

FINAL MEMORANDUM

TO: HDR Engineering, Inc.

FROM: SB Friedman Development Advisors

DATE: September 4, 2013

RE: **Central Omaha Transit Alternatives Analysis – Development Impacts of Streetcar and Bus Rapid Transit Lines**

Introduction and Purpose

HDR Engineering, Inc. (HDR) is conducting a study known as the Central Omaha Transit Alternatives Analysis (“AA”) for Omaha Metro and the City of Omaha that contemplates the development of streetcar, bus rapid transit (BRT) lines and/or enhanced bus service serving downtown Omaha and areas west that would potentially include Midtown, the University of Nebraska Medical Center, the University of Nebraska at Omaha, and the Crossroads and Aksarben Village areas.

SB Friedman Development Advisors (“SB Friedman”) was engaged to help quantify the real estate development impacts that streetcar and/or BRT projects, in particular, could have on development patterns in areas served by the transit improvements, as well as investigate potential transit financing mechanisms. In several cities, areas around relatively recent transit lines have attracted significant real estate development that has been well-publicized. *SB Friedman* conducted case study research in five U.S. cities – Portland, Seattle, Tampa, Cleveland and Kansas City – to illustrate the range of development activity accompanying recent streetcar and BRT lines.

This memorandum summarizes the approach and main findings of *SB Friedman’s* case study research. Study areas consisting of all properties within approximately three blocks of streetcar and BRT lines were defined for each case study (please refer to pages 4 to 8 for case study profiles and corresponding study areas). Two separate analyses, as summarized below, were conducted, each highlighting a different aspect of the development activity occurring in the study areas before and after streetcar and BRT systems began operating:

- 1. Annual Development Activity:** This analysis compares the average annual amount of all *new* real estate construction occurring within the study area, as well as the mix of uses being built, within the seven years before and the seven years after the transit system was put in place.

- 2. Share of Metropolitan-Area New Construction Activity:** This analysis estimates the share of new office, retail and residential development in the study area compared to the metropolitan area as a whole (excluding rehabilitation), during the five years before and the five years after the transit system was put in place. This analysis helps to account for broader economic trends that may influence development activity in the study area.

The process used for selecting case studies and profiles are described in the “Overview of Case Studies” section below. The following section titled “Methodology” provides a high-level overview of the methodologies used in each analysis. The “Analysis Results and Findings” section details the development outcomes as measured by each analysis method described above. The final section describes the main conclusions reached by the analyses and their potential implications for development patterns near future streetcar and/or BRT lines in Omaha.

This document is an updated version of an earlier memorandum, initially reviewed by Omaha Metro (“Metro”) and the City of Omaha (the “City”) in June 2012. In addition to addressing Metro’s and the City’s comments, this version incorporates the following revisions to the analytical approach and underlying data presented in the original memorandum:

- Removal of development density analysis due to difficulties associated with identifying the true development site in an urban redevelopment context. Factors such as shared parking, dedication of open space and public right-of-way make it difficult to accurately estimate land area without significant additional research.
- Edits and amendments to building square footage and land use data from CoStar, based on tax assessor data, developer information, and other secondary sources of information.
- Addition of 2012 data to Cleveland and Seattle in the “after” period of analysis.
- Refocusing of Annual Development Activity analysis to new construction only, due to difficulties differentiating between conversion activity or substantial rehabilitation that results in *net new* occupied space and minor renovation to *existing* occupied space in the dataset.¹
- Separation of office and retail uses, and addition of residential uses in the Share of Metropolitan-Area New Construction analysis.
- Division of the share of metropolitan new construction activity by transit line length in the second analysis so that results are expressed as a percentage per mile of BRT or streetcar. This allows for an easier and more meaningful comparison between different case studies.

Overview of Case Studies

Several criteria were used to select the five case studies examined in *SB Friedman’s* analysis. This section outlines the case study selection criteria and provides a one-page profile of each case study. Each profile includes basic information on the transit system (e.g., operational start date, trip fare, number of

¹ In addition, conversion activity often represents a net-zero gain in developed space: it adds space to one use while deducting from another – and it would be difficult to trace back the prior use for all case studies in order to properly account for this lost supply.

stations, and ridership), as well as the study area context in which transit investments and real estate development occurred.

CASE STUDY SELECTION CRITERIA

According to Transport Politic, there are 16 existing streetcar systems in the U.S., while the National Bus Rapid Transit Institute lists 22 existing BRT systems in the country. Streetcar and BRT lines operate in cities as diverse as Boston, Los Angeles, Memphis and Tampa. In order to narrow down this list to a more manageable and meaningful list of case studies, several criteria were used:

- Only transit lines that were established after 2000 were considered for inclusion. Older systems may reflect trends that are no longer relevant today, and data on real estate patterns tend to become scarcer farther back in time.
- Cities of regional importance were prioritized. As Omaha is a regional center for economic and cultural activity, cities of similar significance and size (with populations generally between 300,000 and 600,000) were emphasized in identifying case studies.
- Only “true” BRT systems were included as case studies. In some cases, transit agencies market bus lines as “Bus Rapid Transit” when they are more similar to conventional express bus service. Characteristics that distinguish a “true” BRT system from express bus service include permanent stations instead of bus shelters, level boarding, traffic signal prioritization, fare prepayment, dedicated or separated lanes, and real-time arrival information at stations. While some BRT systems do not include every one of these features, they all have several in some combination.

Based on these criteria, two BRT lines and three streetcar systems were selected to serve as case studies. The BRT lines are as follows:

- Cleveland’s Healthline, perhaps the best-known BRT system in the country, has been associated with approximately \$4.3 billion in public, institutional and private real estate investments since it began operation in 2008 between downtown and East Cleveland via the Euclid Avenue corridor.
- Kansas City’s MAX (Main Street Line) connects downtown with Country Club plaza along a six-mile long, north-south route.

The streetcar lines are as follows:

- The Seattle South Lake Union Streetcar runs from Fairview Avenue and Campus Drive to the Westlake Hub downtown, where it connects with the Central Link light rail and Seattle Center Monorail.
- The Portland Streetcar runs from the River District through downtown to the South Waterfront neighborhood and boasts the highest ridership of any case study transit line, with four million riders in 2011.
- Tampa’s TECO Streetcar connects downtown Tampa with Ybor City to the east. The 2010 extension of this line into downtown was excluded from our analysis to preserve consistency of data over time.

Table 1 summarizes information on the city population and transit system ridership for each case study. The key features, project background, and sample development that occurred within the study area of each system is profiled on the pages that follow.

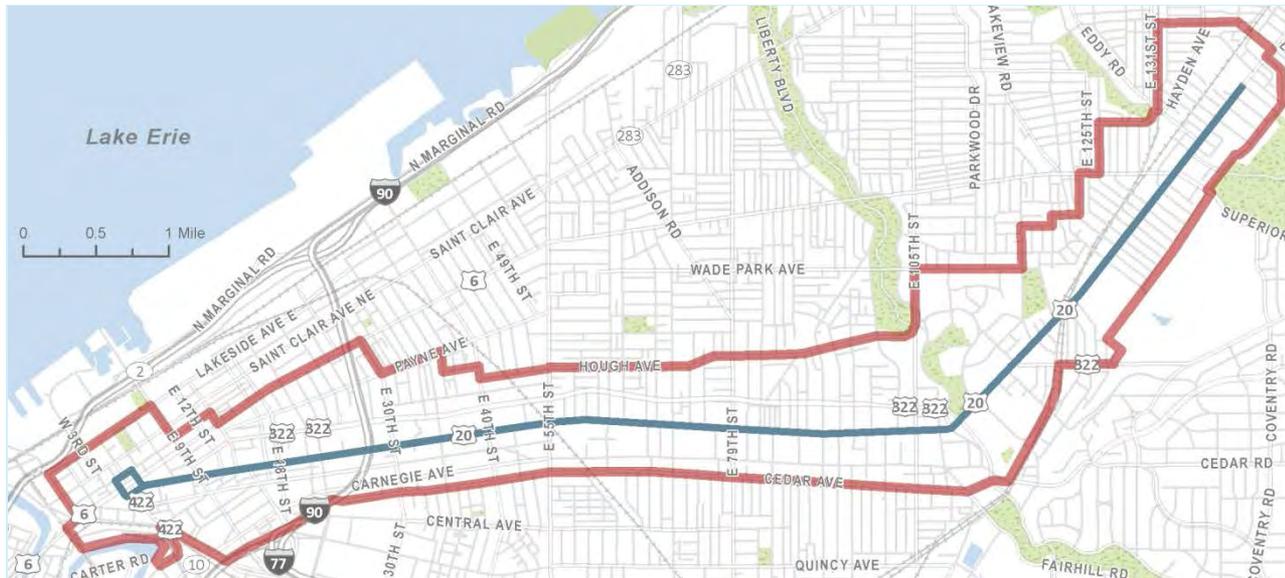
Table 1. Case Study City Population and Ridership Information

City	BRT		Streetcar		
	Cleveland	Kansas City	Seattle	Portland	Tampa
City Population (2012 est.)	390,928	464,310	634,535	603,106	347,645
Annual Ridership (millions)					
Line	4.6	2.9	0.7	4.1	0.4
Citywide/ Systemwide	48.2	15.6	28.7*	107.4'	13.9

*Includes Sound Transit and streetcar boardings

'Total TriMet system ridership plus streetcar boardings

1 CLEVELAND HEALTHLINE



Sample Development in Study Area



DoubleTree Hotel



Residences at 668



Park Lane Villa Apartments

Bus Rapid Transit

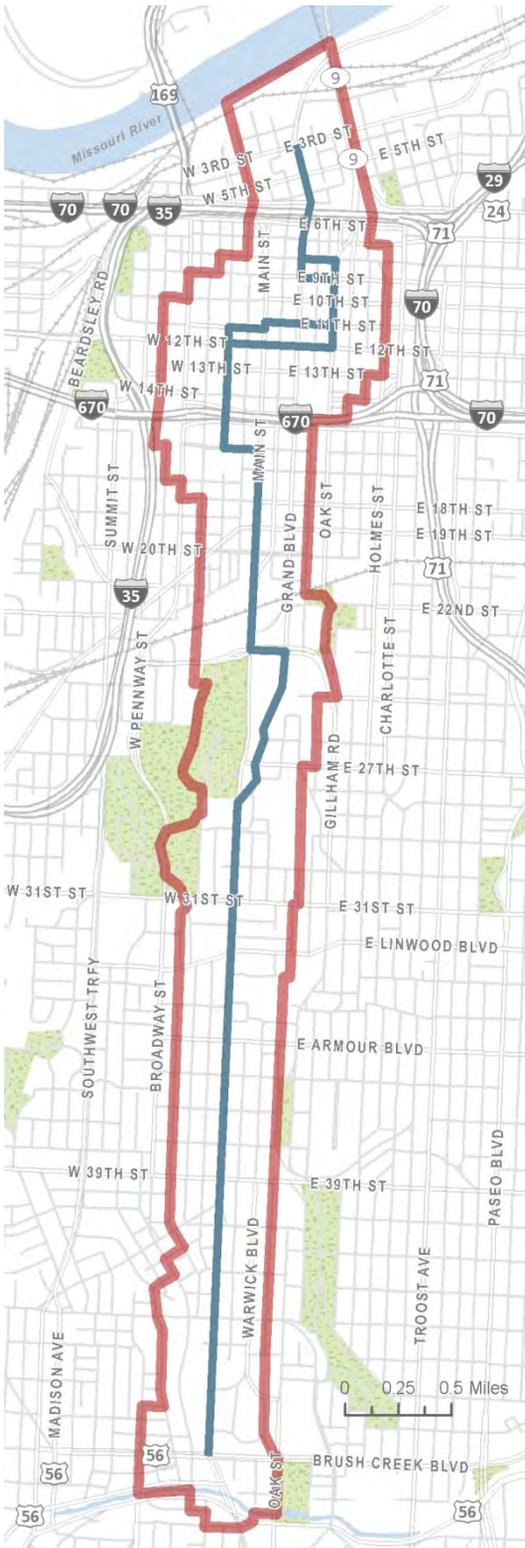
Date Placed in Service:	October 2008
Full Fare:	\$2.25 (one-way)
Length:	9.4 miles
Number of Stations:	58
Ridership:	4.4 million (2011 annual)
Capital Cost:	\$197 million



Project Background

Cleveland's Healthline originated as a way to connect the city's downtown with other primary employment generators, including the University Hospital and Cleveland Clinic. The system features traffic signal prioritization, level boarding, pre-payment on platforms, real-time information at stations, and dedicated lanes along a significant portion of its route. The Healthline has been held up as a national model for BRT projects, receiving the highest rating of any BRT line in the country from the Institute for Transportation and Development. The Healthline corridor has experienced significant revitalization, including the rehabilitation of large historic buildings dating back to the early 20th century (e.g., the Renaissance Cleveland Hotel, Doubletree Hotel Tudor Arms, and Park Lane Villa apartments). According to the City of Cleveland, \$4.3 billion in real estate investment has occurred since the Healthline began operating. However, the majority of this investment has come from institutional and public investment, with hospitals accounting for \$1.9 billion, \$491 million in University investment, and \$586 million from public and non-profit investments. Other project investments included \$50 million on buses and stations, and \$150 million in streetscaping, and sidewalk and utility improvements along the Healthline corridor.

2 KANSAS CITY METRO AREA EXPRESS (MAX)



Bus Rapid Transit

Date Placed in Service:	July 2005
Full Fare:	\$1.50 (includes free transfer)
Length:	6 miles
Number of Stops:	47
Ridership:	4,800 (average weekday)
Capital Cost:	\$21 million



Project Background

Kansas City's MAX system was proposed after efforts to implement a light rail system in Kansas City (which had been ongoing since the 1970s) were abandoned in 2001 following a failed vote on sales tax funding. Development of the first MAX line on Main Street was funded from existing local resources and an 80% federal match.

The Main Street line connects downtown and Country Club Plaza along a corridor that employs more than 150,000 people. Although Main Street was already a well-established commercial corridor, more development has taken place since the MAX line was established. The line includes dedicated bus lanes along the majority of the route, transit signal priority, permanent stations, and real-time travel information. A second BRT line, on Troost Avenue, opened in 2011, and City and transit agency officials envision the eventual creation of a regional BRT network.

Sample Development in Study Area



JE Dunn Headquarters



H&R Block Corporate Headquarters



909 Walnut Residential Tower



KC Grand Ballroom

3 SEATTLE SOUTH LAKE UNION STREETCAR



Streetcar

Date Placed in Service:	December 2007
Full Fare:	\$2.50
Length:	2.6 miles
Number of Stations:	11
Ridership:	700,000 (2011 annual)
Capital Cost:	\$56.4 million

Project Background

The Seattle South Lake Union Streetcar benefitted from a unique confluence of events that enabled both a major new transit investment and large-scale real estate development oriented around transit. Paul Allen, local billionaire and co-founder of Microsoft, had acquired significant land holdings (60 acres) in the Lake Union neighborhood through his real estate company, Vulcan Inc. He envisioned and pushed forward plans for 10 million square feet of development in a compact, mixed-use environment served by mass transit, and contributed \$9 million towards the capital costs of the streetcar system. The neighborhood has attracted major tenants including Microsoft, the University of Washington, and Amazon.

Sample Development in Study Area



Amazon World Headquarters

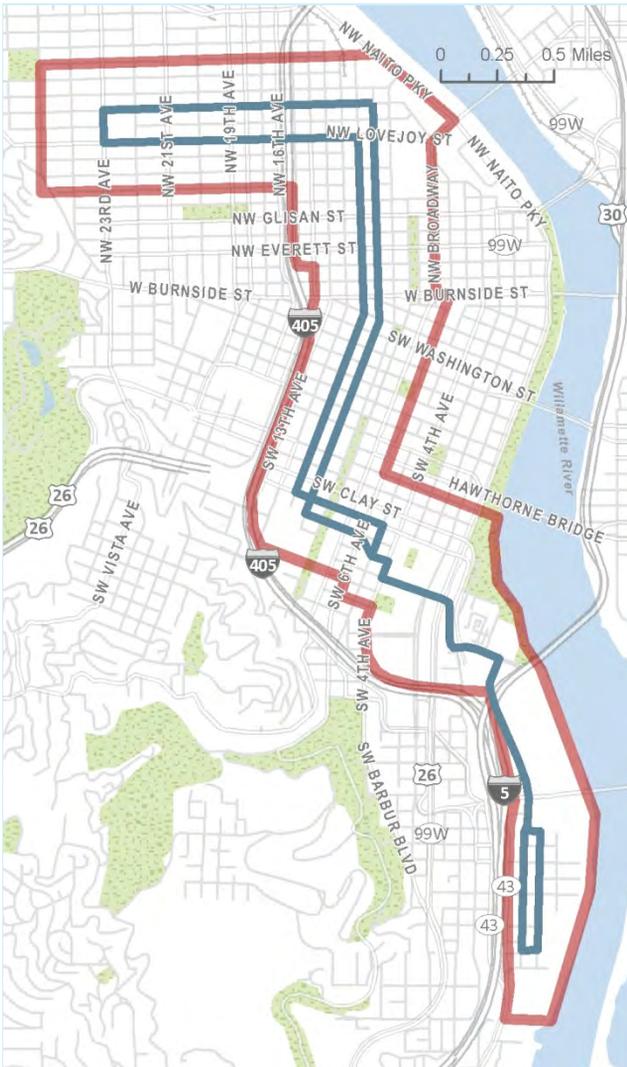


1918 8th Ave Office Building



Escala Residential Tower

4 PORTLAND STREETCAR



Streetcar

Date Placed in Service:	July 2001
Full Fare:	\$2.00 (day pass)
Length:	3.9 miles
Number of Stations:	42
Ridership:	4.0 million (2011 annual)
Capital Cost:	\$103.2 million

Project Background

Portland's streetcar system was originally conceived to connect two former industrial areas at opposite ends of downtown: the River District to the north and the South Waterfront. Both areas contained significant brownfield sites. The River District was designated an Urban Renewal Area in 1998, and revitalization was already occurring when the streetcar was built.

Today, the River District has become a vibrant mixed-use neighborhood, while in the South Waterfront, large residential towers rise along the edge of the Willamette River. An extension of the system across the Willamette River, known as the Portland Streetcar Loop Project, is underway, with operation scheduled to begin in September of 2012.

Sample Development in Study Area



South Waterfront, Apartment Towers



The Strand, Luxury Condominiums



The Louisa Apartments, Brewery Blocks

5 TAMPA TECO LINE STREETCAR



Streetcar

Date Placed in Service:	October 2002
Full Fare:	\$2.50 (one-way)
Length:	2.4 miles
Number of Stations:	10
Ridership:	407,000 (FY 2010, ended September 30, 2010)
Capital Cost:	\$57.6 million

Project Background

Tampa's TECO Line Streetcar, managed jointly by the City of Tampa and Hillsborough Area Regional Transit Authority, connects downtown Tampa with shopping and residential areas to the east. The TECO Line is unique in that its service schedule is oriented primarily towards the needs of tourists disembarking cruise ships, with service beginning at noon on weekdays and 11 am on weekends.

Transit officials planned to extend the service schedule to meet the needs of office workers, but in 2010, voters rejected a county sales tax referendum that would have provided funding to do so. A 0.3-mile extension of the TECO Line was completed in December 2010 to bring riders all the way to downtown; previously, the system stopped several blocks short of the central business district. This extension was excluded from analysis to preserve data consistency over time.

Sample Development in Study Area



The Slade Apartments



Bell Channelside Apartments



Embassy Suites

Methodology

This section summarizes the methodology used for each development impact analysis performed on the case studies. Study parameters specific to each of the two analyses– Annual Development Activity, and Share of Metropolitan-Area New Construction Activity– are described in the sub-sections below.

The extent of each study area was defined by a three-block buffer around each streetcar or BRT line. The three-block extent was selected based on a review of other streetcar impact studies, which generally found that the most meaningful development impacts occurred within two to three blocks of the streetcar line. Where blocks were of uneven length, larger blocks were excised and/or smaller blocks incorporated to maintain a consistent buffer to the extent possible. Once the study areas were defined, development data was sourced from the CoStar Group’s proprietary commercial property database. This database contains information on all uses except single-family residential, including the year a property was built or renovated, building rentable square footage, land area, and the specific use of the property. Available primary and secondary sources of information were used to verify key data fields including building square footage, number of units (for residential development) and use. Full verification of land area was not possible for all study areas.

AVERAGE ANNUAL DEVELOPMENT ACTIVITY

The analysis of average annual development activity considers the average amount, in building square footage, of new construction occurring annually within each study area, before and after a BRT or streetcar line became operational. While an earlier version of this analysis also included “rehabilitation”, the CoStar dataset does not distinguish between relatively minor renovations and complete rehabilitation or conversion of properties. Consequently, rehabilitation activity was removed from this iteration of the study. Study area data is available for all uses except single-family residences. Study areas tend to be in or near the central business district, where single-family development is often limited, so this analysis likely provides a relatively comprehensive measure of development activity. By classifying development activity by use, the analysis also illustrates how the mix of development activity has changed. Key parameters and assumptions for the analysis are as follows:

- **Type of Development:** New construction
- **Uses:** Office, retail, multi-family and hospitality (excludes single-family residential, industrial/flex, institutional, healthcare and publicly developed projects)
- **Timeframe:** Seven-year period before and after streetcar or BRT line became operational (Note: Cleveland and Seattle post-operation periods are five years and six years, respectively, since they began operations in 2008 and 2007)²
- **Calculation:** Total square footage developed within timeframe divided by number of years in timeframe (seven years except in the case of Cleveland and Seattle)

² The operational date was selected as the differentiating point in time, rather than the date the line was announced, because the level of uncertainty associated with the announcement could differ between study areas. In addition, additional years of data would have been needed to maintain a full seven-year period prior to the announcement, and this was not available for all case studies.

SHARE OF METROPOLITAN-AREA NEW CONSTRUCTION ACTIVITY

The analysis of the share of metropolitan-area new construction activity reflects the percentage of all new construction in case study metropolitan areas that occurred within the study area before and after streetcar and BRT lines became operational. Data on metro-wide construction activity trends was purchased from REIS, a data provider that tracks office, retail and rental multi-family development. Since REIS does not provide data on owner-occupied multi-family housing (i.e., condominiums), data on regional residential permit activity was downloaded from the U.S. Census Bureau's Building Permits Survey. Key parameters and assumptions for this analysis are as follows:

- **Type of Development:** New construction
- **Uses:** Office, retail, multi-family residential
- **Timeframe:** Five-year period before and after streetcar or BRT line became operational (Note: Cleveland post-operation period is four years, since the Healthline began operations in 2008)
- **Calculation:** Total square footage (units for residential) within study area divided by total square footage (units) in metropolitan region divided by transit line length

Analysis Results and Findings

This section describes the outcome of the analyses described above in terms of the trends observed in each study area and land use, as well as general trends across case studies and uses. Also discussed below are wider contextual factors outside of the analyses that may have impacted the results.

ANNUAL DEVELOPMENT ACTIVITY

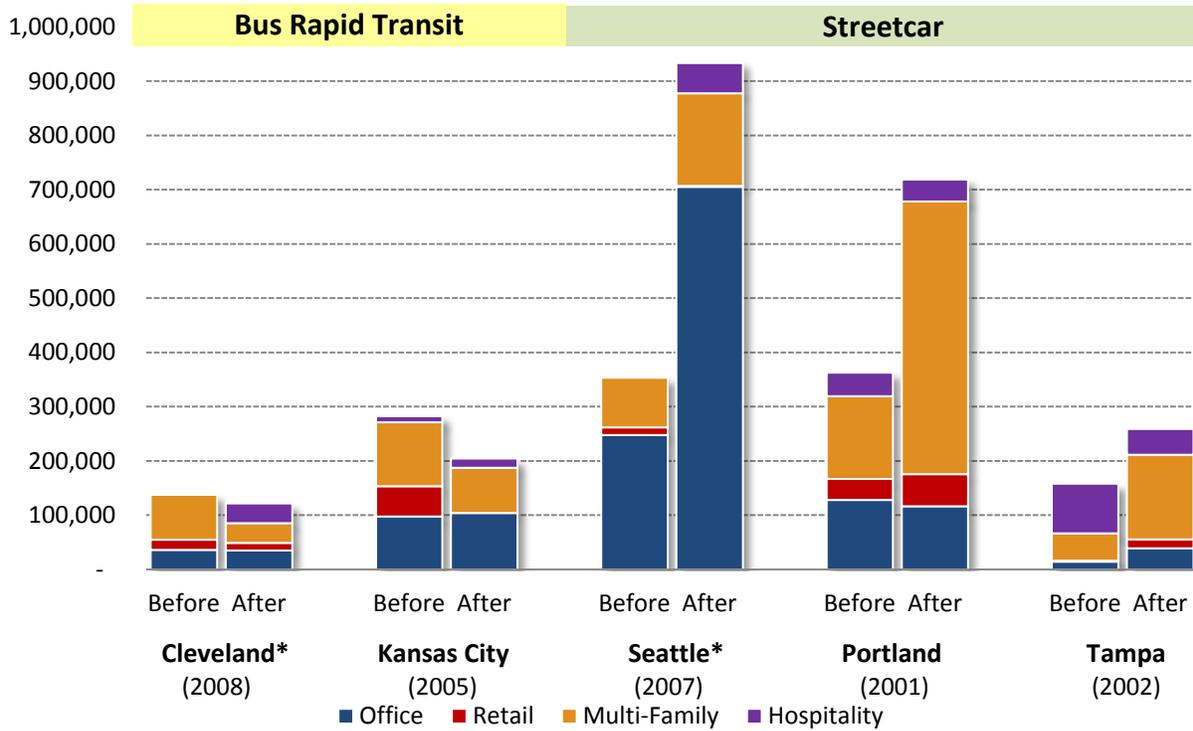
As shown in **Figure 1** on page 12, streetcar study areas generally experienced more development activity per year in the years following the introduction of streetcar service, while BRT lines experienced slight decreases compared to the seven preceding years. Increases in Portland, Seattle and Tampa ranged from a factor of 1.64 to 2.64 (i.e., the rate of development after transit was 1.64 and 2.64 times the previous rate). Cleveland and Kansas City experienced decreases by a factor of 0.89 and 0.72. However, comparisons between case studies are complicated by the fact that the analysis did not control for differences in regional economic conditions, system ridership, system design, or existing development potential in each study area.

Multi-family development experienced the greatest absolute increase in most streetcar study areas. The trend is less clear for office and retail uses. In several of the case study cities, the amount of office and retail development actually declined over time. However, it should be noted that the timeframe in the "After" period for Cleveland, Kansas City and Seattle includes the years following the 2008 recession, which hit office, retail and multi-family development especially hard. The "After" period for Cleveland, in particular, coincides with the recession, so it is quite possible that development activity would have been greater if broader market conditions were better. A number of significant real estate projects that were delayed due to market conditions are currently under construction or in planning stages, but these projects are not reflected in our analysis, since it focuses on completed square footage.

At the other end of the spectrum, Seattle experienced a tremendous amount of development activity even though a significant portion of the "After" timeframe fell within the recession. This is likely due to the fact that a single owner controlled a significant share of real estate in the study area, and invested

substantial amounts of capital to make development happen, as described in the case study profile. Similarly, Portland’s streetcar began operating in 2001, allowing the surrounding study area to ride the boom in residential real estate until the recession began.

Figure 1. Annual Rate of Development (SF/Year) in Case Study Areas- Seven Years Before and After Transit Improvements by Land Use



*"After" periods for Cleveland and Seattle are based on five and six years of data, respectively
 (XXXX): Year in which transit lines began operational service
 Sources: CoStar and SB Friedman Development Advisors

SHARE OF METROPOLITAN-AREA NEW CONSTRUCTION ACTIVITY

While the results of the previous analysis are readily grasped, the lack of controls for broader economic trends (such as recessions or housing bubbles) that can influence development patterns within the study area are problematic. To help control for these trends, a separate analysis was conducted to compare development activity occurring within the study area with activity in the broader metropolitan area for each case study. This analysis estimates the percentage of new office, retail and residential development that occurred in the study area compared to the metropolitan area as a whole (excluding rehabilitation), five years before and after the transit system was placed in service. In order to provide a better basis for comparison across case studies, these percentages were normalized by the length of their respective BRT or streetcar lines.

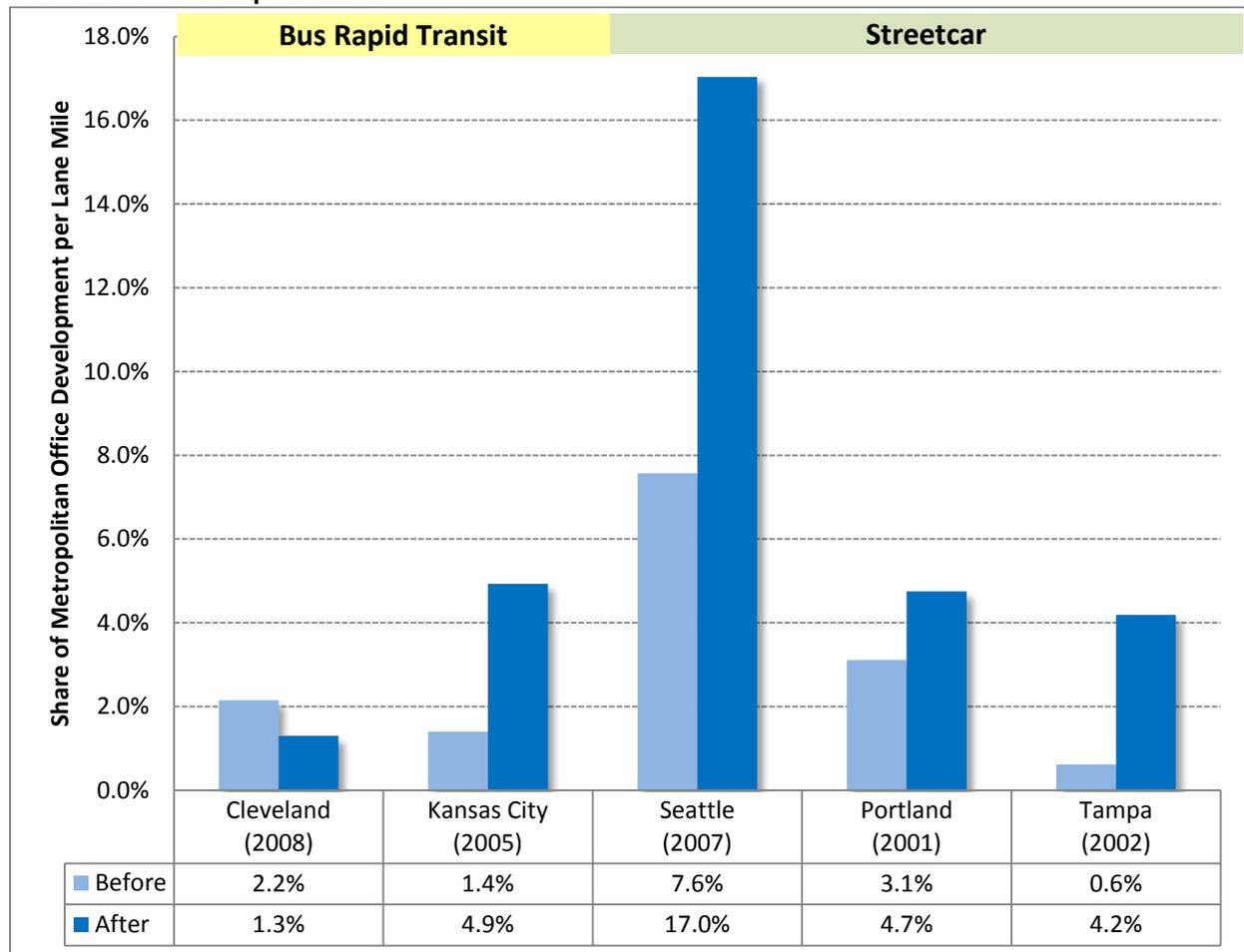
It should be noted that the analysis did not control for differences in the size of each study area relative to its metropolitan area, regional economic conditions, system ridership, system design, or existing development potential in each study area.

Office Development

The office analysis shows that most study areas captured a significantly larger share of new office space compared to their respective metropolitan areas after streetcar and BRT lines began operations: capture rates more than doubled in Kansas City, Seattle and Tampa, and increased by a factor of 1.5 in Portland. Cleveland was the only study area that experienced a decrease (see **Figure 2**).

While this appears to show that the Kansas City study area outperformed Cleveland, there were few developments in either case study before or after BRT systems were implemented, and this makes it difficult to draw conclusions because one or two large developments can easily skew the outcome. In fact, the Kansas City study area saw only three new office developments in the after period, but two of these were headquarters projects that resulted in a large impact. On the other hand, the large amount of institutional and public investment immediately following the Healthline’s debut may help set the stage for greater private office investment in the near- or mid-term.

Figure 2: Share of Metro-Area Office Development per Transit Mile in Study Area Five Years Before and After Transit Improvements



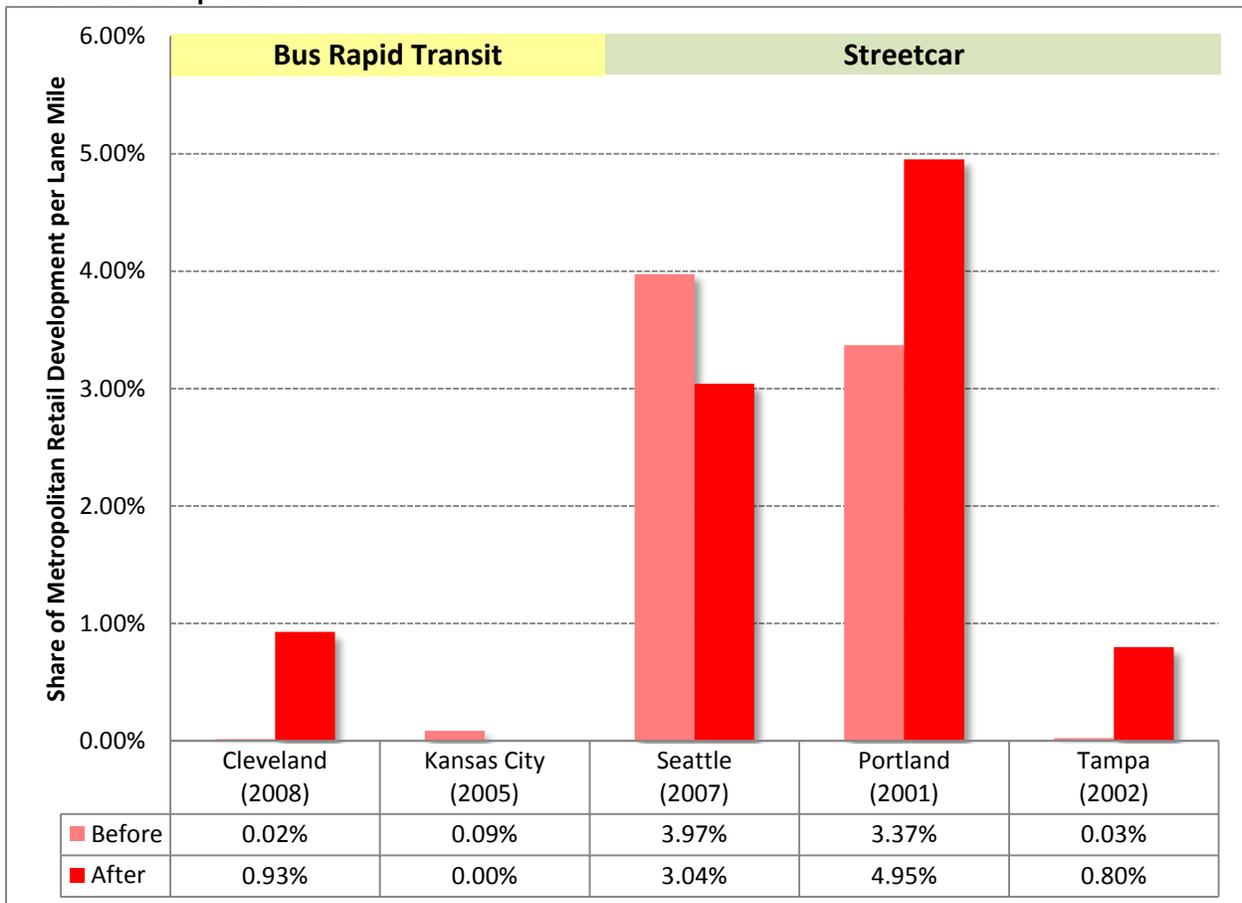
(XXXX): Year in which transit lines began operational service

Sources: CoStar Group, Inc.; REIS; SB Friedman Development Advisors

Retail Development

The retail analysis shows wide variation in the share of new retail construction captured by study areas pre- and post-transit line. This could be due to the relative lack of new retail construction activity in several study area datasets: the dataset includes only two projects in Cleveland, one in Kansas City, and five in Tampa. This may, in turn, reflect a preference among retail developers for rehabilitating existing buildings rather than building new within the study areas, particularly in the early stages of revitalization. Along the Cleveland Healthline, rehabilitation accounts for a significant share of the retail activity both before and after service began. For example, the popular and well-known East Fourth Street restaurant and entertainment area was a major development project that was completed in 2004, but is not included in the before period because this analysis focuses on new construction projects only.

Figure 3: Share of Regional Retail Development per Transit Mile in Study Area Five Years Before and After Transit Improvements



(XXXX): Year in which transit lines began operational service

Sources: CoStar Group, Inc.; REIS; SB Friedman Development Advisors

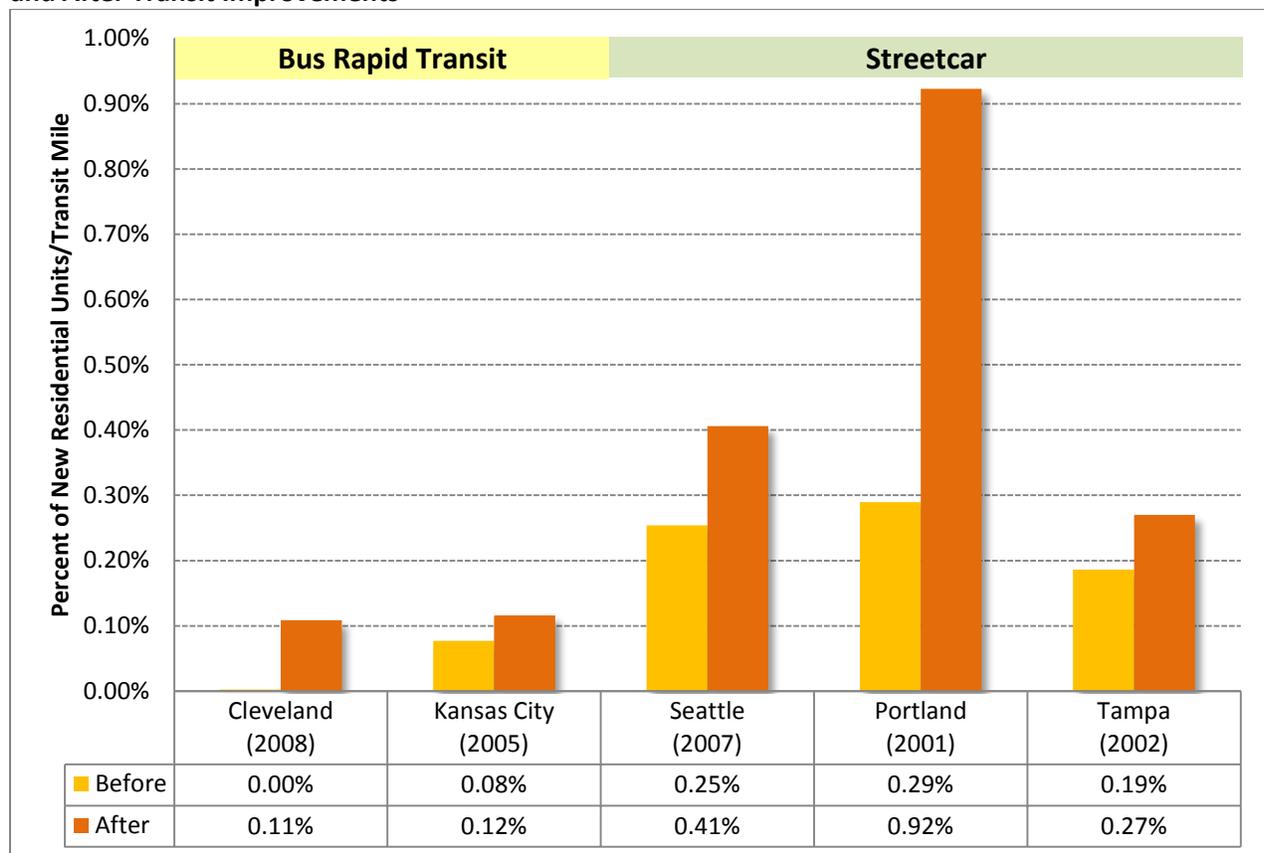
Residential Development

The residential analysis shows that all study areas increased their share of regional residential development following the introduction of BRT or streetcar service. This corroborates anecdotal evidence and research studies that indicate that transit improvements attract residential development.

The largest absolute increase occurred in Portland, where the planning process was tied to the negotiation of a development agreement. This agreement granted a significant density bonus to a developer who controlled a significant amount of land in exchange for right-of-way dedications and a contribution to a dedicated streetcar fund. The Pearl District and South Waterfront, two of the most significant new residential neighborhoods in Portland, are both in close proximity to the streetcar line.

Meanwhile, the largest relative increase occurred in the Cleveland study area, which had previously experienced little significant new residential investment. During the “after” period, the area transitioned into an emerging residential submarket, resulting in a significant increase in its share of development. Since it was increasing from a very low base (almost zero), even a modest increase would have created a significant change in its share of new residential development.

Figure 4: Share of Regional Residential Development per Transit Mile in Study Area Five Years Before and After Transit Improvements



(XXXX): Year in which transit lines began operational service

Sources: CoStar Group, Inc.; SB Friedman Development Advisors; U.S. Census Bureau

Conclusions

Across the five case studies *SB Friedman* examined, new streetcar and BRT lines were associated with the following changes in development patterns:

- **Increases in annual development activity by a factor of between 1.64 and 2.64 in streetcar study areas and decreases by a factor of 0.89 to 0.72 in BRT study areas.** Multi-family development experienced the greatest increase in nearly all streetcar study areas, suggesting that the increased connectivity and environment made possible by transit investment attracts residents and developers. However, this analysis did not control for broader economic conditions that could have significantly impacted rates of development.
- **A significant increase in study area share of new regional office development: shares more than doubled in Kansas City, Seattle and Tampa, and increased by a factor of 1.5 in Portland.** This may suggest that streetcar and BRT investments could enhance the competitive position of study area office development relative to the region as a whole. While Cleveland registered a decline in its share of office development, there were too few projects in both the before and after period to see a valid trend. However, the significant amount of institutional and public investment that has occurred in the Healthline corridor may set the stage for greater private investment going forward.
- **No clear trend in study area share of new regional retail development.** Changes in study area shares of regional retail development were fairly erratic, likely due to the small number of new construction retail projects (both pre- and post-transit) in all study areas except Seattle and Portland.
- **A significant increase in study area share of new regional residential development: by a factor of 1.45 to 3.19 for streetcar study areas and 1.51 for Kansas City's BRT study area.** Cleveland's share increased from such a low base of activity that the change in share appears incredibly large (more than 43 times the initial share), but it should be regarded as an outlier due to the very small base of residential activity from which it was starting. Residential was the only use that showed a consistent increase in share across all study areas.

It should be noted that some of the land uses in the study areas being analyzed had very limited new construction development activity (e.g., only one new retail project in Kansas City and two in Cleveland were identified) both before and after the transit line was implemented. In such cases, one or two projects could generate significant swings in the share of development analysis. All else being equal, a larger dataset with more activity would be expected to produce better (i.e., more valid) results. Accordingly, the results shown above are more valid for land uses and study areas where there has been consistent development activity over time.

On a broader note, the particular characteristics of local real estate markets, transit system features, urban design, and general economic conditions will inevitably produce different results from one location to another. Moreover, transit investments are not made in a vacuum – in many cases, they are made in areas with existing development potential. In such cases, transit investment by the public sector enhances the market attractiveness of sites in close proximity to the stations and serves as a catalyst for realizing existing, and creating new, private development potential. However, the relatively consistent direction of impacts across the case studies examined in this analysis suggests that streetcar and/or BRT improvements at strategic locations in Omaha could act as significant catalysts of real estate activity in surrounding neighborhoods.

Limitations

This memorandum is based on estimates, assumptions and other information developed from research of the market, secondary sources, and knowledge of the industry. The sources of information and bases of the estimates and assumptions are stated in the memorandum. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the memorandum or to reflect events or conditions which occur subsequent to the date of the memorandum. These events or conditions include, without limitation, economic growth trends, governmental actions, additional competitive developments, interest rates and other market factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study did not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses. No effort was made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Furthermore, we neither evaluated management's effectiveness, nor are we responsible for future marketing efforts and other management actions upon which actual results will depend.

Our memorandum is intended solely for your information and for submission to economic development organizations, financial institutions and developers, and should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the memorandum nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan or other agreement, or any document intended for use in obtaining funds from individual investors, without our prior written consent.

We acknowledge that our memorandum may become a public document within the meaning of the Freedom of Information Acts of the various governmental entities. Nothing in these terms and conditions is intended to block the appropriate dissemination of the document for public information purposes.