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June 28, 2018

Emily K. Pomeroy
Center for Economic Development Law
301 N. Harvey Ave. #100
Oklahoma City, OK 73102
405-232-4606
emilypomeroy@econlaw.com

Re: Economic and Fiscal Impact Analysis

Dear Ms. Pomeroy,

HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) is pleased to present this proposal to provide an economic and fiscal impact analysis of the University North Park mixed-use development in Norman, Oklahoma.

On behalf of our team, we are excited about this important project, and we look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink that reads 'Thomas Hazinski'.

Thomas Hazinski, Managing Director
HVS Convention, Sports & Entertainment Facilities Consulting
thazinski@hvs.com

PROPOSED SCOPE OF WORK

On behalf of the City of Norman, the Center for Economic Development Law asked HVS to provide an independent review of the analyses, assumptions, and projections related to a proposed University North Park mixed-use development ("UNP"). The UNP project includes an entertainment district, anchored by a new arena, one or two hotels, office above retail, a significant residential component, and additional light industrial/tech office. HVS provided our Review of the UNP Development Studies on June 27, 2018.

The City of Norman now seeks an economic and fiscal impact analysis of the development. The impact analysis will be conducted for the geographical area of the City of Norman in accordance with the methodology presented to the City Council during the June 27th study session.

Information Gathering

Members of our HVS team will hold a conference call with client representatives to discuss our impact study in more detail and to formulate a plan to gather the needed data for the study. HVS will perform the following tasks:

- Contact OU Foundation members to seek clarification of the plan and information needs.
- Contact Oklahoma University and operators of the Lloyd Nobel Center to obtain data on historical events and attendance and to discuss the findings of the CSL Arena feasibility study.
- Contact the owners and operators of the Fairgrounds to obtain information on historical events and attendance and discuss the potential for an expansion to attract new events.
- Meet with hotel operators to gather information useful in assessing the potential of a new hotel development to induce room night demand into the market.
- Gather data from STR global on the rate and occupancy trends the in lodging market.
- Initiate calls with other key informants that may include residential developers, retail owners, operators and consultants, office space developers, and potential UNP tenants.

For HVS to meet the study deadline outlined in this proposal, it will require cooperation from the various data sources listed above. These data sources are third-party entities and if needed, any assistance the client can provide to encourage these sources to provide the data to us is appreciated.

Demand Analysis

The key to an accurate impact analysis is to estimate the net new activity in the City of Norman caused by the development of the UNP project. Our impact analysis will include assessing net new demand from the following land uses.

- **Arena**—Create a baseline scenario that shows level of attendance without the development of the new arena.
- **Office Space**—Estimate new employment in the City of Norman due to office space development.
- **Entertainment Dining**—Estimate number of restaurant patrons that would come from outside Norman.
- **Hotel**—Estimate induced lodging demand for new hotel.
- **Fairgrounds Expo Center**—Project induced overnight and daily visitation generated from outside Norman.
- **Residential**—Estimate number of new residents moving to the City of Norman.

Economic Impact Analysis

HVS will use the HVS CSE Impact Model[®] (the “Impact Model”). The Impact Model allows the user to input spending estimates that reflect the levels of spending that are unique to the local community. HVS will measure the new visitation to the community and the resulting new economic impacts.

HVS will estimate the following types of spending impacts in the analysis:

- **Direct impacts** include the visitor expenditures, payroll, and employment resulting from the events and operations occurring at the development.
- **Indirect impacts** are the supply of goods and services resulting from the initial direct facility-related spending.
- **Induced impacts** represent the change in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending.
- **Employment impacts** estimate the direct, indirect, and induced jobs supported by the development and ongoing spending and events. IMPLAN defines employment as the number of full-time equivalent jobs.

Indirect and induced impacts are often referred to as the multiplier effects, which vary depending upon the types of spending and the characteristics of the local economy.

HVS will use the IMPLAN input-output model to estimate indirect and induced impacts. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced expenditure, payroll, and employment effects result from the estimated changes in the flow of income and goods caused by the projected direct impacts. IMPLAN data are available by state, county, and zip code levels.

Fiscal Impact Analysis

Fiscal impacts represent the incremental tax revenue collected by the municipality associated with the net new spending related to the activity at the proposed development. For example, our analysis estimates the hotel tax revenue from an overnight stay and considers this a fiscal impact. HVS will provide the following analysis:

- **Effective Tax Rates**—HVS will identify the effective tax rates for all the taxes and fees that would be assessed by the City of Norman on the net direct, indirect and induced spending. (Sales tax, use tax, ad valorem, lodging, income, if applicable, fees, etc.)
- **Allocation of TIF Increment**—HVS will consider transfer adjustments and the allocation of TIF increment to the City (50% to 70% of Sales Tax Increment and 40% to 50% of Ad Valorem Increment).
- **Net Fiscal Impacts**—HVS will estimate net new revenue to the City of Norman less any associated costs.

Reporting

Upon authorization, we will provide a detailed information request letter. Any delay in obtaining the requested information may affect our ability to meet a July 24th deadline. We will notify client representatives if we have issues obtaining the necessary data that may impact the due date.

Upon completion of the tasks listed above, HVS will submit a draft summary report in PowerPoint format and hold a conference call with client representatives to discuss our findings. We will discuss our findings with you and incorporate any agreed-upon changes to the final report. Tom Hazinski will be available to present our impact findings to City Council.

All reports will be provided electronically in PDF format.

SCHEDULE AND COSTS

We propose to provide our draft summary report by July 24, 2018. Any delay in obtaining the requested information may affect our ability to meet a July 24th deadline.



We propose to perform the scope of services presented in the proposal for a fee of \$35,000. A retainer of \$17,500 will be due upon authorization to proceed.

In addition to the fees presented above, you agree to reimburse us for reasonable out-of-pocket expenses incurred on your behalf. We will bill expenses at cost and include all travel related expenditures for one trip (for Tom Hazinski to present to City Council), the cost of all data from third-party data sources including Longwoods, STR data, Destinations International, and the production of presentation materials and reports.

To engage our services, please return an executed agreement. Upon authorization to proceed, a retainer is due in the amount of \$17,500. After this initial payment, the remainder of the fees will be due upon delivery of the draft report. All outstanding invoices must be paid in full before delivery of report products.

Rates

The following are our hourly rates for HVS staff for services requested outside our scope of services:

HVS HOURLY RATES

Position	Hourly Rate
Managing Director	\$450
Senior Director	\$350
Director	\$250
Project Manager	\$200
Associate	\$150
Staff	\$90



AUTHORIZATION

Client: Emily K. Pomeroy, Center for Economic Development Law

Date: June 28, 2018

Your signature beneath the words "Agreed to and Accepted" signifies your agreement to employ HVS for the services described in the accompanying proposal titled "Economic and Fiscal Impact Analysis."

To schedule our assignments and perform your study in accordance with our proposed schedule, we ask that you return an executed copy of this agreement as authorization to proceed with the proposed scope of work. This proposal will remain effective for 30 days from of the date at the top of this page.

Payment must be made in U.S. dollars, using either a check drawn on a U.S. bank or a wire transfer of funds to the account of HVS Convention, Sports & Entertainment Facilities Consulting. If after completing the fieldwork phase of this assignment it becomes necessary to alter the parameters of the study, HVS will be entitled to charge an additional fee based on our current per diem rates and the time required to incorporate the necessary changes into our analysis and reports. Material changes to the scope may include changes to the property description, financing conditions, management or ownership structure, or other factors that could change the final projections. In addition to adjusting our fees, we will adjust the project schedule to reflect the time required to complete the revised scope of services.

Notwithstanding the proposed fee payment schedule, if, at any time while performing this assignment, it becomes necessary to suspend work for a period of 30 days or more, then HVS will be entitled to bill for the portion of the assignment completed up to the suspension (less any retainer paid) at its current per diem rates.

It is agreed that the liability of HVS, its employees and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations, and conclusions expressed during this assignment will be rendered by the staff of HVS acting solely as employees and not as individuals. Any responsibility of HVS is limited to the client and use of our product by third parties shall be solely at the risk of the client and/or third parties. The study described in this proposal will be made subject to certain assumptions and limiting conditions. A copy of our normal assumptions and limiting conditions will be provided upon request.

President
HVS Convention, Sports & Entertainment Facilities Consulting

AGREED TO AND ACCEPTED: Emily K. Pomeroy, Center for Economic Development Law

Signature:  Date: 7-2-18