locations with waterfront and pier access.

- Facilities

- Site #1: Buildings 2036 and 2036A



- Site #2: Building 1715 across from marina





- o Pier
- Pier access is an important element to our proposed business strategy.
 - o Overall management of small pier.
 - Coordination
 - Maintenance
 - Operations
 - o Occupation and use of one side.
 - Docking of craft.
 - Loading and unloading of vessels.
- Surrounding areas
 - o Mountain biking trails
 - Development
 - Maintenance
 - o Hiking trails
 -
 - o Sports facilities

Principal areas of focus

- Eco tourism
 - o This broad category of land and water activities forms the backbone of the initial phase of the redevelopment effort. These activities will not only draw business into the area, but will provide educational and recreation opportunities for local residents. Scope and direction for these activities is to be defined by the Nautical Tourism office of Puerto Rico.
- Outdoor recreation
 - o Marine sports
 - Scuba diving, snorkeling, fishing, kayaking and stand up paddleboards.
 - o Land activities
 - Excursions
 - Biking and hiking
 - Sports and fitness
 - Baseball, basketball, track and field
-

- Creation of fishing village
 - o Sport fishing is presently one of the most popular activities along the water front, drawing by far the greatest number of visitors to the area.
 - o Fishing is an ideal family activity or potential tour operation. Black Beard Sports offers a line of fishing equipment and supplies for sale or rental and will add bait options to our store.

Supporting activities

- Rentals and aquatic excursions
- Rentals and land excursions
- Hiking and camping
- Scuba diving
- Snorkeling
- Fishing
- Snacks and cold drinks
- Retail sales

Community development

- Job creation
- Education
- Cultural awareness

Enablers

- Transportation
- Site and services awareness
-

Concept

Black Beard Sports proposes to establish an Adventure Sports Center and PADI Dive shop at one of the available sites at FNBRR. They will offer the following products and services:

Retail

- Sports equipment and accessories
- Clothing
- Souvenirs

Rentals

- Snorkeling gear
- Kayaks
- Bicycles
- Fishing equipment

- Beach gear/set up
- Scuba equipment
- Small sailboats

Tours

- Hiking
- Mountain biking
- Snorkeling
- Kayaking
- Sailing
- Fishing
- Large groups

Scuba

- Equipment sales and service
- Lessons
- Tours
- Rentals
- Air fill station

Service

- Bicycle
- Scuba

Resort services

- Pool maintenance
- Pool/beach attendants
- Retailshops

Transportation

- Water taxi
 - Between Ceiba and Vieques
- Tour van
 - Resort guest pickup

Community support

Every community can benefit by support from the local business sector. Our experience has taught us that development of a viable community program requires building partnerships and alliances with community leaders and educators. How we help will be based on what the community needs and which opportunities are presented. Simply put, community involvement is good business.