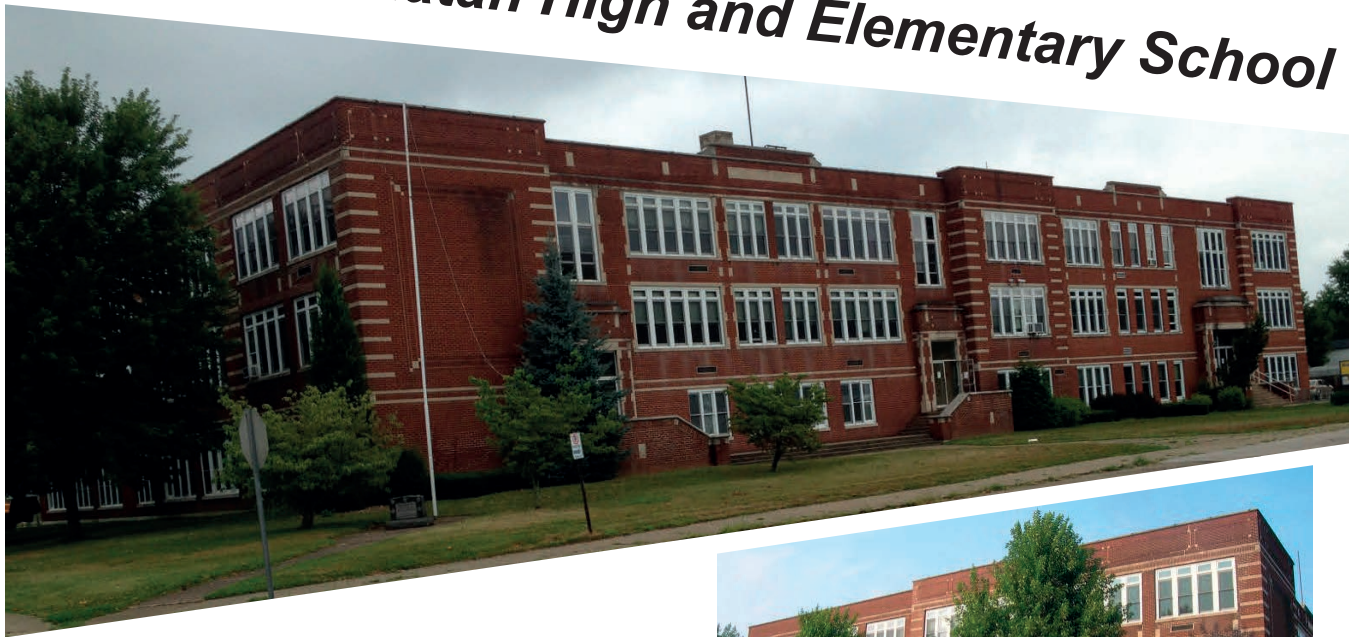


Powhatan School Project Revitalization Program RP-1 Business Plan

Redevelopment of the Legacy Powhatan High and Elementary School



To:
Luxury Hotel
Cinema, Performing and Fine Arts Center
Fitness, Rehab, and Wellness Center
Family Restaurant
Child and Senior Day Care
Powhatan Point Historic Society Museum
Retail and Professional Offices



Powhatan Point Revitalization Association

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POWHATAN SCHOOL PROJECT BUSINESS PLAN

1.0 BUSINESS PLAN OVERVIEW

1.1 PLAN INTRODUCTION

This document describes the Business Plan (BP) for the Powhatan School Project RP-1. It has been developed by **Powhatan Point Revitalization Association (PPRA)**, P.O. Box 148, Powhatan Point, Ohio 43942, in advance of the establishment of the **Powhatan School Project LLC**. This document serves as guideline for the Powhatan School Project corporate management team and introduces prospective investors and interested parties to the project's purpose, facility, market affiliation, operating plan, requirements, market/sales analysis, resource allocation, financial planning, pro forma projections, break-even risks, personnel required with its implementation and the general operating bylaws of its charter. This is intended to assure investors and loan institutions of a low-risk, well structured business plan. The BP will also serve as a road map for the Board of Directors and Officers that will govern the Powhatan School Project LLC, through the 40 month development effort and subsequent years of its operation. Semi-Annual reviews against current business posture, will determine weaknesses and strengths of this BP and adjustment taken as needed to remain viable for the long-term success of the LLC.

The BP also provides general guidance, facility definition and recommended facility strategies for the redevelopment, management and the related operational services under the Powhatan School Project, LLC. It references a companion document, the **Powhatan School Project Plan, RP-1, Exhibit A**, which describes the facility use plans and overall layout details and designs for the project. The proposed planning also recognizes the current gas fracking market opportunities, competitive concerns and supporting data for the strategic approach and facility development efforts.

1.2 BP OBJECTIVES

The Business Plan objectives are to:

- a. Provide guideline for the Powhatan School Project LLC organization and implementation;
- b. Develop and implement service franchisor-like/investor approach;
- c. Identify and manage project renovation/new construction efforts;
- d. Define a 3 Phase investor/financial loan program;
- e. Establish and coordinate the facility tenant service operational elements;
- f. Meet short-term Phase 1 development objectives and revenue goals; and
- g. Plan and implement Phase 2 and 3.

These objectives are based on realistic goals that will be achieved through conscientious efforts by the teamwork of Powhatan School Project staff. In effect, the corporation will balance an appropriate application of resources (marketing, management, financial, operational capacity) against revenue potential.

1.3 BP RESPONSIBILITY

The Business Plan (BP) is the responsibility of the Powhatan School Project, LLC. It is to be routinely reviewed against current business activities and adjusted accordingly. Corporate management must have a consensus and a commitment to the BP to ensure success.

This document is the blueprint for the Powhatan School Project, LLC and must be understood by everyone involved with its implementation. Indoctrination of this BP should be conducted with those involved and reiterated where significant change occurs. Semiannual reviews will assure the document is current and commitment to its obligations is consistent with its details.

1.4 DOCUMENT SCOPE

The Powhatan School Project Business Plan describes the fundamental strategies, operational elements, financial means, and implementation processes for achieving a successful outcome. **Powhatan School Project Plan, RP-1, Exhibit A** describes the functional aspects of the facility, while the **Powhatan School Project, LLC Bylaws, Exhibit B** serves as a strawman document to be revised by its formal Board.



2.0 OPERATIONAL ATTRIBUTES

2.1 MISSION

The primary mission of **Powhatan School Project, LLC** is to redevelop and market the school as an unique multi-service complex serving the community, revitalizing the downtown district, and generating needed revenue for its investors and the municipality. This redevelopment process and resource implementation is being done in a three phase effort to achieve realistic financing and revenue generation. The company's secondary responsibility of community's revitalization utilizes the school facility as a catalyst and a centerpiece for the downtown district.

2.2 BUSINESS MODEL

Powhatan School Project views its business model as a community designed plan that combines the capabilities of a proven service vendor expertise and their respective capital investment in a franchisor-like/investor relationship to develop the related services of the complex. These capabilities are integrated with the PPRA donors/facility investment, municipality tax increment financing, and private/government grant/subsidy assistance to achieve a common goal, which is illustrated by the PPRA logo in **Figure 1**. The community at-large interest is served through the historic school preservation and the town-centered diverse services provided by the school facility use as a: hotel, restaurant, day care, fitness, performing arts, cinema, museum, and retail and professional offices. Under the phased redevelopment approach, implementation costs are more acceptable to the loan institutes, up front capital is minimized for the investor, and service labor conditioned against demand, to maximize benefits for everyone. The following describes specific strategies involved.

- (a) service provider partnerships as both an investor and service expert;
- (b) three phase facility development to minimize financial risks;
- (c) municipality partnership through tax increment financing/facility use;
- (d) community center supporting arts, day care, fitness and rehabilitation;
- (e) development of hotel and restaurant facilities to meet area needs;
- (f) preserve historic building - enhance with museum;
- (g) establish for the area a unique fine and performing arts center

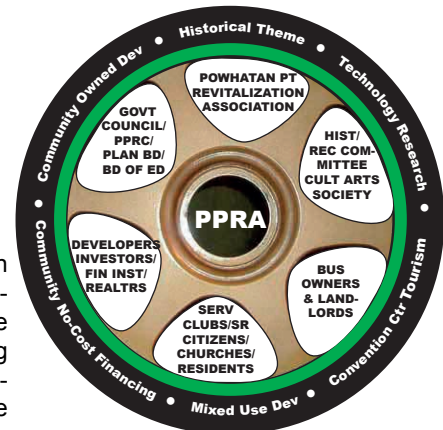


Figure 1. Powhatan Point Revitalization Association Business Model

The business model serves to direct and guide the school development. Through service supplier partnership relationships, the School Project, LLC intends to develop, both an investment and management team to achieve its goals. These service partnerships represent a combined franchisor-like/developer relationship, that bring together needed capital and management expertise/experience to develop the necessary services of the facility. To reduce investor risks and provide a more acceptable position with the loan institutes, the BP has developed a two-step investment program that supports a three phase development/loan process. It further seeks to establish for the community and the municipality an equity position into the project through the PPRA by means of a **Tax Increment Financing (TIF) Process**, which offers long term financial benefits in addition to tax revenue.

With the proposed TIF process, the municipal government also gains further oversight and guidance in the project to assure the TIF infrastructure improvements required under any TIF Agreement are met including: streetscape, parking, and flood mitigation. These factors are augmented by architectural professionals that define and manage all renovation and new construction work. Costs our budgeted against milestones and are adjustable to the associated progress to assure financial objectives are met.

The broad diversity of services integrated into the facility complex complements and enhances sales projections, while offering joint marketing and advertisement benefits. Specific attention is paid to the performing arts and museum services that are complemented by the hotel and restaurant services. Pre- and post-school, child/senior day care, rehabilitation and fitness center services support are also complementary and can be jointly managed to reduce management labor costs.



2.3 POWHATAN SCHOOL PROJECT BUSINESS STRATEGY AND INVESTMENTS

During FY2013-2016, Powhatan School Project will be redeveloping the school facility into a community centered services capability, which requires an overall \$4M capital investment in in the facilities and start up operation. Its emphasis was placed upon the following ***fundamental operational objectives***:

- ***Investor/Service Provider Business Strategy***
- ***Incremental Facility Renovation and Service Implementation***
- ***Local Demographic Attraction with Limited or No Competition***
- ***Labor, Materials, and Service Provisions Adjustable***
- ***Direct Local Marketing and Complimentary Service Sales Promotion***

2.3.1 Investor/Service Provider Investment Strategy

The Powhatan School Project LLC has ***initiated a partnership plan, that combines the role of investor and service supplier management team to achieve its goals***. These service partnerships represent a combined service franchisor-like/developer relationship, that bring together needed capital and management expertise/experience to develop the necessary services of the facility.

More specifically, we are leveraging multiple service investors (hotel, restaurant, day-care, fitness, and fine/performing arts), to ***create a cumulative investment of \$450,000 (includes \$250,000+ from PPRA-property and Municipality TIF program), to obtain a phased multi-million loan under a two-phase effort (hotel is third phase), to renovate and reconstruct the facility***. This supports critical infrastructure and flood control mitigation, that will improve the facility value, utility enhancement, and exterior façade attractiveness. Combining these features with broad service diversity, the project intends to enhance sales and stimulate complementary patronage and profits from that investment.

Proposed is that ***each service provider make a \$30,000-\$50,000 cash investment to the School Project LLC***, and serve as a franchise like overseer to direct the service element design, personnel hiring process, and program implementation. All costs incurred to implement the facility, personnel payroll, and operational supplies, will be the responsibility of the School Project LLC. Each investor/service supplier will be offered a director position on the LLC Board, and be responsible for directing/managing the paid personnel operating their respective service element, as well as the overall school project School Project LLC operation. Each service partner will be entitled to name the operation, market its location/use, hire/fire personnel, and control its functional program. Each service partner may at anytime increase their respective investment to enlarge their respective equity position.

For this investment, ***each service partner will be entitled to receive a portion of the profit revenue (typically 25%), from their service element operation, as well as a portion of the overall Powhatan School Project LLC profits (typically 5 to 10%), depending upon the investment level***. Under reasonable pro forma analysis, those returns should equal the initial investment in less than five years, and thereafter continue as long as they are involved and the overall facility continues to operate.

To reduce the service partner/investor risks and provide a more acceptable position for partnering, the Powhatan School Project LLC has developed a two-step investment program that supports a three phase development/loan process. This program divides the total investment into two funding payments, equal to one half of the total for the initial commitment, and the second half of funding occurring three months after the service element is fully operational. The second half funding is optional to the service partner with the only consequence for not contributing the additional investment, that it would reduce profit-sharing by half which was offered under the original partnership plan.

2.3.2 Powhatan School Project Under The PPRA Charter

The Powhatan Point Revitalization Association (PPRA) is a non-profit corporation that is controlled by the town's stakeholders with a sole charter of conducting revitalization for the community. Under its Articles of Incorporation, the organization facilitates the management, financing, design and operation/maintenance of each Revitalization project. Under that purview the PPRA would also implement a Limited Liability Corporation (LLC) relationship with each revitalization project and respective equity partners to implement the development and operation of the facilities constructed. The Powhatan School Project LLC is the first priority under the PPRA charter, which was initiated by the acquisition of the school, development of the project configuration and use plan, and efforts to market the project to investors, tenants and related interests, including the development of the Business Plan.



2.3.3 Project Business Plan and Finance Model Strategy

The **Finance Model** (shown in part by **Figure 2**) illustrates the basic formula of a Powhatan School Project LLC investment, which includes the benefit of the School Facility, Local/State/Federal Grants/Credits/Loans, along with the proposed Ohio Tax Increment Financing (TIF) and investor monies to derive an equity down payment investment. This investment along with other equity partners (private investment and service provider investors) contributions are expected to meet banking institutes loan qualification, which in turn would finance the lion share of the development costs. In providing the combined TIF/building investment the PPRA would establish itself as the majority ownership, to assure financial contributions under TIF, grants, land bank, loan subsidies and associated local investors will control the redevelopment and support infrastructure/historical enhancements are fulfilled as part of the project. **Figure 2** further illustrates means and revenue results which are further described in subsequent Sections.

The BP offers investors significant return-on-investment (ROI) results, which Figure 2 illustrates as 3-4 x any investment in first five years after full implementation.

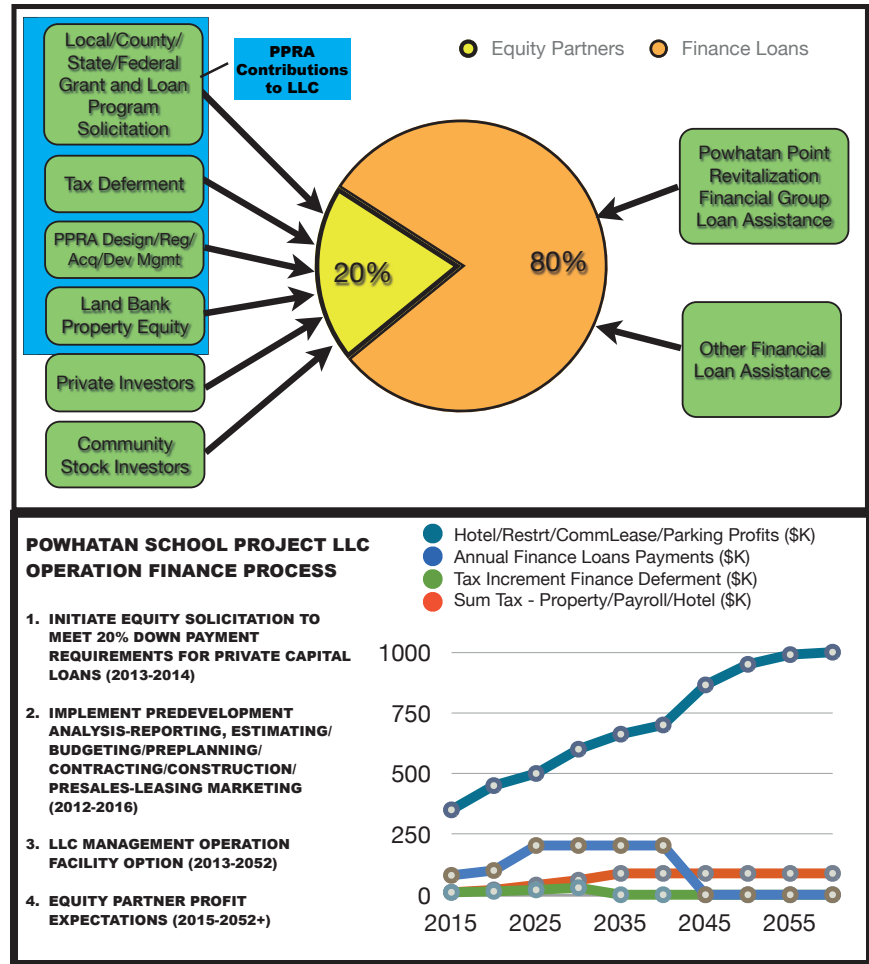


Figure 2. Powhatan School Project Financial Model - Investment Plan

2.3.4 Investment/Loan Allocation Under Phased Process

To meet our development and business model approach, the School Project LLC has initiated a comprehensive resource allocation and three phase development and loan plan. This is intentional to focus maximum resources and capitalization on those critical path efforts to ensure initial startup milestone objectives and short-term revenues are met, which then supports second and third phase development. They include:

- focus on development by respective investor expertise management to meet facility and service requirements, that assures greater results under direct responsibility of the respective service company/investor.
- layered project management (service/project/municipal) of the development effort provides multiple oversight;
- staged capital infusion that is short-term driven to achieve immediate revenue and development objectives;
- dedicated employees for renovation and construction task, that reduce costs, improve proficiency and provide task flexibility;
- allocating staff support against demand requirements, minimizes labor costs; and
- strong effort to promote complimentary value-added business through marketing and sales efforts.

Such deliberate efforts assure our business objectives can be met, while minimizing wasteful activities and misuse/or inefficient use of our assets. It limits loan requirements based upon phase completions, which enhances Debt Ratio, Debt Service Coverage Ratio (DSCR), and Loan-to-Value Ratio and increase loan institutes willingness to fund those follow-on phases.

2.3.5 Powhatan Point Revitalization Association (PPRA) Investment

The **Powhatan Point Revitalization Association (PPRA)** will invest into the **Powhatan School Project LLC**, the school facility property/title, applied/awarded grants, loan subsidies, TIF, technical assistance, and other funding resources, to support its investment into the project. Based upon property value, grant awards, the expected capital funding resources would exceed \$250,000. Grant programs being sought include asbestos mitigation, ADA upgrades for handicap, fine arts/per-



forming arts programs, museum development, flood mitigation, and special education development. Low-cost loan guarantees and subsidies also be applied for to offset planned loan programs. Technical assistance is being provided by PPRA personnel, as well as architectural/engineering support for exterior/interior redevelopment, including structural, plumbing, electrical, flood control and asbestos removal.

2.3.6 Community/Municipality Tax Increment Financing (TIF) Investment

Under the proposed **Tax Increment Financing (TIF)** process, the community and the municipality via the PPRA, will also be given an equity position into the Project. Specifically, the TIF process would reimburse the LLC from the annual portion of the paid property taxes; \$41K (75% or \$30K with completion of all three phases increasing assessed value of \$4M) resulting from infrastructure improvements made to the property.

To **qualify for Ohio's TIF incentives**, the Town of Powhatan Point must designate a specific area, or the complete commercial district in need of redevelopment under the qualification criteria established by the Ohio state/county/township/municipality TIF statutes (area suffering from flood deterioration, business loss and blight, reflecting boarded-up or fire damaged buildings, with a low income demographic population). This designation upon approval by the Powhatan Point Municipality provides the community financial benefits, in particularly gap financing, based upon increased property tax revenue from the revitalization project. The financing could also be done for full amount annually, portioned, or incrementally with an increasing/decreasing TIF percentage. This flexibility gives each project an opportunity to adjust to the project and municipality needs.

Several statutes give the Municipal government the authority to exempt increases in the valuation of a parcel or parcels of real property within a designated development project or area from local property tax, in order to create a financing mechanism known as "tax increment financing" (TIF). These statutes provide that the property owners receiving the exemptions, to be reimbursed for infrastructure improvements made to the property from property taxes paid.

2.3.7 Ohio Tax Increment Financing (TIF) Qualification

Statutes governing TIF measures include:

- Municipal Tax Increment Financing (O.R.C. 5709.40, 5709.42-5709.43) **See Attached Statutes - End of This Document**
- Urban Redevelopment Tax Increment Financing (O.R.C. 5709.42-5709.43)
- Township Public Improvement Tax Increment Financing (O.R.C. 5709.73-5709.75)
- County Redevelopment Tax Increment Financing (O.R.C. 5709.77-5709.81)
- Municipal Urban Renewal Debt Retirement Fund (O.R.C. 725.03)

In general, the statutes provide that 100 percent of the redevelopment value added to real property can be exempted for a term of up to 10 years to support a TIF. With the approval of the local school board, the process can be increased to as much as 100 percent and the maximum term increased to 30 years. Likewise, the approval of other political jurisdictions impacted by the tax exemption supporting the TIF is required to extend beyond the 75 percent and 10-year limit, unless the jurisdiction issuing the TIF makes compensation to the impacted subdivisions equal to 50 percent of the taxes exempted above the 75 percent threshold.

2.3.8 Application of Tax Increment Financing To The Powhatan School Project LLC

Under the proposed tax increment financing, those committed funds can be bonded/borrowed against and the value transferred to the School Project or designated entity for the town, to be used solely for project infrastructure improvements (such as road, streetscape, parking, flood mitigation, and community assets - museum, senior and youth center facilities).

The town government can assign the TIF funding to implement infrastructure improvements on behalf of the Community to the PPRA, as indirect/non-liable capital/equity investor in the Powhatan School Project LLC, without incurring any local financing requirements. The PPRA value/benefit is its ability to direct construction with the community interests included to assure municipal, historical and local perimeter infrastructure enhancements are satisfied. In effect, the municipality, thru the PPRA and TIF investment, has the opportunity to obtain surrogate majority ownership in the project that will assure the community interests are always first, while also being a recipient of any potential profit-sharing, which can be further used to support the municipality government and community needs. It also removes the municipality of any liability while still receiving its benefits financially and creating a positive impact that it will make on the community at-large and those surrounding property values. As further incentive for designating the PPRA as its assigned TIF implementor/equity Investment agent, the PPRA would attempt to offset the TIF exemption program to support Powhatan Point parks/pool/sports facilities from its profit-sharing results.



2.3.9 Property/Payroll/Hotel Tax Implication

The Powhatan School Project when fully operational will significantly increase tax revenues for government entities as further described in **Table 1. Powhatan School Project Government Tax Analysis**. Specifically, the school redevelopment will produce a significant benefit to the federal, state, county sales and income taxes that could produce \$190K annually, that currently does not exist. It also projects an increased \$4.15M reassessed property that is currently assessed at \$150K. The \$4M increased tax increment asset would derive based upon a 1% tax rating, an annual property tax increment of \$40K for the district (shared between municipal and school district entities). Under the Ohio statutes the municipality could offer a 10 year TIF at full tax rate of \$40K annually to assist in the financing of the school redevelopment, or a recommended option of a 10 year TIF at 75% of the assessed \$30K, or $\$30K \times 10 = \$300K$ TIF offer with District collecting annually a \$10K tax portion $(25\%) \times 10 \text{ years} = \$100,000$.

a. Fed, State and County Sales/Income Tax. The Powhatan School Project LLC, expects to produce after implementation of all phases an annual fed/state/county income and sales tax of \$190K+, that currently does not exist.

b. City Payroll Tax Means. The Powhatan School Project LLC, expects to employ 50 full and part-time individuals when fully implemented, with a projected payroll budget of \$1,269,500. This translates into an expected City Payroll Tax at a 0.75% rate of \$9,522 annually. This may vary with time on the number employees and their respective salaries.

c. Hotel Tax Means. The Powhatan School Project LLC Hotel element of the project is expected to generate an annual revenue of \$1,743,000 that under the county hotel tax rate of 4.5% would generate for the county and community (33%) an annual tax of \$43,362, or specifically \$14,450 for Powhatan Point.

d. Municipality Combined Tax Means. When combining the tax revenue for property, payroll, and hotel tax from the Powhatan School Project, the total tax revenue generated by the project is projected, based upon 2012 dollars, to be \$60,000 during the first 10 years of the TIF Program and \$88,000 thereafter. The municipality would directly receive \$25K in first 10 year TIF Period and thereafter \$36K annually.

Table 1. Powhatan School Project Government Tax Analysis After Full Phase Implementation

Projected Tax Revenue Expectations - TIF Considerations By Phase	
May 2013-14/Phase 1 - \$1.132M Renovation - New Assessed Property Value \$1M	
Annual Projected Fed Income Tax (Projected Net Income \$115K x 20%):	\$ 23,000
Annual Projected State (5.5%)/County (1.5%) Sales Tax (Projected Sales \$600K x 7%):	\$ 42,000
Annual Payroll Income Tax (24 F/T-P/t Personnel Budget of \$638K x 0.75%):	\$ 4,785
Completion of Phase 1 Increased Annual Property Tax (\$1M x 1%):	\$ 10,000
Less Tax Increment Financing (TIF) Exemption (\$1M Assessed Upgraded Value x 1% x 75%):	\$ 7,500
Total TIF Exemption on Annual Property Tax for First 10 yrs :	\$ 75,000
First 10 yrs (2014-2024) Annual Tax Revenue Property Tax less TIF (\$10K-\$7.5K=\$2.5K) Total:	\$ 25,000
After 2013 with Phase 1 District Increased Annual Summary Tax Revenue Total:	\$ 7,285
After 2025 without Phase 1 District Increased Annual Summary Tax Revenue Total:	\$ 14,785
Summary Annual Government Tax Revenue Total:	\$ 79,785
Jan 2014-15 Phase 2 - Based Upon Completion of Phase 1 \$1.132M and Phase 2 \$320K Renovations	
Annual Projected Fed Income Tax (Projected Net Income \$72K x 15%):	\$ 10,800
Annual Projected State (5.5%)/County (1.5%) Sales Tax (Projected Sales \$1.1M x 7%):	\$ 77,000
Annual Payroll Income Tax (32 F/T-P/t Personnel Budget of \$787K x 0.75%) less Phase 1:	\$ 1,118
Completion of Phase 2 Increased Annual Property Tax from \$1M to \$1.5M (\$0.5M x 1%):	\$ 5,000
Less Tax Increment Financing (TIF) Exemption (\$0.5M Assessed Upgraded Value x 1% x 75%):	\$ 3,750
Total TIF Exemption for Infrastructure Improvements on Annual Property Tax for First 10 yrs :	\$ 37,500
First 10 yrs (2015-2025) Annual Tax Revenue Property Tax less TIF (\$5K-\$3.75K=\$1.25K) Total:	\$ 12,500
After 2015 with Phase 2 District Increased Annual Summary Tax Revenue Total:	\$ 2,368
After 2025 without Phase 2 District Increased Annual Summary Tax Revenue Total:	\$ 78,118
Summary Annual Government Tax Revenue Total:	\$ 93,918
Sep 2014 Phase 3 - Based Upon Completion of Phase 1/2 \$1.452M and Phase 3 \$3.675M Renovations	
Annual Projected Fed Income Tax (Projected Net Income \$245K x 30%):	\$ 70,500
Annual Projected State (5.5%)/County (1.5%) Sales Tax (Projected Sales \$1.6M x 7%):	\$ 112,000
Annual Payroll Income Tax (50 F/T-P/t Personnel Budget of \$1.27M x 0.75%) less Phase 1/2:	\$ 3,619
Powhatan Point Municipal Distribution Annual Hotel Tax (\$1.74M x 1% x 33%) :	\$ 5,742
Completion of Phase 3 Increased Annual Property Tax (\$3M x 1%):	\$ 30,000
Less Tax Increment Financing (TIF) Exemption (\$3M Assessed Upgraded Value x 1% x 75%):	\$ 22,500
Total TIF Exemption for Infrastructure Improvements on Annual Property Tax for First 10 yrs :	\$ 225,000
First 10 yrs (2016-2026) Annual Tax Revenue Property Tax less TIF (\$30K-\$22.5K=\$7.5K) Total:	\$ 75,000
After 2016 with Phase 3 District Increased Annual Summary Tax Revenue Total:	\$ 16,861
After 2026 without Phase 3 District Increased Annual Summary Tax Revenue Total:	\$ 33,619
Summary Annual Government Tax Revenue Total:	\$ 191,861



3.0 FACILITIES

The **Powhatan School Project RP-1** (shown in **Figure 3 and 4**) is at the heart of the downtown district. The School Project covers approximately 2.2 acres or a 95,700 sqft footprint (290 x 300 x 290 x 350 feet). The land and facility is currently owned by Powhatan School Project (PPRA), which is estimated to be valued at \$150,000. The School District currently uses the facility and is expected to remain in the facility until 1 April of 2013. The School Project LLC will be operating from its corporate offices at 25 Second Street, Suite 204, Powhatan Point Ohio 43942, shown below in Figure 2, with a projected staff of 53 full-time/part-time personnel.

The location is ideally suited for hotel-restaurant-community center facilities because it: (a) is at the center of the large oil and gas exploration area dictating corporate worker short-term residences; (b) has no competitive hotel, restaurant, daycare, or fitness centers within 15 miles; (c) represents an attractive landmark with adjacent planned cultural arts downtown development along the river and creek; and (d) serves as anchor tenant to the planned cultural arts revitalization district.

The proposed reuse for the **Powhatan School Project Revitalization District RP-1** is based upon the need for an immediate high end hotel conference center that would be a catalyst for the larger Powhatan Point downtown cultural arts revitalization district. The downtown district is zoned as mixed land use with retail, office and condos with four and five level structures, with recommendations that retail and office occupy a single level on lower levels and condos reside above in multiple levels. The combination of a hotel/conference/banquet rooms, restaurant, fitness/rehabilitation, fine and performing arts center creates an attractive mutually beneficial patronage to assure greater success and revenue generation. It also provides the community with new services that are non-existent today, while generating new tax revenue.

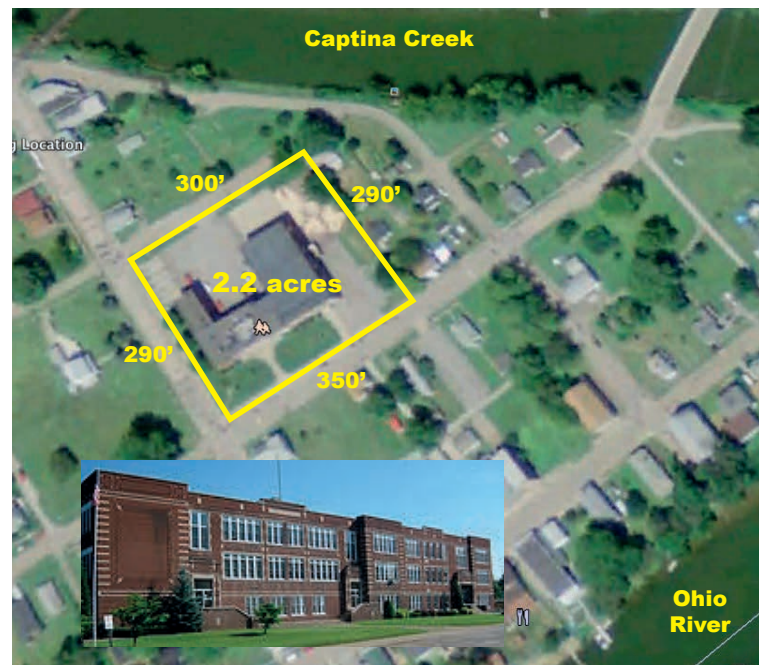


Figure 3. Powhatan School RP-1 Project Site

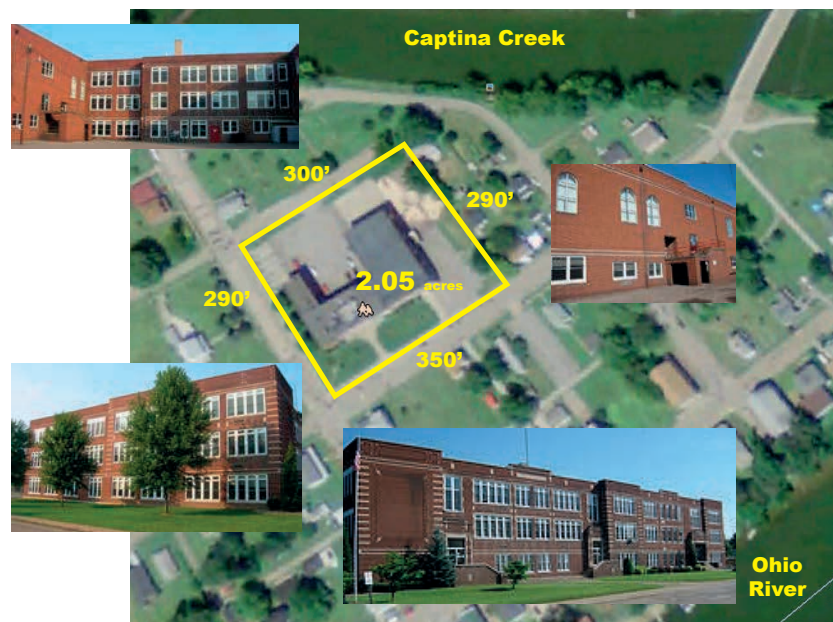


Figure 4. Powhatan School Project Facility.



4.0 POWHATAN SCHOOL PROJECT LLC ORGANIZATION

4.1 INTRODUCTION

Powhatan School Project LLC organizational and operational processes implements the BP objectives and applies the means for carrying out those efforts. This includes the **Powhatan School Project LLC Organization**, shown in **Figure 5**, responsibilities of the individuals assigned and the general requirements for facilities, assets, and support needed to establish the business and then move it forward. A preliminary School Project LLC corporate executives will be established to implement the plan under the oversight of the Board of Directors and Officers that must review their progress. Michael Stora, is serving as acting President; while other positions for Director of Financial and Administration Management, Director of Facility Development, and Director of Operations will be defined by the LLC Board, to provide the necessary executive leadership to carry out the initial objectives of the corporation.

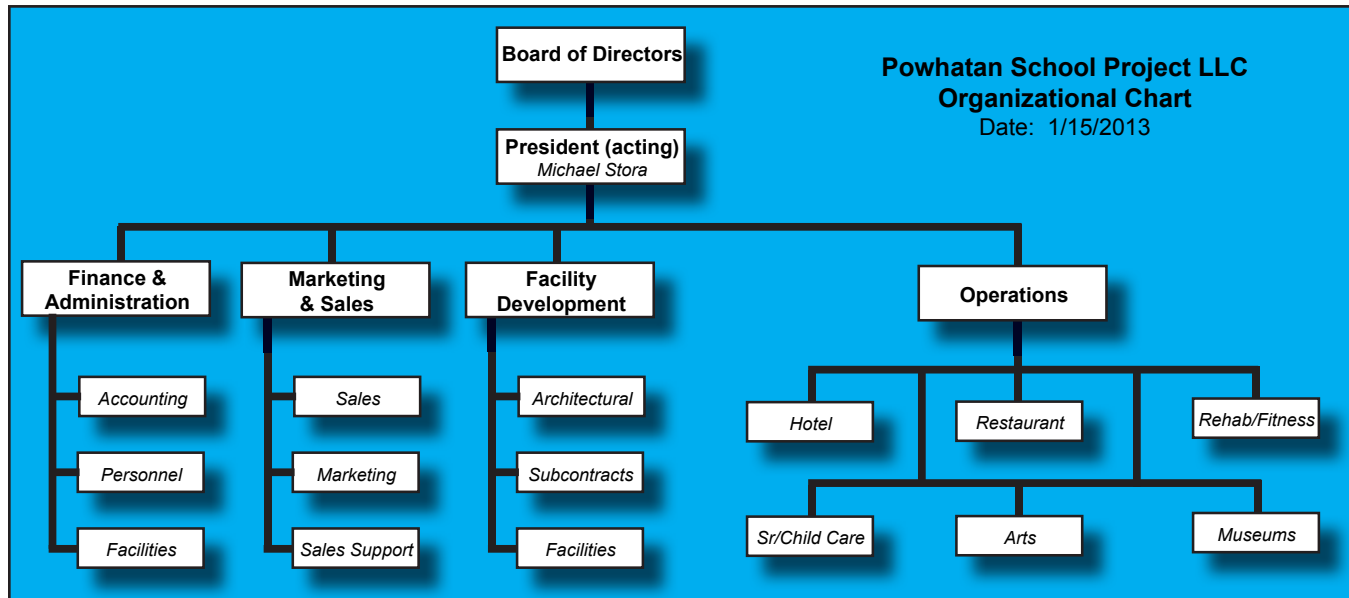


Figure 5. Powhatan School Project, LLC Organizational Chart

4.1.1 Senior Management Staff Summary Resumes

a. **Michael Stora, President:** Retired; Volunteering as Economic Development Committee Chairman for Chamber of Commerce for three communities and IEEE Standards HWIG/TC-8 Committee chairmanship; Past experience as Founder/CEO/President, Government Business Development Manager, and Consultant for several aerospace - fortune 500 companies; Technology innovator with three patents and developer of four industry standards; Founder of a successful start-up \$4M - 14,000 sqft high tech manufacturing operation with ERP and ISO 9000 process with no outside investment support; Matched resources and product capabilities with innovative strategic planning and R&D investment, resulting in historical sales (75% wins) for the company and government market share leadership positions; Responsibilities in divisional inter-cooperation/collaboration reduced internal costs by 15%, while enhancing inter-divisional sales by 30%; Retired 28 year veteran - USN; and Married with 3 daughters.

4.1.2 Organizational Responsibilities

The organization of the Company is hierarchical and functionally oriented. The four departments, when fully staffed and headed by a director, would provide the essential functions to support when fully developed an annual \$2M business posture. Critical to the management of the organization is facility/financial administration is the delegated responsibility of each service element. This functions as a layered approach in responsibility beginning with the service element, that is controlled and managed by its respective manager and staff. This Includes customer and vendor liaison, and quality assurance at the service level. Each investor/service expert provides a second layer oversight and decision-making to enhance the quality, performance, cost control, and profit objectives. A third level of oversight responsibility lies with the department directors, who function as the integrated element is the overall LLC operation, managing purchasing, payroll, maintenance, utilities, legal, financing, overall cost control, and integrated sales and marketing. This third level of responsibility includes reporting on these elements to the respective service element, The President, and the Board of Directors. Decision-making is allocated based upon levels of responsibility which is expected to be defined within the LLC operating guidelines to be developed.



4.2 FINANCE & ADMINISTRATION DEPARTMENT

The Finance and Administration Department is responsible for the corporation's: personnel, payroll, and benefits management; payable and receiving accounting; collections; customer/vendor credit verification; and financial reporting. Considerable dependence is placed upon, Enterprise Requirements Planning (ERP) software, to manage all financial and material aspects of the operations process. This provides financial and cost data for real-time decisions and cost assessment.

4.3 SALES AND MARKETING DEPARTMENT

The Sales and Marketing Department defines market opportunities and facility requirements in support of LLC business strategy. The marketing elements of the department are tasked to research, define and develop overall strategies for enhancing business for each of the service and the general facility complex. Targeted and broad advertisement and segmented/complementary offers will be used to attract customer patronage. Sales will review market research, customer patronage and feedback, to suggest changes to enhance service offerings and/or performance. Sales goals will be set up at both, the service level and overall LLC level. Interaction will be required with decision-makers and staff to assure maximum results. Sales and marketing also identifies and defines competitive programs and services in the area to enhance our offerings and their competitive price. Sales and marketing will function as a team using various methods, including: (a) direct promotion sales; (b) representative sales; (c) media advertisement; and (d) brochure/WEB/telemarketing support. Initial sales are expected to continue primarily from media advertisement, brochure/WEB/telemarketing support. Additional promotional efforts through media articles and direct sales are expected to provide additional customer patronage.

4.4 FACILITY DEVELOPMENT DEPARTMENT

The Facility Development Department supports the overall technical definition and configuration control of the facility architectural design and layout configuration, utility systems control and processes, heating and cooling requirements, flood control, exterior grounds, signage, parking control functions, facility maintenance, and operational/technical specifications. Under architecture/system engineering controls and subcontractor management the department is responsible for development, maintenance, and overall facility operation, as well as the respective service elements. A Master Architectural and System Engineering Plan (MASEP) is to be developed and maintained as the current facility configuration and guideline for maintaining the facility operation. Systems, mechanical, plumbing, heating and cooling, communication, and electrical development and maintenance service are expected to be done by LLC facility staff. Configuration and data management of all facility development, drawing packages, facility operation procedures, and facility system technical support are collected/filed/maintained by the department. Construction/maintenance staff are expected to be licensed/trained personnel where applicable. During development maintenance staff will be hired to assist in renovation work to reduce cost and ensure continuity with subsequent operation maintenance. Cleaning the facility will be jointly done by service and facility staff, except where special requirements dictate subcontract work. The department will also develop and maintain computer and communication systems, including software used by LLC and service staff.

4.5 OPERATIONS DEPARTMENT

The Operations Department is responsible for the LLC's service operations and related assets. The Department is formed by its hits's perspective as elements and staff. Each service group entity is managed by a manager responsible for day-to-day operation. Service operational capability and staff functions are implemented and reviewed by the respective investor/service expert, who may or may not be the Board of Directors service representative. The Service Manager reports and takes direction from both the Investor/Service Expert and Operations Department Director. Coordination between the Expert, Director and Manager are expected and necessary for success. The Department Director and Manager approve payroll/expenses, collect sales receipts daily for transfer to the Admin Department, who in turn provides reports for their use. The Marketing and Sales Department interacts with the Operations Department to maximize sales potential.



5.0 DEMOGRAPHICS/CUSTOMER BASE

5.1 POWHATAN POINT DEMOGRAPHICS

Powhatan Point is a small community, that is part of Belmont County of the State of Ohio with 1,700 residents in area of 1.7 sq mi, which is 98% white population, having a mean income of \$25,000. There are 830 housing units in a suburban density configuration with limited commercial areas, except for the downtown district and State Route 7 corridor. The community is located on the southern eastern tip of the county along the Ohio River, and adjacent to Monroe County, as illustrated by **Figure 6**. Surrounding five-mile area is a rural setting occupied by 4-5000 residents with no competitive services to that being planned for the school project.

There were 760 households out of which 27.5% had children under the age of 18 living with them, 52.9% were married couples living together, 11.1% had a female householder with no husband present, and 32.2% were non-families. 28.2% of all households were made up of individuals and 14.9% had someone living alone who was 65 years of age or older. The average household size was 2.29 and the average family size was 2.78.

In the village the population was spread out with 21.3% under the age of 18, 8.5% from 18 to 24, 27.1% from 25 to 44, 25.6% from 45 to 64, and 17.5% who were 65 years of age or older. The median age was 41 years. For every 100 females there were 90.0 males. For every 100 females age 18 and over, there were 83.8 males.

The median income for a household in the village was \$24,875, and the median income for a family was \$32,546. Males had a median income of \$32,039 versus \$16,583 for females. The per capita income for the village was \$14,570. About 16.7% of families and 19.8% of the population were below the poverty line, including 27.2% of those under age 18 and 16.2% of those age 65 or over.



Figure 6. Powhatan Point Location and Nearby Communities

5.2 BELMONT COUNTY DEMOGRAPHICS

Powhatan Point is part of **Belmont County of the State of Ohio** (see **Figure 7**), with a population of 70,000. In the county the population was spread out with 21.80% under the age of 18, 7.70% from 18 to 24, 27.40% from 25 to 44, 24.90% from 45 to 64, and 18.20% who were 65 years of age or older. The median age was 41 years. For every 100 females there were 96.40 males. For every 100 females age 18 and over, there were 93.60 males.

The median income for a household in the county was \$29,714, and the median income for a family was \$37,538. Males had a median income of \$31,211 versus \$19,890 for females. The per capita income for the county was \$16,221. About 11.70% of families and 14.60% of the population were below the poverty line, including 20.40% of those under age 18 and 9.80% of those age 65 or over.



Figure 7. Ohio Counties - Belmont Townships



6.0 MARKET ANALYSIS

In assessing the current market, three critical elements are reviewed:

1. **demand**
2. **competitive market**
3. **sustainability**

6.1 SERVICES DEMAND

6.1.1 Gas Fracking Development Impact on Services Demand

The demand review is initially driven primarily by the recent gas and oil exploration prominence which is expected to require 40,000 workers over the five years for the area with many of those coming from other parts of the country (see **Attachment A**). **Powhatan Point resides in the center of Ohio's largest potential shale deposits as illustrated by Figure 8 and Figure 9**, (Marcellus 50+ feet thick and Utica 300+ feet), in an area nearly devoid of any readily available services, housing or hotels to support the influx of personnel. The first horizontal fracking well was drilled 5 miles from the community in 2009 with two more beginning in April 2012, with expectation over 15-20 will be operating in next 2 years within a 15 mile radius that will double and triple over the next 3-4 years. Construction of gas separation plants across the river from Powhatan Point, will also employ 500 workers to construct, build pipelines, and operate the plant.

6.1.2 Downtown Development Impact on Services Demand

The **Downtown District is undergoing a new development assessment** in which the Powhatan School Project plays a catalyst/ centerpiece role in revitalization, as suggested by the subsequent **Downtown Development Plan (Figure 9)**. Under the planned development, the downtown area is projected to increase the local population buy a 1,000+ new residents in the next ten years. This is driven by planned 170,000 + sqft of cultural art retail space, another 170,000 + sqft for office, and 400+ condos. The long-term aspects of the plan includes the creation of a destination theme serving: (a) sternwheeler homeport/river cruise boating stopover; (c) a cultural arts retail theme offering an unique shopping identity; (d) technology/incubator office space providing attractive environment for their respective employees; and (e) two bedroom condo housing for corporate lease/purchase, singles/ couples rental/purchase, retiree/down-sized senior purchase, and get-away second homes. This is expected to add significant long term patronage for all services and increase a sustained revenue potential for the School Project investors.

6.1.3 General Impact of the Area on Services Demand

The demand for service for related business solutions in the Powhatan Point area is significant given that no, or limited services are available locally (i.e. nearest quality hotel, family restaurant with banquet space, care center, rehab/fitness center are typically 10+ miles away). It is also recognized that the surrounding rural demographics with a population of 4,000+ are far more effected as a customer base because many are further away from those existing services, and more often must travel through Powhatan Point to get to them.

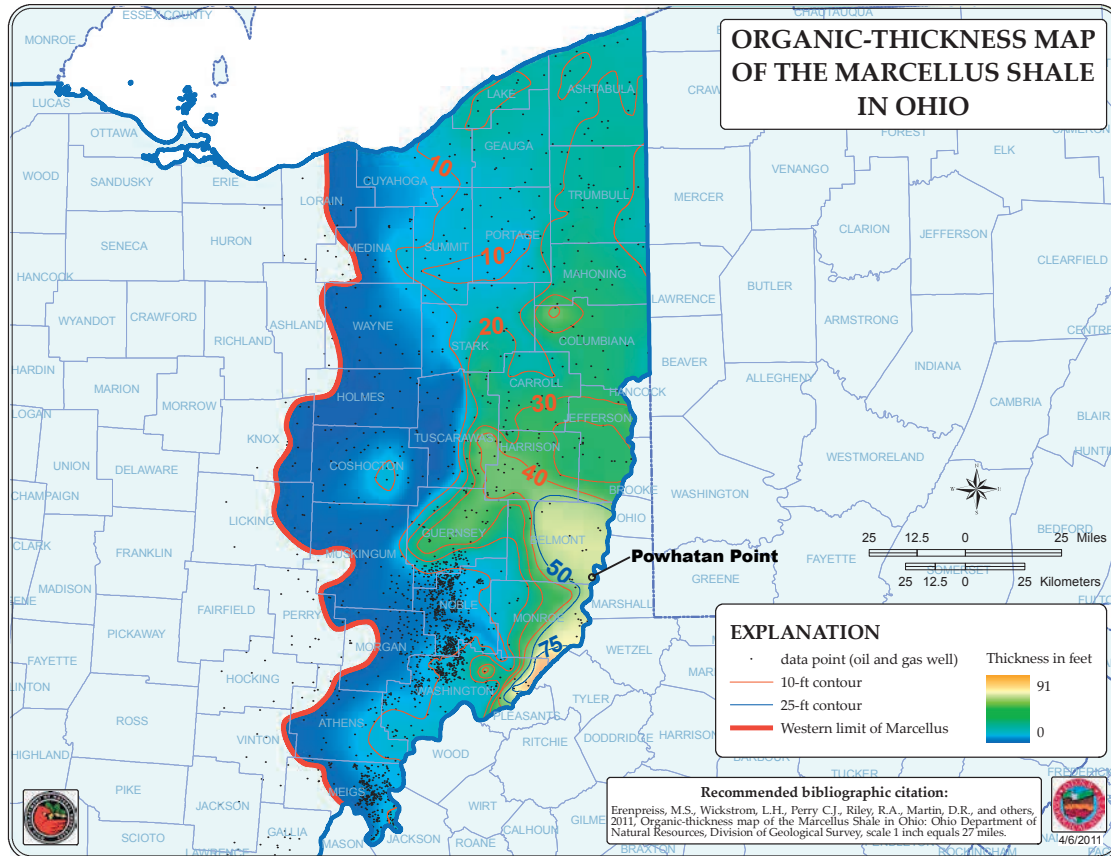


Figure 8. Powhatan Point Marcellus Shale Map Location

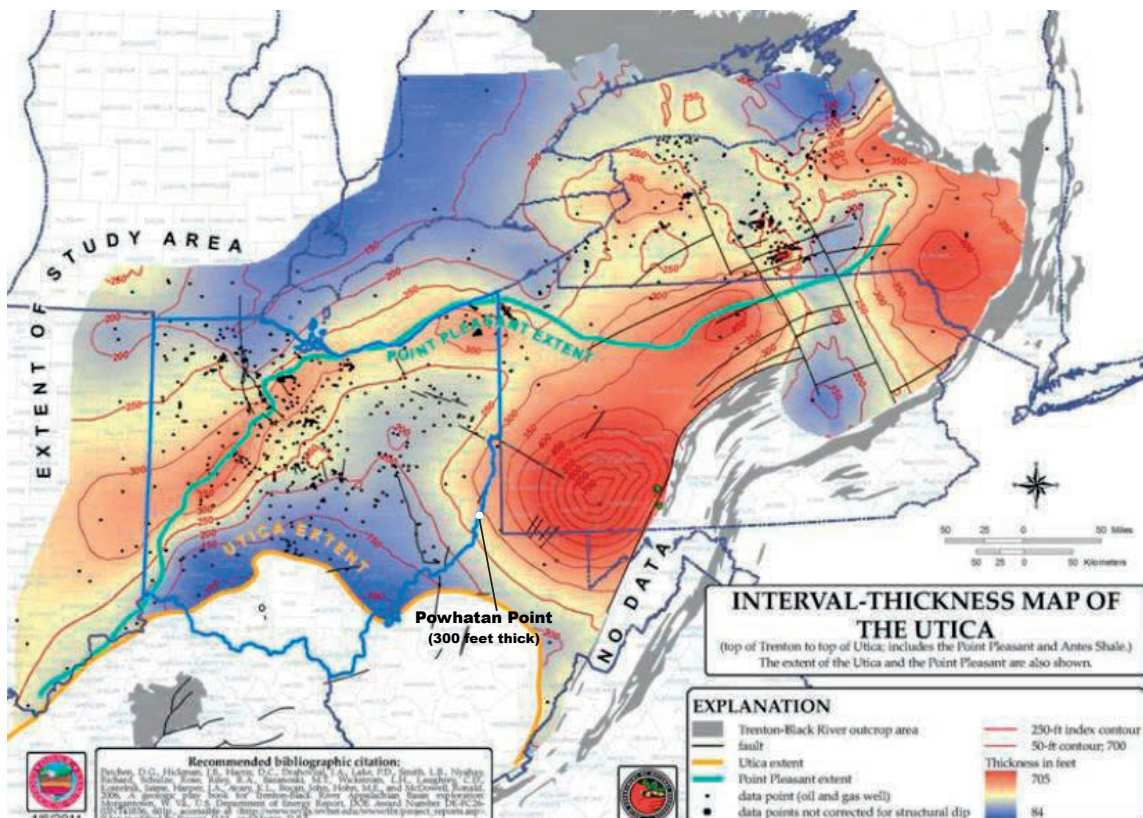


Figure 9. Powhatan Point Utica Shale Map Location



6.2 COMPETITIVE MARKET ANALYSIS

The **competitive market review** identifies the current services matching those of the Powhatan School Project, and respective pricing analysis.

6.2.1 Hotel Market Analysis

Hotel Market Analysis, Attachment B, identified 31 hotels/motels within a 30 mile radius, none residing within 5 miles of Powhatan Point, with the majority residing 15 miles plus, with the closest residing in Moundsville, WV (four within 6 miles). Of the 31 hotels, listed in **Attachment B**, the majority fall under a three star rating with a room price range of \$50-\$100. The remaining are new or franchise hotels (Holiday Inn, Springhill, Hampton Inn, Days Inn, etc.) offering rooms at rates of \$100-150, reside primarily in the St. Clairsville and Wheeling area (+15 miles). Continental/Buffer breakfast are typically included. Occupancy rates are increasing as the oil and gas exploration continues to grow with most of the better hotels being fully occupied throughout the week (see **Attachment B** on area room demand). This is at a time when the O&G boom is just beginning, which will dictate an immediate need for hotel growth for another 1,000 rooms.



Figure 10. Powhatan Point Downtown District Proposed Plan.

Hotel development is expected to focus on high end suite design based upon 53 room capacity, with a typical 15 x 28 foot/420 sqft room space, and decor applying a historical theme, to justify a \$150+ a night room price. Marketing and reservation support is expected to utilize the services offered by the National Trust for Historic Preservation to accentuate the facility historic relevance through a recognized organization and boutique hotel image.

The Powhatan School Project complex houses complimentary services, including a restaurant, conference/banquet rooms space and board room, fitness center with pool, performing arts center, and three museums, that will greatly enhance the hotel offerings and related patronage. This represents the only facilities of its type in the local area. Combining this with the riverfront location, mountain setting, adjacent recreation facilities (9/18 hole golf courses, water/snow skiing, fishing, hunting, hiking trails, horse-back riding, snowmobile/four-wheeler trails) and cultural arts district, should be an appealing venue to many seminar/conference coordinators. Add the O&G boom, limited/no competition, with getaway vacationing and event programs, the hotel should easily exceed its planned occupancy goals (>60% occupancy).



6.2.2 Restaurant Market Analysis

The **Restaurant Market Analysis** identifies in **Attachment C**, 268 restaurants within a 15 mile radius of Powhatan Point, of which are (a) 23 family restaurants; (b) 40 take outs; (c) 60 tavern/cafe restaurants; and (d) 145 fast food places, including 51 pizza businesses. Within 4 miles of Powhatan only three quasi-restaurants exist representing tavern setting with finger food menus, with the exception of the Riverside which offers breakfast, lunch, and entrée meals. For most residents desiring a family style restaurant, they drive to Moundsville (6-8 miles), and New Martinsville, Wheeling, or St. Clairsville (14 miles+).

With no competition in the area, the proposed family-style restaurant would be an attractive offer for the local area. When combined with the gas boom, downtown development, and other complimentary Powhatan School Complex services, it reinforces the case for developing the restaurant. Renovation is expected to produce an attractive inviting decor for the family with emphasis on the historic past of the community and related Powhatan Point Museum of the complex.

Offering a combination of an optional buffet breakfast-lunch and family style menu reduce costs while maintaining price value, along with catering services, take-out, care center snacks/lunches, hotel room service/continental breakfast and banquet room services to the restaurant venue. These broaden revenue opportunities in a noncompetitive market strengthen the expected financial projections. Menu pricing/labor/materials can be adjusted against demand serve as a contingency plan to assure profitability. Pricing is expected to meet competitive breakfast fees of \$8 to \$12; lunch at \$10 to \$15; and dinner at \$15 to \$25.

6.2.3 Rehabilitation/Fitness/Wellness Center Market Analysis

The **Market Analysis for Rehabilitation/Fitness/Wellness Center Development**, as further described in **Attachment D**, reflects focused businesses in either dedicated rehabilitation, fitness, or nutrition center services. No combined service exist in the region. Aside from those businesses in Moundsville, West Virginia (5+miles), all the remaining competitive services are from 10 to 15 miles away.

To achieve a viable solution, the analysis shows greater market potential through a combine service partnership offering shared rehabilitation fitness and wellness programs under a common management team. The school complex facilities offers an unique capability to create complementary services through use of the gymnasium, changing and shower areas, fitness equipment exercise room, and group exercise multipurpose rooms, with dedicated rehabilitation center, indoor aquatic pool capability, and management staff offices. Combining labor efficiency with joint partnerships and complementary support from hotel and care center operations make this development a profitable operation.

Contingency approach would implement the Fitness program first, offering facility use to independent group organizations (gymnastics/cheerleading/basketball/volleyball/tennis/wrestling/martial arts/intramural sports/etc.). Revenue would be generated from fitness memberships, trainer assistance, wellness seminars and previously listed group programs from a combined space and attendee fees. Pricing strategy through these efficiencies and complementary fitness/organized activities/rehab/aquatic physical therapy/wellness programs provide greater margins than other competitive businesses within the area, who represent single-purpose service. The complex's location at the center of the community and an element of the downtown district undergoing redevelopment plans, will increase patronage opportunities.

6.2.4 Pre-School/Day Care Market Analysis

Pre-School/Day Care Market Analysis, Attachment E, provides local and regional pre-school and day care centers which offer a standard venue of child care, supporting day care, pre-school activities, field trips, and invited guest opportunities, with typical \$400-\$600 per month fees.

Locally there are two business operations in Powhatan Point. Powhatan Learning Center, located in the Parish Hall of the local catholic church, is operated by a private entity, through State of Ohio funding for local Head Start program, which provides tutoring for children having learning problems. The other service operates within the current Powhatan Elementary School, under a private entity as a pre-school program.

Although these services are directly competitive with our development, they are government funded that are a constant threat of funding loss, and are open to private coop partnership. The proposed service would offer: (a) school children before and after school care; (b) infant care; (c) adult day care; (d) creative learning pre-school instruction applying art, social media technology; and (e) special education for school district children and adults. This would centralize all care center service components in one facility and broaden its offerings for the larger family user, that is unique for the area and another complimentary facility program.

The fine arts program could be complimentary as secondary creative learning vehicle, while fitness center with pool provides physical outlet for children/adult alike. These added features enhance customer patronage, and supplement those programs with added revenue potential. None of this can be replicated by other competitive service companies, making Powhatan School development further justification for its investors.



6.2.5 Fine/Performing Arts Market Analysis

The area has very limited competition as described by the ***Fine/Performing Arts Market Analysis, Attachment F***. With the exception of Olgebay Institute, all are focused operations for either theater or dance. No art or music schools can be identified in the area. This offers an opportunity for the fine and performing arts operation, proposed within the Powhatan School Project, to be very lucrative for an investor interest.

Entertainment performances and cinema offerings must be oriented around secondary entertainment and showings for the near-term periods. This is due to the high cost of the entertainment against a limited seating (500 seats) available and patronage expected from the area. As the community becomes more identifiable with performing art programs, the more potential there may be in getting higher-quality entertainment. The auditorium serves primarily as a training/performance stage for the fine arts program, and the invitation opportunities for college and private institutions to present their performing arts programs.

The focus on fine arts offering instruction in art, sculpture, pottery, painting, jewelry, leather, needlework, musical instruments, dance, voice, choir, drama, public speaking, social media, communication, radio/TV broadcast, photography, film/presentation creation and production by independent instructors as required. Multi-discipline classrooms and spaces would be used per respective requirement. Greater emphasis is placed on program/time schedule management against available space, instructor identity, and promotional efforts to enlist student applicants. This should reduce labor costs to a minimum and cost share with the instructor based on total student population and performance incentive. Partnerships with independent fine art groups could be done through lease of the spaces under schedule control, with no promotion requirements.

Additional potential lies in partnering with other private entities responsible for preschool/post school programs supporting special education programs, head start, and adult underdevelopment efforts.

6.3 SUSTAINABLE

The sustainable criteria is based upon:

- (a) *leveraging the oil and gas (O&G) exploration boom as a catalyst to redevelop the school;*
- (b) *downtown development as a destination area with increased housing with 1000+ new customers; and*
- (c) *centerpiece to the community as gathering place for services, events and historic legacy identity.*

The Powhatan School Project significance is in its historic identity, scale, river front and town centered location, in creating a landmark tenant for the redeveloped downtown area. An area with a redevelopment destination/tourism focus having an unique cultural arts district, river landing for stern wheelers/river cruise yachting/boating enthusiasts, conference/exhibit site, a vacation getaway and/or resort environment. The downtown cultural arts redevelopment includes mixed retail, office and condo construction, that will initially support housing/office needs for O&G boom, complementing facility use of its hotel, restaurant and services.

To achieve the ***long-term sustainability of the downtown redevelopment, will require the area to initially share and later migrate towards a greater model of tourism, vacation homes, retirement, time-sharing condos, and young residential tenants as the O&G industry exploration declines into a production process.*** In general, we view the school project primarily as a catalyst and centerpiece for the long-term goal of making Powhatan Point a destination town, while exploiting immediate O&G needs. Those objectives should further reinforce the return-on-investment and long-term profitability of the school project development. Defining the ***Powhatan School Project as an unique service oriented redevelopment, under one roof, that are complementary to each other, insures greater success in short and long term.***



7.0 MARKET POTENTIAL AND SALES FORECAST FOR FY2014-2016

7.1 MARKET STRENGTHS

The strengths of the Powhatan School Project lie with its:

- large facility complex offering multiservice under one roof
- location, as the center piece to the community;
- advantage of having minimal competition locally for the services being offered;
- expected growth from the area gas fracking exploration boom;
- potential downtown district redevelopment.

The market position strengths are generally identified by the current building configuration, its location in the center of town, which creates a community center identity that enhances local support. When contrasted with the ongoing gas boom and downtown district revitalization, the market position or service type businesses is very attractive. This should reduce risk to any investment and offer greater assurance to their respective return on investment.

7.2 MARKET WEAKNESSES

Powhatan School Project weaknesses stem from several issues including the:

- requirement for startup capital and loan financing poses significant market entry issue;
- ability to attract reputable service businesses to operate within the facility;
- introduction and awareness of the business being offered to interest clientele;
- limited demographic population to support projected sales;
- potential that the gas boom is a bust.

7.3 FACILITY SERVICE OFFERINGS

Based upon Powhatan School Project development and plan services, the following elements are described:

<u>Service</u>	<u>Facility Implementation</u>
• Hotel	South wing of the building (25,000 sqft)
• Restaurant	Cafeteria and kitchen conversion (5,000 sqft)
• Rehab/Fitness/Wellness Center	Gym/Locker Room/Classroom conversion (12,000 sqft)
• Preschool/Child and Adult Care	Classroom conversion (2,000 sqft)
• Fine/Performing Arts Center	Auditorium/Classroom conversion (10,500 sqft)

These service elements of the Powhatan School Project create specific marketing and sales efforts to generate revenue for the project. Each element has a specific market segment that must be targeted under a focused marketing and sales strategy. In addition, the ability to market the service element with its other related project service functions can enhance sales.

7.4 GENERAL MARKETING APPROACH

Service elements of the Powhatan School Project **target specific market segments with more offerings, complementary adjunct service benefits, group pricing, joint marketing efforts and sales strategies.** This approach combines focused target marketing with joint service efforts, to generate greater potential for sales success and minimize the use of labor resources. Marketing methods can also be tailored to the interests of a particular market segment, while distribution and sales follow-up become more effective and less time-consuming using social media and Internet interfacing. Networking and word-of-mouth in small communities also provides additional means for advertising these services, with reliable, quality performance being the subsequent force in motivating repeat utilization of service.

Maximum use of low-cost/no-cost advertising distribution will be applied, through means on social media, press releases, event sponsorship, discount/coupon offerings, and related marketing opportunities. Feedback reporting serves to further enhance performance and quality consistency.

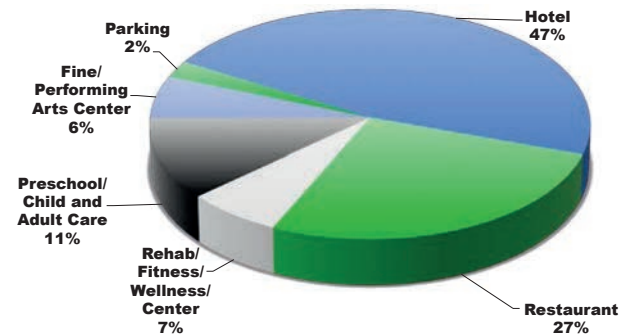


7.5 GENERAL MARKET POTENTIAL

The Powhatan School Project service elements **Accessible 2013-2020 Annual Market Potential** is further detailed in **Figure 11**, which cumulatively reflects a \$7.5 million market. Of which, the hotel and restaurant are the major contributors of the market potential representing nearly 75% of the overall market. The other services are enhanced by the hotel and restaurant customer base. Additional market potential may exist upon redevelopment of the downtown waterfront, particularly for services other than the hotel and restaurant. The Powhatan School Project has focused its marketing and sales effort to penetrate and capture market share of the local and surrounding area customer base.

**Figure 11. Accessible FY2013-2015
General Annual Market Potential**

Service	Market Potential
• Hotel	\$3,500,000
• Restaurant	\$2,000,000
• Rehab/Fitness/Wellness Center	\$500,000
• Preschool/Child and Adult Care	\$850,000
• Fine/Performing Arts Center	\$450,000
• Parking	\$180,000
Total:	\$7,430,000



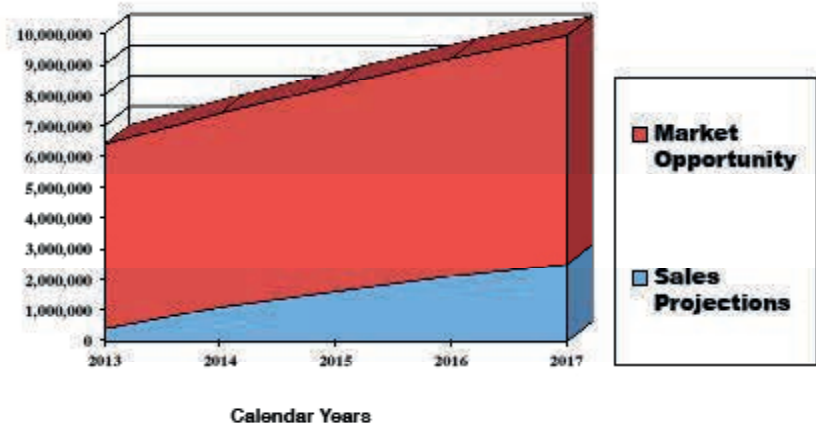
No data exists for the area to get true potential - To achieve a reasonable assessment estimates have been based upon projected sales augmented by a conservative 45% overhead factor.

7.6 MARKET APPROACH AND BUSINESS/FACILITY STRATEGY

The Powhatan School Project LLC business/facility marketing strategy builds upon project strengths and aggressively addresses its weaknesses. More specifically, it has developed this business plan and facility configuration that provides a low risk, profitable approach, that is expected to produce sales as further illustrated by **Figure 12. FY2013-2017 Market Potential vs. Sales Projections**. Implementation is incremental to reduce up-front costs and generate revenue short-term.

Interim provisions supporting antique, fine art, and crafts retail consignment provides immediate lease space and commission revenue with minimum renovation work. It's most immediate market impact occurs when visiting clientele are introduced to the broader service elements of the facility. These interim provisions/consignment services further serve as a catalyst to creating Powhatan Point as a destination community focused on cultural art and historic theme concepts. Establishing events, such as auctions, jury art program, craft shows, and partnerships with other events (Christmas in the Village, Jamboree, and Downtown Art Fairs).

Figure 12. FY2013-2017 Market Potential vs. Sales Projections



Attracting capital investors/proven service business owners is first priority of the marketing strategy. Through a franchise-like arrangement with reputable service business owners, is intended to attract both capital and expertise in the development of respective service elements.

The business strategy applied reduces risk of the service owner to only his capital investment, while being offered the responsibility for branding, overseeing implementation/operation of the service element, and sharing in the profits made. All other costs for renovation, labor, materials and overhead are incurred by the Project LLC, Including any losses.

Subsequent marketing elements address communication, advertisement, and promotion of the service to establish identity and develop the clientele patronage. Use of social media, local newspapers, direct mail and free news releases/billboard means to communicate the service offerings. Joint marketing of complementary facility services are being considered to further stimulate sales activities.



8.0 FY2013-2016 FINANCIALS/OPERATIONAL REQUIREMENTS

8.1 INTRODUCTION

This section along discusses Powhatan School Project FY2013-2015 financial position and expected results of operations, as well as the relative impact of capital investment, service element start-up operation, facilities renovation, manloading and projected expenses. The reviewer will find that the expenditures and planned budgets were both conservative, as well as flexible to changes based upon their actual results throughout the next year. These projections maintain and complete the respective operational and front end redevelopment work over the first three years of the school redevelopment. Beginning 1 June 2013, the Powhatan School Project LLC Fiscal Reporting Period is from 1 January to 31 December. FY2013 reflects only six months being reported that entails primary initial renovation and limited service element start-up operations. Renovation and hotel construction is planned to continue into FY2016, with full operations being expected at end of that year.

8.2 FY-2014 TO 2016 PRO FORMA INCOME STATEMENTS

Powhatan School Project FY2014-2016 Pro Forma Statements of Operations, shown in **Table 2**, projects the anticipated earnings of the school facility services operation. The projections also represents the renovation and start-up service implementations that begin in FY2013. Loan support funds the renovation and initial service startup requirements to produce the expected revenue results. The business strategies taken are intended to enhance sales and minimize costs: (a) with a community centered service marketing focus that is attractive to local population needs; (b) utilizing easily configurable assets/features of the building to support service elements; and (c) sales promotion in area having limited or no competition. In offering complementary service capabilities, it is expected to enhance patronage to utilize those services and increase market share and revenue gains.

The Powhatan School Project will serve both the local and broader area demographics and gain significantly from the gas boom and downtown redevelopment. With its location and business strategies, it expects to capture 30% of a \$6-7M market with flexibility to adjust labor distribution and asset utilization if necessary. The restaurant and hotel service when fully implemented would represent >60% of sales beyond FY 2016.

The Project renovations and start-up capital needs are expected to incur \$3-4M in loan obligations, which if earning projections occur as planned, should be paid down within a ten year period. This is expected to be assisted from grants and tax increment financing (TIF) funds. The net operating profit carryovers could also offer combination of profit sharing and/or renovation financing, which will further reduce loan requirements.

Table 2. Powhatan School Project FY2014-2015 Pro Forma Income Statements of Operations.

	Year Ended December 31 2014 (\$)	Year Ended December 31 2015 (\$)	Year Ended December 31 2016 (\$)
Renovation Loan Investment	1,000,000	300,000	1,000,000
Donation, Grants, Subsidies, TIF funding	10,000	100,000	150,000
Revenue.....	600,000	1,100,000	1,600,000
Gross income	1,600,000	1,500,000	2,750,000
Cost of renovation/upgrade loan (\$1M) costs	800,000	500,000	1,000,000
Direct Labor costs	350,000	500,000	800,000
Facility Utility and Maintenance costs	100,000	120,000	150,000
Operational Material costs	75,000	100,000	180,000
Loan, general and administrative expenses.....	150,000	190,000	350,000
Property/Payroll Tax.....	10,000	18,000	25,000
Gross costs	1,485,000	1,428,000	2,505,000
Net income (loss)	115,000	72,000	245,000
Retained earnings - beginning of year	0	115,000	187,000
Retained earnings - end of year.....	115,000	187,000	362,000
Debt Service Coverage Ratio (Net Income/Mortgage Paymt)	115%	56%	125%



8.3 FY-2014 TO 2016 PRO FORMA BALANCE SHEETS

Powhatan School Project FY2014-2016 Pro Forma Balance Sheets, described in **Table 4**, show a dramatic increase in assets and liabilities. This occurred in Accounts Receivables, Inventory and Fixed Assets on the asset side; that was offset by the Liabilities incurred for Accounts Payable, Capital Purchases/Leases and Notes Payable costs. The inventory and accounts payable costs were driven by the initial start-up and facility renovation completed through a phased redevelopment process. The phased approach reduces start-up costs, permits incremental service program implementations, that establish more immediate revenue stream and credibility for subsequent loan requirements. It further permits use of paid staff to complete elements of the renovation work while maintaining the facility, further reducing costs for the redevelopment.

Table 4. Powhatan School Project FY2014-2016 Pro Forma Balance Sheets.

	December 31 2014	December 31 2015	December 31 2016
ASSETS:			
Current Assets:			
Cash	\$ 100,000	\$ 200,000	\$ 325,000
Accounts receivable	25,000	120,000	150,000
Inventory/Equipment.....	450,000	650,000	850,000
Less Depreciation.....	(45,000)	(65,000)	(85,000)
Other current assets	25,000	50,000	100,000
Total current assets	400,000	955,000	1,340,000
Fixed assets	1,000,000	1,500,000	2,700,000
TOTAL ASSETS.....	\$ 1,600,000	\$ 2,455,000	\$ 4,040,000
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable/accrued liabilities.....	250,000	300,000	400,000
Property/payroll/income taxes payable.....	8,000	10,000	15,000
Short-term credit card debt.....	50,000	55,000	90,000
Current portion of long term loans/debt.....	100,000	130,000	430,000
Total current liabilities	408,000	495,000	935,000
Long term loans/debt.....	1,000,000	1,500,000	3,000,000
TOTAL LIABILITIES.....	1,408,000	1,995,000	3,935,000
Stoc' Equity:			
Paid in capital/grants/TIF/subsidies.....	150,000	170,000	250,000
Retained (deficit)	42,000	290,000	285,000
Total shareholders' equity	192,000	460,000	535,000
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY.....	\$ 1,600,000	\$ 2,455,000	\$ 4,040,000
Current Ratio (Current Assets/Current Liabilities)	98%	193%	143%
Debt Ratio (Liabilities/Assets).....	88%	123%	102%
Quick Ratio (Cash+Accts Receivables/Current Liabilities)	30%	64%	50%
Debt Service Coverage Ratio (Net Income/Mortgage Paymnt)	30%	64%	50%



8.4 FY-2014 TO 2016 PRO FORMA FINANCIAL BASIC COSTS/REVENUE ANALYSIS

Powhatan School Project Phase 1-3 Pro Forma Financial Basic Costs/Revenue Analysis, (described in Table 5, 6 and 7), provide costs and revenue projections at phase points of the redevelopment effort. Each phase is related to certain service element implementations against a fixed loan provision. The analysis represents projected costs using typical renovation square footage rates for the area and firm estimates, while revenue is projected based upon market analysis and current pricing for equivalent services within the area. The comparative analysis assesses costs versus revenue to determine operational profiles and profitability margins. Each phase assumes certain loan provisions to meet their respective service element implementations, as they relate to start up capital, renovation labor and material cost, equipment and furnishings, staff training, and supplies.

These projections are further analyzed against best, maximum, and minimum expectations to provide more data points to assess financial conditions, that can assist management in its decision-making capacity. Insight is provided to investors and loan institutions of the upside benefits and downside risks. Cost and revenue are fungible, but were reasonably constructed as a conservative view from market analysis data. Though preliminary in form, as actual data is collected, can be refined to meet more realistic outcomes in subsequent phases. Start up and management reserve cash outlays represented by the differences between minimum and best case circumstances. Optimum objectives are obviously represented by achieving minimum costs and maximum revenue results.

8.4.1 Phase 1 Pro Forma Financial Basic Costs/Revenue Analysis

Powhatan School Project Phase 1 Pro Forma Financial Basic Costs/Revenue Analysis (described in Table 5) addresses service element areas for senior/youth/child care center, rehabilitation/fitness center, and restaurant. An elevator will be constructed on the building north side for all three floors accessibility. In addition, cleanup, paint and minor renovation work will be conducted on the remaining building areas to accommodate the professional offices, fine arts, museums, and retail consignment of the building south wing. The exterior areas of the property will be provisioned with new curbing, sidewalks, lighting, landscaping, trees, and controlled parking lot construction. To meet the obligations of these cost, a \$1.1 million loan is being planned and costed appropriately in the analysis. Staffing is also projected against anticipated revenue for the service element when fully Implemented. Minimum and maximum conditions provide additional assessment data to determine viability of the project.

8.4.2 Phase 2 Pro Forma Financial Basic Costs/Revenue Analysis

Powhatan School Project Phase 2 Pro Forma Financial Basic Costs/Revenue Analysis (described in Table 6) augments Phase 1 (described in Table 5) with additional infrastructure upgrades for electrical, lighting, heating and cooling, plumbing, asbestos removal, ADA handicap accessibility, and flood mitigation. Provisions for fitness showers, exercise pool, museum exhibits, fine and performing arts facilities. And increased loan requirement of \$300,000 will be requested to support augmented renovation and upgrade work. Grant awards and investor capital are expected to offset some of the loan requirements. The analysis reflects carryover of the loan and staffing costs of Phase 1.

8.4.3 Phase 3 Pro Forma Financial Basic Costs/Revenue Analysis

Powhatan School Project Phase 3 (described in Table 7) supports the development of the hotel complex which includes renovation of the southern wing and new construction expanding that wing for 10 hotel rooms. Included are two elevators, drop-off entrance, and hotel lobby. Phase 3 also augments **Phase 1 (described in Table 5)** and **Phase 2 (described in Table 6)** areas with additional infrastructure upgrades for electrical, lighting, heating and cooling, plumbing, asbestos removal, and ADA handicap accessibility. This phase has a significant impact on both the development costs and revenue opportunities. To support the hotel development, the project plans to apply for a \$3.3 million loan, to meet its costs. This development also provides the most significant revenue stream for the project activity, with the expectation that it will produce \$2 million in sales. Revenue profits, grant awards and investor capital are expected to offset some of the loan requirements. The analysis reflects carryover of the loan and staffing costs of Phase 1 and 2.



Table 5. Powhatan School Project Phase 1 Pro Forma Financial Basic Costs/Revenue Analysis

FACILITY CONSTRUCTION - RENOVATION COSTS				
Phase 1 Facility Engr/Mgmt Reqmts		Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Phase 1 Facility Studies/Engr/Contr	0	\$ 150,000	\$ 187,500	\$ 140,625
Phase 1 LLC Mgmt	0	\$ 50,000	\$ 62,500	\$ 46,875
Engr/LLC Mgmt Subtotal	0	\$ 200,000	\$ 250,000	\$ 187,500
Phase-1 Project Exterior Infrastructure	Build-out Sqft	Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Parking Lot-Landscap-Control-Playgrd-Signs	75,000	\$ 200,000	\$ 250,000	\$ 187,500
Street-Parking-Curb-Sidewalk-Lights-Landscp	30,500	\$ 200,000	\$ 250,000	\$ 187,500
Exterior Infrastructure Subtotal	105,500	\$ 400,000	\$ 500,000	\$ 375,000
Phase-1 Infrastructure Renovation	Build-out Sqft	Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Police Offices	800	\$ 12,000	\$ 15,000	\$ 9,000
Facility Electrical Distribution	0	\$ 100,000	\$ 125,000	\$ 75,000
Facility Heating & Cooling	0	\$ 150,000	\$ 187,500	\$ 112,500
North Elevator/Hanicap Access	0	\$ 100,000	\$ 125,000	\$ 75,000
Facility Asbestos Removal/Mitigation	0	\$ 75,000	\$ 93,750	\$ 56,250
Phase-1 Interior Infrastructure Subtotal	800	\$ 437,000	\$ 546,250	\$ 327,750
Phase-1 Facility Renovation	Build-out Sqft	Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Senior/Youth Care Center	1,500	\$ 45,000	\$ 56,250	\$ 33,750
Rehabilitation Room/Pool	2,000	\$ 40,000	\$ 50,000	\$ 30,000
Child Day Care Center	4,000	\$ 40,000	\$ 50,000	\$ 30,000
Fitness Ctr/Gym/Aerobic/Shower Rm	10,000	\$ 100,000	\$ 125,000	\$ 75,000
Restaurant/Kitchen	3,500	\$ 70,000	\$ 87,500	\$ 52,500
Phase-1 Initil Facility Renov Subtotal	21,000	\$ 295,000	\$ 368,750	\$ 221,250
Phase 1 Total Costs:	\$ 127,300	\$ 1,332,000	\$ 1,665,000	\$ 1,111,500
Loan Amount Based Upon 6% Interest Under 20 year Plan Less \$200K Down Paymt		Monthly Paymts	Annual Paymts	Total Paymts (20 Yr)
Best Estimate Costs Loan Amount:	\$ 1,132,000	\$ 8,110	\$ 97,320	\$ 1,946,400
Maximum Estimate Costs Loan Amount:	\$ 1,465,000	\$ 10,496	\$ 125,952	\$ 2,519,040
Minimum Estimate Costs Loan Amount:	\$ 911,500	\$ 6,531	\$ 78,372	\$ 1,567,440
Annual Pay Down of Costs Thru Tax Increment Financing for Infrastructure Exemption:				\$ 7,500
Additional Potential Pay Down of Costs Thru PPRA Grants and Loan Subsidies:				\$ 250,000
Projected Operational Revenue Elements	Percent %	Best Revenue Per Spec/70%/0	Max Revenue Per Spec/80%/+25%	Min Revenue Per Spec/60%/-25%
Annual Parking Fees: 160 cars x \$3 x 365 x 60%/70%/80%=	5%	\$ 62,050	\$ 77,563	\$ 46,538
Restaurant Service: (120 indiv x \$15 x 365) +25%/-25%=	44%	\$ 547,500	\$ 684,375	\$ 410,625
Fitness Use: 80 memberships x \$30/mo) =	2%	\$ 28,800	\$ 36,000	\$ 21,600
Fitness Program Fees: 10 x 15 Programs x \$250=	3%	\$ 37,500	\$ 46,875	\$ 28,125
Rehabilitation Service Fees: \$35/day x 15 patients x 330 days=	14%	\$ 173,250	\$ 216,563	\$ 129,938
Child/Sr Day Care/Learning Center: (40 indiv x \$600/mo x 12mo) +25%/-25%=	19%	\$ 230,400	\$ 288,000	\$ 172,800
Youth Pre-After School Care Service: (25 indiv x \$240 x 12mo) +25%/-25%=	5%	\$ 57,600	\$ 72,000	\$ 43,200
Fine Arts Ctr (10 indiv x 4 prgm x \$50 x 40wk) +25%/-25%=	6%	\$ 80,000	\$ 100,000	\$ 60,000
Craft/Antique/Art Consignmt Lease/Commission (158 spaces) \$10/3x8 space/day; \$25/wk; \$75/mo; plus 5% commission) +25%/-25%=	2%	\$ 20,000	\$ 25,000	\$ 15,000
Summary Annual Projected Revenue:	100%	\$ 1,237,100	\$ 1,421,375	\$ 852,825
Projected PPRA Operational Costs:	Percent %	Best Oper Costs	Maximum Oper Costs	Minimum Oper Costs
Annual Loan Payment:	9%	\$ 97,320	\$ 125,952	\$ 78,372
Taxes/Insurance/Legal/Acctg/Mgmt Fee 7% of the Revenue:	8%	\$ 86,597	\$ 108,246	\$ 64,948
Facility Utility and Maintenance Costs (\$10K/Mo):	11%	\$ 120,000	\$ 150,000	\$ 90,000
Staffing Costs: 24 employees (15 full-time/9 part-time staff):	60%	\$ 638,400	\$ 798,000	\$ 478,800
Operational Supplies: \$10,000 x 12:	11%	\$ 120,000	\$ 150,000	\$ 90,000
Summary Annual Projected Operational Costs:	100%	\$ 1,062,317	\$ 1,332,198	\$ 802,120
Projected Profits		\$ 174,783	\$ 89,177	\$ 50,705
Loan Assessment Ratios to Operational Phases:		Pre-Phase 1	Post-Phase 1	Post-Phase 2
Debt Ratio: Debt Capital divided by the Business' Total Assets (Appraisal Before Ph-1 Upgrade: \$150K; post Ph1: \$1M)		7.55	1.13	N/A
Debt Service Coverage Ratio (DSCR): Net Income generated by the property divided by the New Commercial Mortgage Payment		0.00	1.80	N/A
Loan-to-Value Ratio of Cumulative Ph1 Loan Amount of \$1,200,000 to Current Appraised Value of \$150K vs. Post Dev Ph1 - \$1M;		8.00	1.20	N/A



Table 6. Powhatan School Project Phase 2 Pro Forma Financial Basic Costs/Revenue Analysis

FACILITY CONSTRUCTION - RENOVATION COSTS				
Phase 2 Facility Engr/Mgmt Reqmts		Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Phase 2 Facility Studies/Engr/Contr	0	\$ 75,000	\$ 93,750	\$ 70,313
Phase 2 LLC Mgmt Costs	0	\$ 30,000	\$ 37,500	\$ 28,125
Engr/LLC Mgmt Subtotal	0	\$ 105,000	\$ 131,250	\$ 98,438
Phase-2 Infrastructure Renovation	Build-out Sqft	Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Facility Flood Mitigation Protective Screen/Entry Isolation/Pumps	0	\$ 200,000	\$ 250,000	\$ 150,000
Powhatan Point Historical Museum	800	\$ 12,000	\$ 15,000	\$ 9,000
Facility Phase 2 Electrical Distribution	0	\$ 50,000	\$ 62,500	\$ 37,500
Facility Phase 2 Heating & Cooling	0	\$ 50,000	\$ 62,500	\$ 37,500
Facility Phase 2 Asbestos Removal/Mitigation	0	\$ 25,000	\$ 31,250	\$ 18,750
Phase-2 Interior Infrastructure Subtotal	800	\$ 337,000	\$ 421,250	\$ 252,750
Phase-2 Facility Renovation	Build-out Sqft	Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Perform-Fine Arts	3,400	\$ 68,000	\$ 85,000	\$ 51,000
Phase-2 Initil Facility Renov Subtotal	3,400	\$ 68,000	\$ 85,000	\$ 51,000
Phase 2 Total Costs:	4,200	\$ 405,000	\$ 506,250	\$ 303,750
Loan Amount Based Upon 6% Interest Under 20 year Plan Less \$150K Down Paymt		Monthly Paymts	Annual Paymts	Total Paymts- 20 Yr
Phase 2 Best Estimate Costs Loan Amount:	\$ 255,000	\$ 2,293	\$ 27,516	\$ 550,320
Phase 2 Maximum Estimate Costs Loan Amount:	\$ 356,250	\$ 3,134	\$ 37,608	\$ 752,160
Phase 2 Minimum Estimate Costs Loan Amount:	\$ 153,750	\$ 1,451	\$ 17,412	\$ 348,240
Phase 1 Best Estimate Costs Loan Amount:	\$ 1,132,000	\$ 8,110	\$ 97,320	\$ 1,946,400
Phase 1 Maximum Estimate Costs Loan Amount:	\$ 1,465,000	\$ 10,496	\$ 125,952	\$ 2,519,040
Phase 1 Minimum Estimate Costs Loan Amount:	\$ 911,500	\$ 6,531	\$ 78,372	\$ 1,567,440
Annual Pay Down of Costs Thru Tax Increment Financing for Infrastructure Exemption: Ph-1 \$7,500 + Ph-2 \$5,000				\$ 12,500
Additional Potential Pay Down of Costs Thru PPRA Grants and Loan Subsidies: Ph-1 \$250,000 + Ph-2 \$150,000				\$ 400,000
Projected Operational Revenue Elements	Percent %	Best Revenue Per Spec/70%/0	Max Revenue Per Spec/80%/+25%	Min Revenue Per Spec/60%/-25%
Annual Parking Fees: 160 cars x \$3 x 365 x 60%/70%/80%=	7%	\$ 105,120	\$ 131,400	\$ 78,840
Restaurant Service: 120 indiv x \$15 x 365) +25%/-25%=	41%	\$ 657,000	\$ 821,250	\$ 492,750
Fitness Use: (90 memberships x \$30/mo) +25%/-25%=	2%	\$ 32,400	\$ 40,500	\$ 24,300
Fitness Program Fees: (12 indiv x 15 Programs x \$250) +25%/-25%=	3%	\$ 45,000	\$ 56,250	\$ 33,750
Rehabilitation Service Fees: (\$35/day x 15 patients x 330 days) +25%/-25%=	11%	\$ 173,250	\$ 216,563	\$ 129,938
Child/Sr Day Care/Learning Center: (40 indiv x \$600/mo x 12mo) +25%/-25%=	18%	\$ 288,000	\$ 360,000	\$ 216,000
Youth Pre-After School Care Service: (25 indiv x \$240 x 12mo) +25%/-25%=	5%	\$ 72,000	\$ 90,000	\$ 54,000
Amplitheater/Perform Arts Ctr/Cinema (400 indiv x \$5 x 40 weeks) +25%/-25%=	5%	\$ 80,000	\$ 100,000	\$ 60,000
Fine Arts Ctr (10 indiv x 6 prgm x \$50 x 40wk) +25%/-25%=	8%	\$ 120,000	\$ 150,000	\$ 90,000
Craft/Antique/Art Consignmt Lease/Commission (158 spaces) \$10/3x8 space/day; \$25/wk; \$75/mo; plus 5% commission) +25%/-25%=	1%	\$ 20,000	\$ 25,000	\$ 15,000
Summary Annual Projected Revenue:	100%	\$ 1,592,770	\$ 1,990,963	\$ 1,194,578
Projected PPRA Operational Costs:	Percent %	Best Oper Costs	Maximum Oper Costs	Minimum Oper Costs
Phase 1 Annual Loan Payment:	7%	\$ 97,320	\$ 125,952	\$ 78,372
Phase 2 Annual Loan Payment:	2%	\$ 27,516	\$ 37,608	\$ 17,412
Taxes/Insurance/Legal/Acctg/Mgmt Fee 7% of the Revenue:	8%	\$ 111,494	\$ 139,367	\$ 83,620
Facility Utility and Maintenance Costs (\$12K/Mo):	11%	\$ 144,000	\$ 180,000	\$ 108,000
Staffing Costs: 32 employees (19 full-time/13 part-time staff):	58%	\$ 787,200	\$ 984,000	\$ 590,400
Operational Supplies: \$16,000 x 12:	14%	\$ 192,000	\$ 240,000	\$ 144,000
Summary Annual Projected Operational Costs:	100%	\$ 1,359,530	\$ 1,706,927	\$ 1,021,804
Projected Profits		\$ 233,240	\$ 284,035	\$ 172,773
Loan Assessment Ratios to Operational Phases:		Pre-Phase 1	Post-Phase 1	Post-Phase 2
Debt Ratio: Debt Capital divided by the Business' Total Assets (Appraisal Before Ph-1 Upgrade: \$150K; post Ph1: \$1M; post Ph2: \$1.5M)		10.00	1.20	1.00
Debt Service Coverage Ratio (DSCR): Net Income generated by the property divided by the New Commercial Mortgage Payment		0.00	2.40	1.87
Loan-to-Value Ratio of Cumulative Ph1 Loan Amount of \$1,200,000 to Current Appraised Value of \$150K vs. Post Dev Ph1 - \$1M; vs. Post Dev Ph2 - \$1.5M		8.00	1.20	1.00



Table 7. Powhatan School Project Phase 3 Pro Forma Financial Basic Costs/Revenue Analysis

Phase 3 Facility Engr/Mgmt Reqmts		Best Est Costs		Max Est Costs (+25%)	Min Est Costs (-25%)	
Facility Studies/Engr/Contr			\$	150,000	\$ 187,500	\$ 140,625
LLC Mgmt-PPRA (MS-20K/JJ-14K/RS-12K/RH-2K)			\$	50,000	\$ 62,500	\$ 46,875
Engr/LLC Mgmt Subtotal			\$	200,000	\$ 250,000	\$ 187,500
Phase 3 Hotel Development		Build-out Sqft	Best Est Costs		Max Est Costs (+25%)	Min Est Costs (-25%)
Performing/Cinema/Recording/Projection		8,500	\$	200,000	\$ 250,000	\$ 150,000
Lobby/Conf-Banquet Room-Level 1 Renovation		5,400	\$	162,000	\$ 202,500	\$ 121,500
New Foundation-Driveway		3,600	\$	126,000	\$ 157,500	\$ 94,500
Elevator(2)		150	\$	200,000	\$ 250,000	\$ 150,000
Hotel Rooms-Level 2 Interior Constr/Renov		5,400	\$	405,000	\$ 506,250	\$ 303,750
Hotel Rooms-Level 2 New Construction		3,600	\$	450,000	\$ 562,500	\$ 337,500
Hotel Rooms-Level 3 Interior Constr/Utility		13,800	\$	1,035,000	\$ 1,293,750	\$ 776,250
Hotel Rooms-Level 3 New Construction		3,600	\$	432,000	\$ 540,000	\$ 324,000
Hotel Development Subtotal		35,550		2,810,000	\$ 3,512,500	\$ 2,107,500
Phase 3 Facility Infrastructure			Best Est Costs		Max Est Costs (+25%)	Min Est Costs (-25%)
Facility New Electrical Distribution		0	\$	100,000	\$ 125,000	\$ 75,000
Facility New Heating & Cooling		0	\$	250,000	\$ 312,500	\$ 187,500
Facility Asbestos Removal/Mitigation		0	\$	200,000	\$ 250,000	\$ 150,000
Phase 3 Facility Utility Subtotal		0	\$	550,000	\$ 687,500	\$ 412,500
Phase 3 Total Costs:		35,550	\$	3,560,000	\$ 4,450,000	\$ 2,707,500
Loan Amount Based Upon 6% Interest Under 20 year Plan Less \$400K Down Paymt		Monthly Paymts		Annual Paymts	Total Paymts -20 Yr	
Phase 3 Best Estimate Costs Loan Amount:		\$ 3,160,000	\$	24,430	\$ 293,160	\$ 5,863,200
Phase 3 Maximum Estimate Costs Loan Amount:		\$ 4,050,000	\$	31,254	\$ 375,048	\$ 7,500,960
Phase 3 Minimum Estimate Costs Loan Amount:		\$ 2,307,500	\$	17,875	\$ 214,500	\$ 4,290,000
Phase 2 Best Estimate Costs Loan Amount:		\$ 255,000	\$	2,293	\$ 27,516	\$ 550,320
Phase 2 Maximum Estimate Costs Loan Amount:		\$ 356,250	\$	3,134	\$ 37,608	\$ 752,160
Phase 2 Minimum Estimate Costs Loan Amount:		\$ 153,750	\$	1,451	\$ 17,412	\$ 348,240
Phase 1 Best Estimate Costs Loan Amount:		\$ 1,132,000	\$	8,110	\$ 97,320	\$ 1,946,400
Phase 1 Maximum Estimate Costs Loan Amount:		\$ 1,465,000	\$	10,496	\$ 125,952	\$ 2,519,040
Phase 1 Minimum Estimate Costs Loan Amount:		\$ 911,500	\$	6,531	\$ 78,372	\$ 1,567,440
Cumulative Best Estimate Loan Amount/Payments		\$ 4,547,000	\$	34,833	\$ 417,996	\$ 8,359,920
Annual Pay Down of Costs Thru Tax Increment Financing for Infrastructure Exemption: Ph-1 \$7.5K + Ph-2 \$5K + Ph-3 \$17.5						\$ 30,000
Additional Potential Pay Down of Costs Thru PPRA Grants and Loan Subsidies: Ph-1 \$250,000 + Ph-2 \$150,000						\$ 400,000
Projected Operational Revenue Elements		Percent %	Best Revenue Per Spec/70%/0		Max Revenue Per Spec/80%/+25%	Min Revenue Per Spec/60%/-25%
Annual Parking Fees: 160 cars x \$3 x 365 x 60%/70%/80%=		3%	\$	105,120	\$ 131,400	\$ 78,840
Annual Room Fees: 53 x avg \$150 x 365 x 60%/70%/80%=		52%	\$	2,031,225	\$ 2,321,400	\$ 1,450,875
Conference Room Fees: 3 x avg 300/wk x 52 x 50%/60%/70%=		1%	\$	28,080	\$ 32,760	\$ 23,400
Bar and Food Service Fees: 20/30/40 x \$25 avg x 365=		7%	\$	273,750	\$ 365,000	\$ 182,500
Restaurant Service: (120 indiv x \$15 x 365) +25%/-25%=		17%	\$	657,000	\$ 821,250	\$ 129,938
Fitness Use: (90 memberships x \$30/mo) +25%/-25%=		1%	\$	32,400	\$ 40,500	\$ 216,000
Fitness Program Fees: (12 indiv x 15 Programs x \$250) +25%/-25%=		1%	\$	45,000	\$ 56,250	\$ 54,000
Rehabilitation Service Fees: (\$35/day x 15 patients x 330 days) +25%/-25%=		4%	\$	173,250	\$ 216,563	\$ 129,938
Child/Sr Day Care/Learning Center: (40 indiv x \$600/mo x 12mo) +25%/-25%=		7%	\$	288,000	\$ 360,000	\$ 216,000
Youth Pre-After School Care Service: (25 indiv x \$240 x 12mo) +25%/-25%=		2%	\$	72,000	\$ 90,000	\$ 54,000
Perform Arts Ctr/Cinema (400 indiv x \$5 x 40 weeks) +25%/-25%=		2%	\$	80,000	\$ 100,000	\$ 60,000
Fine Arts Ctr (10 indiv x 6 prgm x \$50 x 40wk) +25%/-25%=		3%	\$	120,000	\$ 150,000	\$ 90,000
Craft/Antique/Art Consignmt Lease/Commission (158 spaces) \$10/3x8 space/day; \$25/wk; \$75/mo; plus 10% commission) +25%/-25%=		1%	\$	20,000	\$ 25,000	\$ 15,000
Summary Annual Projected Revenue:		100%	\$	3,925,825	\$ 4,710,123	\$ 2,535,490
Projected PPRA Operational Costs:		Percent %	Best Oper Costs		Maximum Oper Costs	Minimum Oper Costs
Phase 1 Annual Loan Payment:		4%	\$	97,320	\$ 125,952	\$ 78,372
Phase 2 Annual Loan Payment:		1%	\$	27,516	\$ 37,608	\$ 17,412
Phase 3 Annual Loan Payment:		20%	\$	293,160	\$ 17,412	\$ 97,320
Taxes/Insurance/Legal/Actctg/Mgmt Fee 5% of the Revenue:		8%	\$	196,291	\$ 245,364	\$ 147,218
Facility Utility and Maintenance Costs (\$20K/Mo):		10%	\$	240,000	\$ 300,000	\$ 180,000
Staffing Costs: 48 employees (28 full-time/20 part-time staff):		51%	\$	1,269,500	\$ 1,586,875	\$ 952,125
Operational Supplies: \$30,000 x 12:		14%	\$	360,000	\$ 450,000	\$ 270,000
Summary Annual Projected Operational Costs:		109%	\$	2,483,787	\$ 2,763,211	\$ 1,742,447
Projected Profits			\$	1,442,038	\$ 1,946,911	\$ 793,043
Loan Assessment Ratios to Operational Phases:			Post-Phase 1		Post-Phase 2	Post-Phase 3
Debt Ratio: Debt Capital divided by the Business' Total Assets (Appraisal post Ph2: \$1.5M and post Ph3: \$4M)			1.20		1.00	1.33
Debt Service Coverage Ratio (DSCR): Net Income generated by the property divided by the New Commercial Mortgage Payment			1.80		1.87	0.32
Loan-to-Value Ratio of Cumulative Ph3 Loan Amount of \$5.127M to Projected Appraised Post Ph2 Value of \$1.5M vs. Projected Post Dev Ph3 - \$4M			1.20		1.00	1.14



8.5 ASSET RESOURCES/CAPITAL INVESTMENT

Asset resources represent a number of elements including:

- (1) the current facility value assessed at \$150,000, and amortized upgraded facility value;
- (2) capital investment by respective service supplier investors;
- (3) grants, subsidies, and loan guarantees;
- (4) tax increment financing (TIF);
- (5) loans;
- (6) cash profits.

The current facility and property is contributed to the Powhatan School Project LLC by the Powhatan Point Revitalization Association. This value combines with the capital investment of the service suppliers, grants and TIF is used as down payment and collateral for loans financing to implement the necessary renovation and new construction efforts. Under the three-phase program and related loan requests the a facility in property would receive a complete makeover in order to implement the planned service elements. Projections outlined in **Table 5, 6 and 7**, describe how these asset resources are applied in each phase to meet their respective service element implementation.

8.6 LOAN/ACCOUNTS PAYABLE OBLIGATION LIABILITIES

To meet short term cash flow needs of the LLC, we are relying on facility, supplier investor, TIF, and grants/subsidies/loan guarantees to obtain a \$1.1 million loan financing to initiate Phase 1 implementation objectives. Subsequent Phases 2 and 3 with respective \$300,000 and \$3.3 million loans support the necessary service element implementations.

As described in **Table 5, 6 and 7**, represent incremental accumulated loan obligations requiring annual loan payment structures of:

- (1) Phase 1 for \$1.11M loan: \$97,320 annual payment obligation
- (2) Phase 2 for \$0.32M loan: \$27,516 annual payment obligation
- (3) Phase 3 for \$3.4M loan: \$293,160 annual payment obligation

Based upon conservative estimates of a 20 year payback period at a 6% rate, it is estimated (see **Table 7**), that the Debt Ratio would very between 1 and 1.33; Debt Service Coverage Ratio (DSCR) from 8 to less than 1; and Loan to Value Ratio from 1 to 1.2. Phases 1 and 2 involve a cumulative loan obligation of \$1.4 million, that meets full implementation of all services except for the hotel operation. This intentionally reduces obligations on the front end to a minimum level to assure facility needs are met to derive revenue projections without incurring significant obligations. It also provides credible position of the Powhatan School Project LLC, to satisfy financing sources Phase 3 loan requirements.

8.7 PERSONNEL EXPENSES

The ability to fully implement the Business Plan and achieve market share goals, demands experienced and qualified personnel, however costs dictate that discretion in hiring, utilization of part-time, and the exploitation of key personnel in multiple roles be applied as first consideration. Staff hiring is phased in based upon service implementations and startup funding availability, as is defined in **Powhatan School Project Phase 1 Projected Staff Resources/Payroll Expenses Tables 8, 9 and 10**. An initial core staff of 8-10 full-time/part time individuals is planned in the initial Phase 1 implementation, with expectations of assigning/hiring 30 additional personnel over the next 36 months. PPRA volunteer staff will serve as the initial management personnel to administrate this initial startup operation.

Costs related to staff resources continue to represent the greatest part of the expenses incurred (40%), averaging \$60,000 per month. This includes benefits and local/state/federal contributions that will add a 20% burden rate to the expected payroll requirements. These costs are expected to increase in the subsequent phases as service demand ramps up. Complimentary services are expected to share key personnel serving multiple functions. Other oversight management would be provided by Powhatan School Project director/investor representatives under no cost basis.

Selection, managing and terminating of personnel for each service element would be primarily done by the respective service element investor, service manager, or assigned Powhatan School Project LLC directors.



8.7.1 Phase 1 Staff Resources/Payroll Expenses

The staff requirements and payroll costs, described in **Table 8**, support employment needs to implement Phase 1. This includes personnel for service elements, including: **(a) restaurant; (b) care center; (c) fitness/rehab/wellness center; and (d) facility maintenance.** Staff requirements and related salary descriptions are outlined in **Table 8**, representing a total of 24 personnel, with payroll budget of \$638,400. It represents expected number of personnel and expenses, when the plan service is fully implemented and projected demand is achieved. Initial startup staff requirements would be significantly less and increased as demand develops, to minimize costs and related payroll expenses.

Table 8. Powhatan School Project Phase 1 Projected Staff Resources/Payroll Expenses

Tenant Group	Position	Full or Part-Time	No. of Positions	Annual Projected Salary	Total Annual Projected Salary
Restaurant	Manager	F	1	\$50,000	\$50,000
Restaurant	Hostess/Asst Manager	F	2	\$24,000	\$48,000
Restaurant	Chef	F	1	\$30,000	\$30,000
Restaurant	Cooks	P/T	1	\$12,000	\$12,000
Restaurant	Waitress/Dishwasher	P/T	3	\$12,000	\$36,000
Subtotal			8		\$176,000
Child Day Care	Manager	F	1	\$36,000	\$36,000
Child Day Care	Day Care Infant Care Specialist	F	2	\$24,000	\$48,000
Child Day Care	Day Care Child Care Specialist	F	2	\$24,000	\$48,000
Child Day Care	Cleaning/Upkeep	P/T	1	\$8,000	\$8,000
Subtotal			6		\$140,000
Fitness/Rehab Ctr	Manager	F	1	\$36,000	\$36,000
Fitness/Rehab Ctr	Fitness Specialist	F	1	\$24,000	\$24,000
Fitness/Rehab Ctr	Fitness Specialist	P/T	2	\$8,000	\$16,000
Fitness/Rehab Ctr	Rehab Specialist	F	2	\$24,000	\$48,000
Subtotal			6		\$124,000
Facility Maint	Manager	F	1	\$36,000	\$36,000
Facility Maint	Maintenance Specialists	F	2	\$24,000	\$48,000
Facility Maint	Cleaning/Upkeep	P/T	1	\$8,000	\$8,000
Subtotal			4		\$92,000
Summary			Total Personnel:	24	Annual Budget: \$532,000
Projected Burden Rates (Benefits/State-Fed Contributions):			20%		Annual Budget: \$106,400
			Total Payroll Costs:		Annual Budget: \$638,400

8.7.2 Phase 1 and 2 Staff Resources/Payroll Expenses

The staff requirements and payroll costs, described in **Table 9**, support employment needs to implement Phase 1 and 2. This includes personnel for Phase 1 service elements, augmented by the **Fine and Performing Arts and Cinema Operations.** Staff requirements and related salary descriptions in **Table 9**, represent an increase to 32 personnel with payroll budget of \$787,200. Again, it represents expected number of personnel and expenses, when the plan service is fully implemented and projected demand is achieved which may be significantly less and increased as demand develops, to minimize costs and related payroll expenses.

Table 9. Powhatan School Project Phase 1 and 2 Projected Staff Resources/Payroll Expenses

Tenant Group	Position	Full or Part-Time	No. of Positions	Annual Projected Salary	Total Annual Projected Salary
Restaurant	Manager	F	1	\$50,000	\$50,000
Restaurant	Hostess/Asst Manager	F	2	\$24,000	\$48,000
Restaurant	Chef	F	1	\$30,000	\$30,000
Restaurant	Cooks	P/T	2	\$12,000	\$24,000
Restaurant	Waitress/Dishwasher	P/T	3	\$12,000	\$36,000
Subtotal			9		\$188,000
Child Day Care	Manager	F	1	\$36,000	\$36,000
Child Day Care	Day Care Infant Care Specialist	F	2	\$24,000	\$48,000
Child Day Care	Day Care Child Care Specialist	F	2	\$24,000	\$48,000
Child Day Care	Cleaning/Upkeep	P/T	1	\$8,000	\$8,000
Subtotal			6		\$140,000
Fitness/Rehab Ctr	Manager	F	1	\$36,000	\$36,000
Fitness/Rehab Ctr	Fitness Specialist	F	1	\$24,000	\$24,000
Fitness/Rehab Ctr	Fitness Specialist	P/T	2	\$8,000	\$16,000
Fitness/Rehab Ctr	Rehab Specialist	F	2	\$24,000	\$48,000
Subtotal			6		\$124,000
Cinema/PPAC/Fine Arts	Manager	F	1	\$36,000	\$36,000
Cinema/PPAC/Fine Arts	Instructor	F	2	\$24,000	\$48,000
Cinema/PPAC/Fine Arts	Cinema/Record/Audio Operators	P/T	2	\$8,000	\$16,000
Cinema/PPAC/Fine Arts	Ticket/Refreshmt/Clean Attendant	P/T	2	\$6,000	\$12,000
Subtotal			7		\$112,000
Facility Maint	Manager	F	1	\$36,000	\$36,000
Facility Maint	Maintenance Specialists	F	2	\$24,000	\$48,000
Facility Maint	Cleaning/Upkeep	P/T	1	\$8,000	\$8,000
Subtotal			4		\$92,000
Summary			Total Personnel:	32	Annual Budget: \$656,000
Projected Burden Rates (Benefits/State-Fed Contributions):			20%		Annual Budget: \$131,200
			Total Payroll Costs:		Annual Budget: \$787,200



8.7.3 Phase 1, 2 and 3 Staff Resources/Payroll Expenses

The staff requirements and payroll costs, described in **Table 10**, support employment needs to implement Phase 1, 2 and 3. This represent when plan service is fully implemented and projected demand is achieved with the **Hotel Operation**, an increase to 48 personnel having a payroll budget of \$1,245,500.

Table 10. Powhatan School Project Phase 1, 2 and 3 Projected Staff Resources/Payroll Expenses

Tenant Group	Position	Full or Part-Time	No. of Positions	Annual Projected Salary	Total Annual Projected Salary
Hotel	Manager	F	1	\$50,000	\$50,000
Hotel	Asst Manager	F	2	\$36,000	\$72,000
Hotel	Desk Clerk	P/T	2	\$12,000	\$24,000
Hotel	Valet	F	1	\$24,000	\$24,000
Hotel	Waitress/Bar Tender	P/T	2	\$12,000	\$24,000
Hotel	Conference Room Attendant	P/T	1	\$12,000	\$12,000
Hotel	Housekeeping Supv	F	1	\$24,000	\$24,000
Hotel	Housekpg/Breakfast Attendant	F	4	\$24,000	\$96,000
Subtotal			14		\$326,000
Restaurant	Manager	F	1	\$50,000	\$50,000
Restaurant	Hostess/Asst Manager	F	2	\$24,000	\$48,000
Restaurant	Chef	F	1	\$30,000	\$30,000
Restaurant	Cooks	P/T	2	\$12,000	\$24,000
Restaurant	Waitress/Dishwasher	P/T	3	\$12,000	\$36,000
Restaurant	Hotel/Day Care Service	P/T	2	\$12,000	\$24,000
Restaurant	Delivery Service	P/T	2	\$12,000	\$24,000
Subtotal			13		\$236,000
Child Day Care	Manager	F	1	\$36,000	\$36,000
Child Day Care	Day Care Infant Care Speialist	F	2	\$24,000	\$48,000
Child Day Care	Day Care Child Care Speialist	F	2	\$24,000	\$48,000
Child Day Care	Cleaning/Upkeep	P/T	1	\$8,000	\$8,000
Subtotal			6		\$140,000
Fitness/Rehab Ctr	Manager	F	1	\$36,000	\$36,000
Fitness/Rehab Ctr	Fitness Speialist	F	1	\$24,000	\$24,000
Fitness/Rehab Ctr	Fitness Speialist	P/T	2	\$8,000	\$16,000
Fitness/Rehab Ctr	Rehab Specialist	F	2	\$24,000	\$48,000
Subtotal			6		\$124,000
Cinema/PPAC/Fine Arts	Manager	F	1	\$36,000	\$36,000
Cinema/PPAC/Fine Arts	Instructor	F	2	\$24,000	\$48,000
Cinema/PPAC/Fine Arts	Cinema/Record/Audio Operators	P/T	2	\$8,000	\$16,000
Cinema/PPAC/Fine Arts	Ticket/Refreshmt/Clean Attendant	P/T	2	\$6,000	\$12,000
Subtotal			7		\$112,000
Facility Maint	Manager	F	1	\$36,000	\$36,000
Facility Maint	Maintenance Specialists	F	2	\$24,000	\$48,000
Facility Maint	Cleaning/Upkeep	P/T	1	\$8,000	\$8,000
Subtotal			4		\$92,000
Summary			Total Personnel:	50	Annual Budget:
Projected Burden Rates (Benefits/State-Fed Contributions):			25%		Annual Budget:
			Total Payroll Costs:		Annual Budget:
					\$1,030,000
					\$239,500
					\$1,269,500

8.8 GENERAL OPERATIONAL/FACILITY EXPENSES

General Operational/Facility Expenses, as described In **Table 11 through 13**, represent full Implementation expenses for each phase. The most significant impact has been Powhatan School Project labor expenditures (50-60%) and associated corporate/workman's compensation insurance requirements, disability/medical, and Holiday/vacation/sick days (19 days/year) benefits for all employees. A twenty year loan payment expense which grows to annual rate from \$100,000 Phase 1 (7%), to \$400,000 (25%) in Phase 3, primarily due to the large \$3.3M loan for hotel development. Phase 1 and 2 were viewed as start-up phases to support immediate service operation implementation to generate revenue and establish the facility as a community center. Although staffing costs are the largest operational cost factor, it is also the most flexible in controlling expenditures. Operational supplies relate to service and facility requirements for product materials, expenses, sales literature, etc., to conduct their respective operations and typically represents 10-15% of the summary costs.

8.8.1 Phase 1 General Operational/Facility Expenses

Phase 1 General Operational/Facility Expenses described in **Table 11**, expenditure projections when Phase 1 is fully implemented. Full staffing of 24 personnel is expected at end of Phase 1 period with initial staffing in first three months planned with 8 individuals that increases as services come on line. The initial loan of \$1.1M creates annual payments of approximately \$100,000.



Table 11. Powhatan School Project Phase 1 General Operational/Facility Expenses.

Projected PPRA Operational Costs:	Percent %	Best Oper Costs	Maximum Oper Costs	Minimum Oper Costs
Annual Loan Payment:	9%	\$ 97,320	\$ 125,952	\$ 78,372
Taxes/Insurance/Legal/ Acctg/ Mgmt Fee 7% of the Revenue:	8%	\$ 86,597	\$ 108,246	\$ 64,948
Facility Utility and Maintenance Costs (\$10K/ Mo):	11%	\$ 120,000	\$ 150,000	\$ 90,000
Staffing Costs: 24 employees (15 full-time/9 part-time staff):	60%	\$ 638,400	\$ 798,000	\$ 478,800
Operational Supplies: \$10,000 x 12:	11%	\$ 120,000	\$ 150,000	\$ 90,000
Summary Annual Projected Operational Costs:	100%	\$ 1,062,317	\$ 1,332,198	\$ 802,120

8.8.2 Phase 2 General Operational/Facility Expenses

Phase 2 General Operational/Facility Expenses described in Table 12, expenditure projections when Phase 2 is fully implemented. Cost element relationships (%) do not significantly change from Phase 1 period with growth in loan payment and reduction in staffing cost percentages. A general summary expenditure increase to \$1,360,000 in Phase 2 over Phase 1 (\$1,062,000), are the result of implementing more service operations and renovation work.

Table 12. Powhatan School Project Phase 2 General Operational/Facility Expenses.

Projected PPRA Operational Costs:	Percent %	Best Oper Costs	Maximum Oper Costs	Minimum Oper Costs
Phase 1 Annual Loan Payment:	7%	\$ 97,320	\$ 125,952	\$ 78,372
Phase 2 Annual Loan Payment:	2%	\$ 27,516	\$ 37,608	\$ 17,412
Taxes/Insurance/Legal/ Acctg/ Mgmt Fee 7% of the Revenue:	8%	\$ 111,494	\$ 139,367	\$ 83,620
Facility Utility and Maintenance Costs (\$12K/ Mo):	11%	\$ 144,000	\$ 180,000	\$ 108,000
Staffing Costs: 32 employees (19 full-time/13 part-time staff):	58%	\$ 787,200	\$ 984,000	\$ 590,400
Operational Supplies: \$16,000 x 12:	14%	\$ 192,000	\$ 240,000	\$ 144,000
Summary Annual Projected Operational Costs:	100%	\$ 1,359,530	\$ 1,706,927	\$ 1,021,804

8.8.3 Phase 3 General Operational/Facility Expenses

Phase 3 General Operational/Facility Expenses described in Table 13, expenditure projections when Phase 3 is fully implemented. The significant change occurs with Phase 3 \$3.3M loan to complete the you complete the hotel development, which increases operational cost from \$1.3 million to \$2.4 million, or overall \$1 million increase. Staffing cost, which represents 51%, are also increased for 48 personnel for Phase 3 implementation over the previous 32 personnel in phase 2.

Table 13. Powhatan School Project Phase 3 General Operational/Facility Expenses.

Projected PPRA Operational Costs:	Percent %	Best Oper Costs	Maximum Oper Costs	Minimum Oper Costs
Phase 1 Annual Loan Payment:	4%	\$ 97,320	\$ 125,952	\$ 78,372
Phase 2 Annual Loan Payment:	1%	\$ 27,516	\$ 37,608	\$ 17,412
Phase 3 Annual Loan Payment:	20%	\$ 293,160	\$ 17,412	\$ 97,320
Taxes/Insurance/Legal/ Acctg/ Mgmt Fee 5% of the Revenue:	8%	\$ 196,291	\$ 245,364	\$ 147,218
Facility Utility and Maintenance Costs (\$20K/ Mo):	10%	\$ 240,000	\$ 300,000	\$ 180,000
Staffing Costs: 48 employees (28 full-time/20 part-time staff):	51%	\$ 1,269,500	\$ 1,586,875	\$ 952,125
Operational Supplies: \$30,000 x 12:	14%	\$ 360,000	\$ 450,000	\$ 270,000
Summary Annual Projected Operational Costs:	109%	\$ 2,483,787	\$ 2,763,211	\$ 1,742,447

8.9 PROJECTED REVENUE/PROFIT FOR FY2014-2016

The specific results for FY2014-20016 are presented in the Income Statement and Balance Sheets, found in the previous **Tables 3 and 4**, respectively. **The Powhatan School Project LLC Revenues being projected are:**

- (a) FY2014 - \$115,000,
- (b) FY2015 - \$182,000
- (c) FY2016 - \$357,000

This reflects optimism and agrees with the goals, strategies and investments made in FY2013-2014 of the facility development and service element implementation. It also confirmed our base business model/straegy is viable, and when reviewed against FY2015 and FY2016, has shown a consistent gain in the foundational service business we are seeking. When augmented by the hotel service and of their service development and enhancements in FY2015-2016, shows long-term sustaining profitability for the Powhatan School Project LLC.



9.0 PROFIT/LOSS- SERVICE ELEMENTS

Powhatan School Project' projected profit/loss (Table 14), indicates breakeven has occurred in FY2000 and significant profit-making in FY2001-2002, although some debt liability continues in FY2001, in order to position the Company for long-term facility sales projections. These estimates were generated with a conservative viewpoint to insure that minimum financial risks were incurred and maximum flexibility employed to adjust expenses against weak sales performance.

Because Powhatan School Project has attacked the critical cost drivers, acted conservatively in expense allocations the outcomes are measured primarily in net income that is projected to increase from 5% to +15% of sales in FY2001. As revenues improve further investments can be applied at the engineering design and manufacturing level to respectively enhance: (1) facility features, performance and differentiation to gain greater acceptance; and (2) reduce fabrication and assembly requirements to reduce costs.

Table 14. Powhatan School Project Service Element Profit/Loss Analysis

Restaurant Service Element Profit-Loss Projections					
Service Element Operational Requirement	Percent %	December 31 2013	December 31 2014	December 31 2015	December 31 2016
Restaurant Investments					
Service Supplier Capital Investment	17%	\$ 20,000	\$ 20,000	\$ -	\$ -
Loan Distribution Funding	83%	\$ 100,000	\$ 20,000	\$ -	\$ -
Investment Subtotal	100%	\$ 120,000	\$ 40,000	\$ -	\$ -
			39,832		
Restaurant Projected Revenue					
Restaurant Service: (90-200 indiv x \$15 x 120/365) +25%/-25%=	78%	\$ 162,000	\$ 547,500	\$ 821,250	\$ 1,095,000
Conf/Banquet Room/Meal Fees: 2 x avg 200/wk x 52 : 50 meals/wk x \$35 x 52	12%	\$ 25,350	\$ 101,400	\$ 145,600	\$ 195,000
Catering Meal Fees: 50-90 meals/wk x \$25-35 x 52	8%	\$ 16,250	\$ 65,000	\$ 109,200	\$ 163,800
Take-out/Delivery Meal Fees: 20-300 meals/wk x \$10 x 52	1%	\$ 2,600	\$ 39,000	\$ 78,000	\$ 78,000
Care Center/Hotel Breakfast/Room Service: 20-90 meals/wk x \$10-15 x 52	1%	\$ 1,300	\$ 7,800	\$ 26,000	\$ 46,800
Projected Revenue Subtotal	100%	\$ 207,500	\$ 760,700	\$ 1,180,050	\$ 1,578,600
Gross Income		\$ 327,500	\$ 800,700	\$ 1,180,050	\$ 1,578,600
Restaurant Facility Renovation					
Facility Construction/Upgrade	3500 sqft	\$ 100,000	\$ 25,000	\$ -	\$ -
Facility Capital Equipment		\$ 20,000	\$ 25,000	\$ 20,000	\$ 25,000
Facility Renovation Subtotal		120,000	50,000	20,000	25,000
Restaurant Service Expenses					
Annual Loan Payment:	7%	\$ 15,500	\$ 31,000	\$ 31,000	\$ 31,000
Taxes/Insurance/Legal/Actg/Mgmt Fee 7% of the Revenue:	7%	\$ 18,500	\$ 33,400	\$ 35,600	\$ 37,900
Facility Utility and Maintenance Costs (\$10K/Mo):	8%	\$ 18,750	\$ 37,500	\$ 40,135	\$ 44,300
Staffing Costs: 24 employees (4-5 full-time/4-6 part-time staff):	54%	\$ 85,000	\$ 252,000	\$ 326,000	\$ 396,000
Operational Supplies: Revenue x 25%:	24%	\$ 51,875	\$ 114,105	\$ 177,008	\$ 236,790
Summary Annual Projected Operational Costs:	100%	\$ 189,625	\$ 468,005	\$ 609,743	\$ 745,990
Gross Costs		\$ 309,625	\$ 518,005	\$ 629,743	\$ 770,990
Restaurant Gross Profit (Loss)		\$ 17,875	\$ 282,695	\$ 550,308	\$ 807,610

Youth/Senior Day Care/Pre-School Service Element Profit-Loss Projections					
Service Element Operational Requirement	Percent %	December 31 2013	December 31 2014	December 31 2015	December 31 2016
Youth/Senior Day Care/Pre-School Investments					
Service Supplier Capital Investment	17%	\$ 20,000	\$ 20,000	\$ -	\$ -
Loan Distribution Funding	83%	\$ 100,000	\$ 20,000	\$ -	\$ -
Investment Subtotal	100%	\$ 120,000	\$ 40,000	\$ -	\$ -
Youth/Senior Day Care/Pre-School Projected Revenue					
Infant Day Care: (6-12 indiv x \$550-650/mo)=	24%	\$ 19,800	\$ 57,600	\$ 78,000	\$ 93,600
1-3yr Day Care: (6-14 indiv x \$550-650/mo)=	32%	\$ 26,400	\$ 66,000	\$ 86,400	\$ 109,200
3-5 Pre-School: (8-14 indiv x \$450-650/mo)=	26%	\$ 21,600	\$ 66,000	\$ 86,400	\$ 93,600
Before/After School Youth Care: (6-12 indiv x \$200-250/mo)=	9%	\$ 7,200	\$ 24,000	\$ 36,000	\$ 42,000
Senior Day Care: (4-8 indiv x \$350-450/mo)=	4%	\$ 8,400	\$ 25,200	\$ 28,800	\$ 43,200
Projected Revenue Subtotal	94%	\$ 83,400	\$ 238,800	\$ 315,600	\$ 381,600
Gross Income		\$ 203,400	\$ 278,800	\$ 315,600	\$ 381,600
Youth/Senior Day Care/Pre-School Facility Renovation					
Facility Construction/Upgrade	3500 sqft	\$ 70,000	\$ 15,000	\$ 10,000	\$ 10,000
Facility Capital Equipment		\$ 20,000	\$ 20,000	\$ 20,000	\$ 25,000
Facility Renov Subtotal		90,000	35,000	30,000	35,000
Youth/Senior Day Care/Pre-School Service Expenses					
Annual Loan Payment:	9%	\$ 12,500	\$ 20,000	\$ 22,000	\$ 22,000
Taxes/Insurance/Legal/Actg/Mgmt Fee 7% of the Revenue:	10%	\$ 15,500	\$ 22,000	\$ 25,000	\$ 26,000
Facility Utility and Maintenance Costs (\$3K/Mo):	11%	\$ 18,750	\$ 23,438	\$ 25,500	\$ 27,500
Staffing Costs: 4-9 employees (4-5 full-time/4-6 part-time staff):	64%	\$ 65,000	\$ 140,000	\$ 160,000	\$ 170,000
Operational Supplies: Revenue x 15%:	6%	\$ 12,510	\$ 12,000	\$ 14,000	\$ 16,000
Summary Annual Projected Operational Costs:	100%	\$ 124,260	\$ 217,438	\$ 246,500	\$ 261,500
Gross Costs		\$ 214,260	\$ 252,438	\$ 276,500	\$ 296,500
Youth/Senior Day Care/Pre-School Gross Profit (Loss)		\$ (10,860)	\$ 26,363	\$ 39,100	\$ 85,100



Table 14 (Cont'd). Powhatan School Project Service Element Profit/Loss Analysis

Phase 3 Facility Engr/Mgmt Reqmts		Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)	
Facility Studies/Engr/Contr		\$ 150,000	\$ 187,500	\$ 140,625	
LLC Mgmt-PPRA (MS-20K/JJ-14K/RS-12K/RH-2K)		\$ 50,000	\$ 62,500	\$ 46,875	
Engr/LLC Mgmt Subtotal		\$ 200,000	\$ 250,000	\$ 187,500	
Phase 3 Hotel Development		Build-out Sqft	Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Performing/Cinema/Recording/Projection		8,500	\$ 200,000	\$ 250,000	\$ 150,000
Lobby/Conf-Banquet Room-Level 1 Renovation		5,400	\$ 162,000	\$ 202,500	\$ 121,500
New Foundation-Driveway		3,600	\$ 126,000	\$ 157,500	\$ 94,500
Elevator(2)		150	\$ 200,000	\$ 250,000	\$ 150,000
Hotel Rooms-Level 2 Interior Constr/Renov		5,400	\$ 405,000	\$ 506,250	\$ 303,750
Hotel Rooms-Level 2 New Construction		3,600	\$ 450,000	\$ 562,500	\$ 337,500
Hotel Rooms-Level 3 Interior Constr/Utility		13,800	\$ 1,035,000	\$ 1,293,750	\$ 776,250
Hotel Rooms-Level 3 New Construction		3,600	\$ 432,000	\$ 540,000	\$ 324,000
Hotel Development Subtotal		35,550	2,810,000	\$ 3,512,500	\$ 2,107,500
Phase 3 Facility Infrastructure			Best Est Costs	Max Est Costs (+25%)	Min Est Costs (-25%)
Facility New Electrical Distribution		0	\$ 100,000	\$ 125,000	\$ 75,000
Facility New Heating & Cooling		0	\$ 250,000	\$ 312,500	\$ 187,500
Facility Asbestos Removal/Mitigation		0	\$ 200,000	\$ 250,000	\$ 150,000
Phase 3 Facility Utility Subtotal		0	\$ 550,000	\$ 687,500	\$ 412,500
Phase 3 Total Costs:		35,550	\$ 3,560,000	\$ 4,450,000	\$ 2,707,500
Loan Amount Based Upon 6% Interest Under 20 year Plan Less \$400K Down Paymt		Monthly Paymts		Annual Paymts	Total Paymts -20 Yr
Phase 3 Best Estimate Costs Loan Amount:		\$ 3,160,000	\$ 24,430	\$ 293,160	\$ 5,863,200
Phase 3 Maximum Estimate Costs Loan Amount:		\$ 4,050,000	\$ 31,254	\$ 375,048	\$ 7,500,960
Phase 3 Minimum Estimate Costs Loan Amount:		\$ 2,307,500	\$ 17,875	\$ 214,500	\$ 4,290,000
Phase 2 Best Estimate Costs Loan Amount:		\$ 255,000	\$ 2,293	\$ 27,516	\$ 550,320
Phase 2 Maximum Estimate Costs Loan Amount:		\$ 356,250	\$ 3,134	\$ 37,608	\$ 752,160
Phase 2 Minimum Estimate Costs Loan Amount:		\$ 153,750	\$ 1,451	\$ 17,412	\$ 348,240
Phase 1 Best Estimate Costs Loan Amount:		\$ 1,132,000	\$ 8,110	\$ 97,320	\$ 1,946,400
Phase 1 Maximum Estimate Costs Loan Amount:		\$ 1,465,000	\$ 10,496	\$ 125,952	\$ 2,519,040
Phase 1 Minimum Estimate Costs Loan Amount:		\$ 911,500	\$ 6,531	\$ 78,372	\$ 1,567,440
Cumulative Best Estimate Loan Amount/Payments		\$ 4,547,000	\$ 34,833	\$ 417,996	\$ 8,359,920
Annual Pay Down of Costs Thru Tax Increment Financing for Infrastructure Exemption: Ph-1 \$7.5K + Ph-2 \$5K + Ph-3 \$17.5					\$ 30,000
Additional Potential Pay Down of Costs Thru PPRA Grants and Loan Subsidies: Ph-1 \$250,000 + Ph-2 \$150,000					\$ 400,000
Projected Operational Revenue Elements		Percent %	Best Revenue Per Spec/70%/0	Max Revenue Per Spec/80%/+25%	Min Revenue Per Spec/60%/-25%
Annual Parking Fees: 160 cars x \$3 x 365 x 60%/70%/80%=		3%	\$ 105,120	\$ 131,400	\$ 78,840
Annual Room Fees: 53 x avg \$150 x 365 x 60%/70%/80%=		52%	\$ 2,031,225	\$ 2,321,400	\$ 1,450,875
Conference Room Fees: 3 x avg 300/wk x 52 x 50%/60%/70%=		1%	\$ 28,080	\$ 32,760	\$ 23,400
Bar and Food Service Fees: 20/30/40 x \$25 avg x 365=		7%	\$ 273,750	\$ 365,000	\$ 182,500
Restaurant Service: (120 indiv x \$15 x 365) +25%/-25%=		17%	\$ 657,000	\$ 821,250	\$ 129,938
Fitness Use: (90 memberships x \$30/mo) +25%/-25%=		1%	\$ 32,400	\$ 40,500	\$ 216,000
Fitness Program Fees: (12 indiv x 15 Programs x \$250) +25%/-25%=		1%	\$ 45,000	\$ 56,250	\$ 54,000
Rehabilitation Service Fees: (\$35/day x 15 patients x 330 days) +25%/-25%=		4%	\$ 173,250	\$ 216,563	\$ 129,938
Child/Sr Day Care/Learning Center: (40 indiv x \$600/mo x 12mo) +25%/-25%=		7%	\$ 288,000	\$ 360,000	\$ 216,000
Youth Pre-After School Care Service: (25 indiv x \$240 x 12mo) +25%/-25%=		2%	\$ 72,000	\$ 90,000	\$ 54,000
Perform Arts Ctr/Cinema (400 indiv x \$5 x 40 weeks) +25%/-25%=		2%	\$ 80,000	\$ 100,000	\$ 60,000
Fine Arts Ctr (10 indiv x 6 prgm x \$50 x 40wk) +25%/-25%=		3%	\$ 120,000	\$ 150,000	\$ 90,000
Craft/Antique/Art Consignmt Lease/Commission (158 spaces) \$10/3x8 space/day; \$25/wk; \$75/mo; plus 10% commission) +25%/-25%=		1%	\$ 20,000	\$ 25,000	\$ 15,000
Summary Annual Projected Revenue:		100%	\$ 3,925,825	\$ 4,710,123	\$ 2,535,490
Projected PPRA Operational Costs:		Percent %	Best Oper Costs	Maximum Oper Costs	Minimum Oper Costs
Phase 1 Annual Loan Payment:		4%	\$ 97,320	\$ 125,952	\$ 78,372
Phase 2 Annual Loan Payment:		1%	\$ 27,516	\$ 37,608	\$ 17,412
Phase 3 Annual Loan Payment:		20%	\$ 293,160	\$ 17,412	\$ 97,320
Taxes/Insurance/Legal/Actcgt/Mgmt Fee 5% of the Revenue:		8%	\$ 196,291	\$ 245,364	\$ 147,218
Facility Utility and Maintenance Costs (\$20K/Mo):		10%	\$ 240,000	\$ 300,000	\$ 180,000
Staffing Costs: 48 employees (28 full-time/20 part-time staff):		51%	\$ 1,269,500	\$ 1,586,875	\$ 952,125
Operational Supplies: \$30,000 x 12:		14%	\$ 360,000	\$ 450,000	\$ 270,000
Summary Annual Projected Operational Costs:		109%	\$ 2,483,787	\$ 2,763,211	\$ 1,742,447
Projected Profits			\$ 1,442,038	\$ 1,946,911	\$ 793,043
Loan Assessment Ratios to Operational Phases:			Post-Phase 1	Post-Phase 2	Post-Phase 3
Debt Ratio: Debt Capital divided by the Business' Total Assets (Appraisal post Ph2: \$1.5M and post Ph3: \$4M)			1.20	1.00	1.33
Debt Service Coverage Ratio (DSCR): Net Income generated by the property divided by the New Commercial Mortgage Payment			1.80	1.87	0.32
Loan-to-Value Ratio of Cumulative Ph3 Loan Amount of \$5.127M to Projected Appraised Post Ph2 Value of \$1.5M vs. Projected Post Dev Ph3 - \$4M			1.20	1.00	1.14



Table 14 (Cont'd). Powhatan School Project Service Element Profit/Loss Analysis

Hotel Service Element Profit-Loss Projections					
Service Element Operational Requirement	Percent %	December 31 2013	December 31 2014	December 31 2015	December 31 2016
Hotel Investments					
Service Supplier Capital Investment	15%	\$ -	\$ -	\$ 500,000	\$ -
Loan Distribution Funding	85%	\$ -	\$ -	\$ 2,810,000	\$ -
Investment Subtotal	100%	\$ -	\$ -	\$ 3,310,000	\$ -
Hotel Projected Revenue					
Annual Room Fees: 53 x avg \$150 x 365 x 60%	89%	\$ -	\$ -	\$ -	\$ 1,741,050
Conference Room Fees: 3 x avg 300/wk x 52 x 60%	1%	\$ -	\$ -	\$ -	\$ 28,080
Bar and Food Service Fees: 20/30/40 x \$25 avg x 365=	9%	\$ -	\$ -	\$ -	\$ 182,500
Projected Revenue Subtotal	100%	\$ -	\$ -	\$ -	\$ 1,951,630
Gross Income		\$ -	\$ -	\$ 3,310,000	\$ 1,951,630
Hotel Facility Renovation					
	SQFT				
Lobby/Conf-Banquet Room-Level 1 Renovation	5,400	\$ -	\$ -	\$ 162,000	\$ -
New Foundation-Driveway	3,600	\$ -	\$ -	\$ 126,000	\$ -
Elevator(2)	150	\$ -	\$ -	\$ 200,000	\$ -
Hotel Rooms-Level 2 Interior Constr/Renov	5,400	\$ -	\$ -	\$ 405,000	\$ -
Hotel Rooms-Level 2 New Construction	3,600	\$ -	\$ -	\$ 450,000	\$ -
Hotel Rooms-Level 3 Interior Constr/Utility	13,800	\$ -	\$ -	\$ 1,035,000	\$ -
Hotel Rooms-Level 3 New Construction	3,600	\$ -	\$ -	\$ 432,000	\$ -
Facility Infrastructure Upgrade	0	\$ -	\$ -	\$ 500,000	\$ -
Hotel Development Subtotal	35,550	\$ -	\$ -	\$ 3,310,000	\$ -
Hotel Service Expenses					
Annual Loan Payment :	31%	\$ -	\$ -	\$ -	\$ 294,000
Taxes/Insurance/Legal/Acctg/Mgmt Fee 5% of the Revenue:	2%	\$ -	\$ -	\$ -	\$ 15,000
Facility Utility and Maintenance Costs (\$20K/Mo):	15%	\$ -	\$ -	\$ -	\$ 144,000
Staffing Costs: 14 employees (9 full-time/5 part-time staff):	40%	\$ -	\$ -	\$ -	\$ 386,000
Operational Supplies: \$10,000 x 12:	13%	\$ -	\$ -	\$ -	\$ 120,000
Summary Annual Projected Operational Costs:	100%	\$ -	\$ -	\$ -	\$ 959,000
Grossl Costs		\$ -	\$ -	\$ 3,310,000	\$ 959,000
Hotel Gross Profit (Loss)		\$ -	\$ -	\$ -	\$ 992,630
Antique/Art/Crafts Consignmentl Service Element Profit-Loss Projections					
Service Element Operational Requirement	Percent %	December 31 2013	December 31 2014	December 31 2015	December 31 2016
Antique/Art/Crafts Consignmentl Investments					
Service Supplier Capital Investment	0%	\$ -	\$ -	\$ -	\$ -
Loan Distribution Funding	100%	\$ 30,000	\$ -	\$ -	\$ -
Investment Subtotal	100%	\$ 30,000	\$ -	\$ -	\$ -
Antique/Art/Crafts Consignmentl Projected Revenue					
Lease Cubicle Space: (20-50 spaces x \$50/wk x 52)	73%	\$ 24,000	\$ 75,000	\$ 100,000	\$ -
Commissions for Retail Sales: (10% x Sales \$10,000-40,000/mo)	27%	\$ 9,000	\$ 30,000	\$ 48,000	\$ -
Projected Revenue Subtotal	100%	\$ 33,000	\$ 105,000	\$ 148,000	\$ -
Gross Income		\$ 63,000	\$ 105,000	\$ 148,000	\$ -
Antique/Art/Crafts Consignmentl Facility Renovation					
Facility Construction/Upgrade	3500 sqft	\$ 20,000	\$ -	\$ -	\$ -
Facility Capital Equipment		\$ 20,000	\$ 5,000	\$ -	\$ -
Facility Renov Subtotal		40,000	5,000	0	0
Antique/Art/Crafts Consignmentl Service Expenses					
Annual Loan Payment:	3%	\$ 750	\$ 1,500	\$ 1,500	\$ -
Taxes/Insurance/Legal/Acctg/Mgmt Fee 7% of the Revenue:	2%	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Facility Utility and Maintenance Costs (\$3K/Mo):	10%	\$ 2,500	\$ 5,000	\$ 5,000	\$ -
Staffing Costs: 1-2 employees 1 full-time/1 part-time staff):	82%	\$ 12,000	\$ 40,000	\$ 40,000	\$ -
Operational Supplies: Revenue x 15%:	2%	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Summary Annual Projected Operational Costs:	100%	\$ 17,250	\$ 48,500	\$ 48,500	\$ -
Grossl Costs		\$ 57,250	\$ 53,500	\$ 48,500	\$ -
Antique/Art/Crafts Consignmentl Gross Profit (Loss)		\$ 5,750	\$ 51,500	\$ 99,500	\$ -



10.0 RISK ASSESSMENT AND CONTINGENCY PLAN

10.1 PHASED LOW RISK/LOW COST REDEVELOPMENT STRATEGY TO MINIMIZE CAPITAL INVESTMENT

To meet redevelopment goals, while minimizing capital investment, we have taken a low risk/low cost approach emphasizing pre-planning, that looks ahead, stages the implementation process to put in place assets and processes based upon investor/service supplier commitment, maximum use of hired maintenance staff with subcontractor assistance, to meet the earliest operational schedule. Where possible, areas will be used with minimum cleanup and renovation. This will reduce capital funding requirements and put into operation, services that can begin producing revenue. Examples of this are listed below:

- (a) use of the southern wing area as a short-term consignment space for antique, skilled art, crafts, and other retail;
- (b) use of the men's and women's shower areas with minimum setup and the deferment of the pool;
- (c) initial staff is minimized until demand warrants hiring of more personnel;
- (d) qualified maintenance staff with construction, electrical and plumbing background will be hired to complete renovation work where possible and maintain the facility;
- (e) stage service implementation based upon investor/service provider commitments;
- (f) phase redevelopment requirements against service demand and loan amounts; and
- (g) service implementation priority to establish revenue generation credibility for loan applications and cash accumulation.

The contingency plan for capital investment is designed into its program that diversifies its funding sources, with a combination of investors, TIF, facility/property contribution, grant/subsidies, and revenue cash. It further phases its implementation process and creates optional stages for each investor to minimize their up front investment that is incentivized based upon return-on-investment (ROI) choice and/or ability to contribute. Each service supplier can invest from \$15,000 to \$30,000 initially and after the service has operated three months, may optionally replicate, reduce or add a second capital infusion to the LLC. The incentive program

Labor typically represents 60% of the companies costs against 10% loan costs, 10% materials, 0% for overhead, and \$10 for promotion. This occurs under a break even condition against low volume service sales and a \$1M revenue forecast. Against a \$3M revenue position, having moderate service sales, that ratio inverts to 3:2, of COGS to Operational costs, with a clear opportunity for a 20% profit of total sales. Should growth double beyond that level we expect the ratio to move towards an ideal ratio of 4:1, with a 30-35% profit margin.

The Operational Plan focus will resolve, eliminate, reduce concerns that drive costs, improve efficiency, and maximize revenue. This assumes certain conditions prevail: (a) current market growth rates will continue under the gas fracking boom; (b) facility implementation and sales success are achieved as planned; and (c) new investor/service supplier relationships will meet projected goals. Means to effect those plans are:

- (a) smart pre-plan investment in facility renovation and service development;
- (b) reduce material and construction period through smart facility trade-offs of make do vs. makeover decisions;
- (c) aggressive grant, loan credits, TIF, development subsidies awards to reduce debt service;
- (d) maximum facility utilization/scheduling benefits;
- (e) effective use of promotion/marketing strategy to maximize sales;
- (f) continued process improvement;
- (g) computerization to support paperless, real-time communication, coordination, and quality assurance;
- (h) people power through: -staff training for job proficiency, upward career mobility, cross task utility; and efficiency incentives.

Risk analysis can encompass a broad list of cause and effect scenarios that will ultimately impact a start-up business operation can be identified in three areas of risk. These are: (a) inability to attract investor capital, supplier expertise and related loan funding source; (b) missed market opportunities and sales projections creating cash flow risks competitive pricing pressures that reduce margins below profit goals; and (c) renovation/construction delivery, performance and quality risks that impact service credibility, as well as the inability of management to meet objectives, satisfy customer needs and motivate personnel to perform at 100%. The following paragraphs will highlight these critical concerns adding risk to the venture, as well as the steps taken to overcome these concerns.



10.2 INVESTOR/SUPPLIER EXPERTISE AND FUNDING SOURCE RISKS

10.2.1 Investor/Supplier Expertise/Loan Risks

Investor/Supplier Expertise/Loan Risks apply if Powhatan School Project, LLC: (1) fails to develop sufficient investor capital and related expertise to support planned service element implementation; (2) inability to receive adequate expert advisement, staff hiring, program definition and oversight; and (3) failed to obtain funding source from either bank or investment capital to renovate/construct facility to desired plan.

These risks are presumed and interrelated, which can complicate the overall process, and in any part, have significant impact on other planned successes.

10.2.2 Contingency Plan

Options available are: (1) broaden solicitation process beyond service supplier; (2) reduce loan requirements to essential or to those investor groups providing capital resources.

10.3 MARKET/CASH FLOW RISKS

10.3.1 Sales Forecast Shortfall Risks

Revenue projection is understandably unpredictable and critical to the overall success of the Company. Although the current projection is conservative, concurrent failings of the market would impact the business. A worst-case scenario would occur if the general business economic environment slowed. The impact would have limited effect given the current size of the market to the projected opportunities presented to Powhatan School Project.

10.3.2 Cash Flow Risks

Cash flow risk is elementary to any business, although for the type of business in which this unit will be involved, cash flow is a short-term risk of eight months, as reflected in **Table 13**. During this period, cash outlays are expected to remain in a profitable position in FY2013. Although a cash flow demand of \$1,325,000 is expected for the first six months of FY2013, it is done specifically to meet Phase 1 administration start-up, architectural planning/development, construction/renovation activities and service implementation. The two extremes of the sales forecast, can be reviewed throughout the year and expenditures altered where it dictates. By adjusting our current expenditures against worse case sales performance, our risks can be limited.

10.3.3 Expenditure Risks

Expenditures can be categorized to two basic definitions: (1) fundamental base Company business needs; and (2) contractual dependencies related to cost of goods sold and increased personnel to meet new obligations. The former is directly related to the functional operation of the business unit, to support essential personnel salary/benefit requirements, service development, utilities/facilities, current note/loan/lease obligations, and sales promotions/ads. Unfortunately, requirements generally proceed revenue results and it can be difficult to assess the implication of too little expenditure or the efficiency of an expenditure against its resulting revenue-producing benefit. Such conditions can be distinguished by the degree of revenue impact and therefore some expenditures can be curtailed with less concern to revenue than others.

The current Plan represents a conservative approach to those needs, while also supporting an aggressive market plan. Trade-offs have been made to hold costs to a minimum without jeopardizing the need to quickly penetrate the market. Failing to reach this latter goal will only result in greater extension of the breakeven point and contribute to potential competitors entering into the field before a predominant market share is established.

10.3.4 Contingency Plan

Controlling cash outflows against cash inflows will be accomplished through monthly cash flow budgeting, cost of sales analysis and expenditure prioritization/limiting, to insure breakeven is reached. Risk regarding this element are segregated to over-expenditure issues and understated revenue. These risks are discussed below and means for minimizing their respective impact addressed.

Methods considered in advance to high-risk cash flow problems are: (a) personnel resources could be adjusted to requirements; (b) skill levels and the type of personnel adjustments needed against the ability to pay for those individuals' skills; (c) reduction in wage costs through use of part-time personnel; (d) reduce marketing plan requirements through conservative ad offerings/discounts until growth is more predictable; and (e) conserving utilities and facility maintenance support.



10.4 COMPETITIVE PRICING RISKS

10.4.1 General

Service pricing is fundamentally driven by the service supplier program, competitive market, volume, gross margins and the related experience factor Powhatan School Project services. The ideal solution is existing cookie-cutter/franchise-like proven service model program, in sole source position at large volume levels. The worse is highly competitive environment, with first tried service program requirements. Unless the project is complimentary to our greater interests and offers large volume potential, Powhatan School Project would not accept the project, without significant gross margin options. Based upon investments made in facility, Powhatan School Project is striving to achieve 10% gross margins in initial year of operation on its standard off-the-shelf services and low volume forecast. Under high volume large revenue senario, gross margins of greater than 25% can be expected.

The competition may also elect to take loss pricing positions to hold on to their market share in the hope of breaking the back of Powhatan School Project before it can establish a market position. This can cumulatively drive down prices across the whole spectrum of services, resulting in lower gross margins and sales revenue.

10.4.2 Contingency Plan

The initial pricing strategy for the facility line will build upon the lack of competition, aggressive marketing, and holding down costs to support lower price levels and strive for greater market share.

Aggressive marketing and sales support will separate us from its competition in how we influence a sale through promotional offerings particularly where joint services can be included increasing differentiation with our competitors.,

10.5 OPERATIONAL RISKS

10.5.1 General

Operational management control is fundamentally the largest risk of this venture. Other issues are measurable and controllable to a degree. The ability to meet planned objectives, control costs and efficiently produce the margins required will demand the highest levels of fiscal responsibility and decision-making. The other identifiable operational concerns are related to: (a) delivery response; (b) meeting performance and quality objectives; and (c) the ability to effectively manage the redevelopment process, efficient purchasing and equipment use requirements.

10.5.2 Contingency Plan

The necessity to develop an effective plan, conservatively evolve the plan, manage to the plan and continuously check our progress against it, are paramount objectives for reducing risk. The ultimate responsibility with the President as a focused role in assuring its success. Incorporating a team approach delegates this same responsibility to all of the team members and builds ownership in its undertakings. A strong emphasis on a Operational Task Requirements approach that defines firm weekly milestone dates, and the uses Management By Objectives (MBO) process to insure objectives are met and risks minimized.

Continued emphasis on the process will develop competency for establishing and meeting realistic goals. Utilizing the computer managed reporting tracking across the entire business operation will further assure good communication is made and less risk of elements being missed or misinterpreted. By improving the transition between departments greater efficiency will occur, while lees work will be necessary to collect/handle information internally.



ATTACHMENT A: OHIO GAS SHALE FRACKING IMPACT

OHIO EMPLOYMENT

U.S. Chamber Projects New Shale Jobs by State (Youngstown Business Journal): The second phase of a comprehensive new study co-sponsored by the U.S. Chamber's Institute for 21st Century Energy was released today, touting the benefits that shale energy will have on America's economy over the coming years. IHS, a global energy research firm, is conducting the three-part study to examine the economic impact of shale energy exploration and production across the country. Part one of the report, which focused on the national benefits, was released last month. According to the study, shale energy has created the most jobs in Texas (576,000), Pennsylvania (102,600), California (96,500), Louisiana (78,900) and Colorado (77,600) -- all states that produce unconventional oil and gas. By 2020, Texas (929,400), Pennsylvania (220,600) and California (153,600) will still lead the way, but they'll be followed by Oklahoma (149,600) and Ohio (143,600). "Shale energy is a game-changer for America," said Karen Harbert, president and CEO of the Energy Institute. "The latest installment of this study allows us to quantify just how significant the impact on each state's economy. Noble Energy, a Houston-based company with offices at Southpointe in Washington County, is seeking more office space to accommodate a planned expansion of its 100 employees here, a company official said Monday. The energy firm came to Pennsylvania to tap into the Marcellus shale-natural gas drilling and quickly ramped up its local operation during 2012, said Stacey Brodak, Noble's manager of community and media relations. It filled around **85 percent of its positions by hiring locally**, she said.

Ohio shale jobs at 38,000 - Growth rate among highest in the nation (Youngstown Vindicator): A study shows shale already has generated more than 38,000 jobs in Ohio. Ohio has one of the highest growth rates from shale nationally based on the estimates in the study, which was released Wednesday, said Christopher Guith, vice president of the U.S. Chamber Energy Institute, which co-sponsored the study. The estimates include a modifier of 3.5 to 4 indirect jobs created for every job that is tied directly to shale. The rate is one of the highest of any industry. The study was conducted by IHS, an energy- research firm. "Pennsylvania got its growth a few years ago," he said. "Ohio is supposed to surpass Pennsylvania by 2020." "The IHS study shows Ohio currently has a total of 38,380 jobs related to unconventional gas and oil activity, a number expected to increase to 143,595 in 2020 and to 266,624 by 2035," said Christina Polesovsky, associate director of the Ohio Petroleum Council. The job number reflects the impact of exploration taking place in the Utica Shale, she said. **"Because of the significant investments made in Ohio and encouraging well results, the IHS is forecasting a substantial increase in oil- and gas-development jobs,"** Polesovsky said. Those jobs at the well are just a portion of the overall economic impact of shale, Guith said. There also are a number of positions that support the supply chain of oil and gas. Much of the growth in Ohio is attributable to the liquid gas, such as propane, that is being found in the Utica Shale, he said...

RENTAL MARKET DRYING UP FAST

<http://www.shaleplayohiovalley.com/page/content.detail/id/500244/Rental-Market-Drying-Up-Fast.html?nav=5024> July 2, 2012
By CASEY JUNKINS - Staff Writer , Shale Play WHEELING - Houses are selling at higher prices, hotels are full and apartments are renting quickly because of the Upper Ohio Valley's burgeoning oil and natural gas industry.

This boom has led to some families in lower income brackets suffering because they say landlords are evicting them in favor of renting to out-of-state oilfield workers, as they can afford to pay much higher rental rates than those who have been living locally for many years. "We don't have any rentals available now. You would have a very rough time in the rental market," said Kevin McGilton, broker for First Choice Realtors in Wheeling. "The pipeliners are paying a lot of money to rent."

Wheeling Salvation Army Major John Blevins reviews some bed reports with social worker Janine Pietras. They said the number of homeless people staying at the Army's shelter is higher than usual for this time of year, partially due to some issues caused by out-of-state natural gas drillers and pipeliners. Lee Paull IV, executive vice president and associate real estate broker for Wheeling-based Paull Associates, agreed that it is very difficult to find "quality rentals." "We get at least a dozen calls a day from oil and gas people looking to rent. These people are desperate - they are looking for anything," he said. "So many of them are moving in, and they are paying big bucks."

HOUSING DEMAND

McGilton, Paull and John Sambuco, owner/broker of Harvey Goodman Realtor, said the housing market throughout the area is very strong now, partially due to the drilling boom. In addition to workers looking for housing, mineral owners receiving lease money or royalty checks may be looking to buy new homes. "You can buy cheaper than you can rent now. I have sold a lot of houses in the past year," said McGilton, noting coal miners also are helping to fuel the local market. "Every agent in my office has someone looking for a rental, but we don't have any. The rental market is very strong." Paull said those looking to rent are calling about homes that are listed for sale to see if there is a chance the sellers may agree to rent the properties. "We don't see too many people acquiring properties with this, yet. Most of them just want to rent right now," he said. "But if you cannot find a rental, and your credit is good, you may as well try to go ahead and buy a house." Sambuco said the past few months have been some of the most productive in the history of Harvey Goodman. "We have more people coming into the area," he said. "Our area



ATTACHMENT A: OHIO GAS SHALE FRACKING IMPACT

is changing, and hopefully for the better." "We have something that the rest of the world needs," Sambuco said in reference to the oil and natural gas trapped in the Utica and Marcellus shales underlying the Upper Ohio Valley. Though he said the rental market is tight, Sambuco said his company has available rental properties ranging in price from as low as \$400 per month to as high as \$4,000 per month. "There are rentals out there - it just depends on what you want," Sambuco said. "Some people want a house with multiple bedrooms, fully furnished with all utilities paid. Others want something more economical." Noting that a particular energy company is relocating 100 to 300 of its employees to the area, Sambuco said Harvey Goodman has been selected to find appropriate housing for these workers. "There are some houses being built in Belmont County. And we have some new condominiums going up on Mills Road, west of St. Clairsville," he added.

There are also **several new hotels scheduled to open throughout the area by the end of this year**, including the 55-room Comfort Inn now under construction between St. Clairsville and Blaine on National Road. There are also the 83-room Microtel Inn & Suites set to open at The Highlands on Monday, with a Holiday Inn Express also set to soon open nearby. There is also another extended-stay hotel in the works to be built in the Woodsdale area of Wheeling, near the standing SpringHill Suites. In addition to the new hotels, there are also campsites for recreational vehicles sprouting up all over the area - from Paden City to Valley Grove to Belmont County - for the purpose of accommodating the out-of-state workers. "Our market is not as strong as what some think," noted McGilton. "A lot of these guys are staying in RVs. If you're staying in an RV, you're not buying a house." Paull said no one is certain how long the boom will continue, noting, "No one knows for sure how long these people are going to be here. It just depends on how lucrative the business is for them."

LOW-TO MODERATE-INCOME LOCAL FAMILIES LEFT BEHIND

For as much economic activity as the natural gas boom is creating, some longtime Ohio Valley renters are losing their homes to out-of-state workers because these employees earn salaries much higher than low- to moderate-income residents.

"We have decent, middle-class people staying here now because they cannot afford housing because the oil people have taken all the decent apartments," said Janine Pietras, a social worker at the Wheeling Salvation Army facility. "They are getting kicked out of their apartments and having to come here." Wheeling Salvation Army Major John Blevins said 26 of the shelter's 35 beds are now full on a nightly basis, a rate he said is much higher than usual for the summer months. He attributes at least some of this high occupancy level to renters having landlords raising their rates to prices far higher than they can afford. "Some have lost their jobs and could no longer pay their rent," he said. "Others have been forced out of their homes because they cannot afford the higher rents." "We are seeing a lot of single mothers with children coming in with no place to go," Blevins added. "And beyond that, we just seem to have a lot of younger people who we don't usually get." Pietras said there are two "families" who have recently stayed at the shelter after losing the apartments they had in Marshall County. "Their landlord told them they would have to leave for a few months because they were going to do some renovations, so they left like they were told," Pietras said. "They were paying \$450 per month in rent when they left. "When they called back a couple of months later, the landlord told them they were going to rent it out to the oil people for \$700 a month because they could afford it," Pietras said.

LOCAL LODGING DEMAND BOOMING

July 30, 2012 By CASEY JUNKINS, For The Times Leader

ST. CLAIRSVILLE -- Natural gas industry employees flowing into the Upper Ohio Valley creates demand for new short-term lodging options, such as the new 85-room hotel being built next to the Hampton Inn. "There is a great demand in the market now because of the oil and gas industry -- no question," said Chris A. Chesebrough, vice president hospitality operations for Wheeling-based Century Management. This group owns and operates the St. Clairsville Hampton, as well as the adjacent project -- branded as a Microtel Inn and Suites by Wyndham -- that is set to open early next year. "Our business at the Hampton has been very strong," Chesebrough said noting the drillers, frackers and pipeliners are a major part of this demand. The Hampton facility has serviced the St. Clairsville area for many years, dating back to its days as a Sheraton property. The facility stands prominently on the hill above Interstate 70, overlooking the Ohio Valley Mall area. Now the long-standing structure will be joined by an adjacent hotel. "We will just extend the road from the Hampton to lead down over there," Chesebrough said, noting his company is also planning to build a small recreation area between the two hotels. Every room will have connections to the Internet, 42-inch flat-screen TVs, iPod radio connections, microwaves and refrigerators. Guests may enjoy a daily deluxe continental breakfast, Chesebrough said. Along with the temporary construction jobs the hotel is bringing to St. Clairsville, Chesebrough said his company will hire about 20 more employees to work at the hotel. In addition to the new St. Clairsville Microtel, there is a new 55-room Comfort Inn under construction between St. Clairsville and Blaine on National Road. There is also another extended-stay hotel in the works to be built in the Woodsdale area of Wheeling, near the standing SpringHill Suites. There is also the 83-room Microtel Inn & Suites that recently opened at The Highlands, which Chesebrough's group also owns. "Our St. Clairsville project will be very similar to the one at The Highlands," he said. In addition to the new hotels, there are also campsites for recreational vehicles sprouting up all over the area -- from Paden City to Valley Grove to Belmont County -- for the purpose of accommodating the out-of-state workers. Though he could not comment on any future projects, Chesebrough said his company stands ready to build new hotels when the demand is there. "We are glad to be part of the community. We hope to help the community grow and continue to evaluate our opportunities,"

**ATTACHMENT B: HOTEL MARKET SURVEY****1 Four Seasons**
(0)

300 Mulberry Ave, Moundsville, WV
(304) 845-7733 | www.fourseasons.com
[Directions](#) | [Send to Phone](#)

2 Moundsville Plaza Motel
(4)

1402 Lafayette Ave, Moundsville, WV
(304) 845-9650
[Directions](#) | [Send to Phone](#)

3 Terrace Motel
(0)

Rr 2, Moundsville, WV
(304) 845-4881
[Directions](#) | [Send to Phone](#)

4 Wheeling Island Racetrack
(16)

1 S Stone St, Wheeling, WV
(304) 232-0040 | wheelingisland.com
[Directions](#) | [Send to Phone](#)

5 New Martinsville Inn
(12)

166 N State Route 2, New Martinsville, WV
(304) 455-6100 | amerihostinn.com
[Directions](#) | [Send to Phone](#)

6 Reilley's Office Complex Motel
(0)

1307 Wheeling Ave, Glen Dale, WV
(304) 221-2060
[Directions](#) | [Send to Phone](#)

7 Guest House
(1)

1400 Lafayette Ave, Moundsville, WV
(304) 845-9232
[Directions](#) | [Send to Phone](#)

8 Travelers Inn
(4)

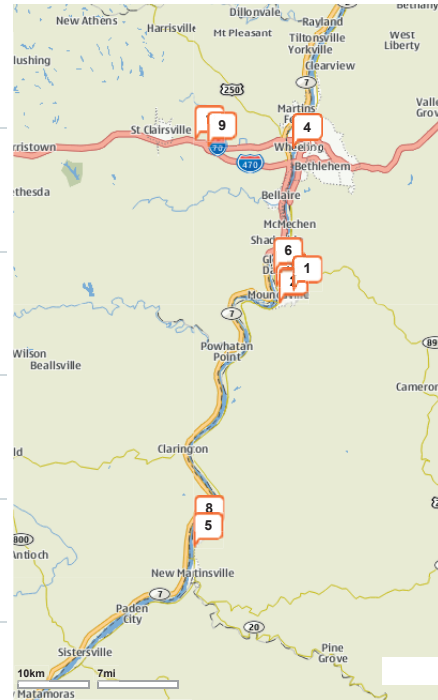
519 N State Route 2, New Martinsville, WV
(304) 455-3355 | travelersinn.com
[Directions](#) | [Send to Phone](#)

9 Days Inn
(3)

52601 Holiday Dr, St Clairsville, OH
(740) 695-0100 | www.daysinn.com
[Directions](#) | [Send to Phone](#)

10 Holiday Inn Express Hotel & Suites St Clairsville
(1)
Merchant verified

51654 National Rd E, St Clairsville, OH
(877) 786-9480 | www.ihotelsgroup.com
[Directions](#) | [Send to Phone](#)

**11 Plaza Inn**
(5)

291 N State Route 2, New Martinsville, WV
(304) 455-4490
[Directions](#) | [Send to Phone](#)

12 Budget Inn of America
(4)

834 3rd St, New Martinsville, WV
(304) 455-2750 | budgetinn.com
[Directions](#) | [Send to Phone](#)

13 Haven Inn
(1)

302 Wheeling Ave, Glen Dale, WV
(866) 784-0683 | www.haveninnwv.com
[Directions](#) | [Send to Phone](#)

14 Americas Best Value Inn St Clairsville/Wheeling
(0)

51260 National Rd E, St Clairsville, OH
(740) 695-5038 | www.americasbestvalueinn.com
[Directions](#) | [Send to Phone](#)

15 Red Roof Inn
(0)

I-70 & Mall Rd, St Clairsville, OH
(740) 695-4057 | www.redroof.com
[Directions](#) | [Send to Phone](#)

16 Holiday Inn Express-St Clrsvl
(0)

51654 National Rd E, St Clairsville, OH
(740) 699-0010
[Directions](#) | [Send to Phone](#)

17 America's Best Value Inn St Clairsville
Merchant verified
(1)

51260 National Rd E, St Clairsville, OH
(740) 695-5038 | www.bvohio.com
[Directions](#) | [Send to Phone](#)

18 Econo Lodge Inn & Suites
(0)
Merchant verified

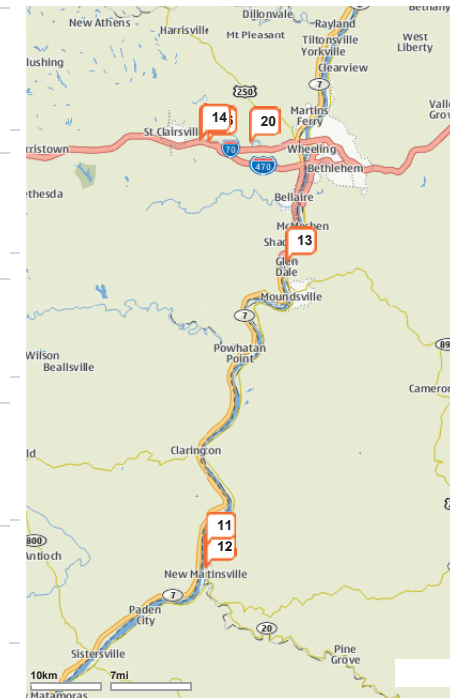
51659 National Rd E, St Clairsville, OH
(740) 526-0128 | www.econolodge.com
[Directions](#) | [Send to Phone](#)

19 Magnolia House
(1)

757 Maple Ave, New Martinsville, WV
(304) 455-4440 | magnoliahousebnb.com
[Directions](#) | [Send to Phone](#)

20 Hillside Motel
(10)

54481 National Rd, Bridgeport, OH
(740) 635-9111 | hillside-motel.com
[Directions](#) | [Send to Phone](#)



**ATTACHMENT B: HOTEL MARKET SURVEY****21 Bonnie Dwaine Bed & Breakfast**
(8)

505 Wheeling Ave, Glen Dale, WV
(304) 845-7250 | www.bonnie-dwaine.com
[Directions](#) | [Send to Phone](#)

22 Wheeling Island Hotel-Casino-Racetrack
(0)

1 S Stone St, Wheeling, WV
(304) 232-5050 | www.wheelingisland.com
[Directions](#) | [Send to Phone](#)

23 St Clairsville Red Roof
(1)

68301 Red Roof Ln, St Clairsville, OH
(740) 695-4057 | redroof.com
[Directions](#) | [Send to Phone](#)

24 Relax Inn
(2)

52509 National Rd E, St Clairsville, OH
(740) 695-3378
[Directions](#) | [Send to Phone](#)

25 Oglebay
(0)

Wv-88, Wheeling, WV
(304) 243-4000 | www.oglebay-resort.com
[Directions](#) | [Send to Phone](#)

26 Econo Lodge St Clairsville
(6)

51659 National Rd E, St Clairsville, OH
(740) 526-0128 | econolodge.com
[Directions](#) | [Send to Phone](#)

27 Wheeling Island Racetrack & Gaming Center
(1)

1 S Stone St, Wheeling, WV
(304) 231-1831 | www.wheelingisland.com
[Directions](#) | [Send to Phone](#)

28 Oglebay Wilson Lodge Resort Shop
(0)

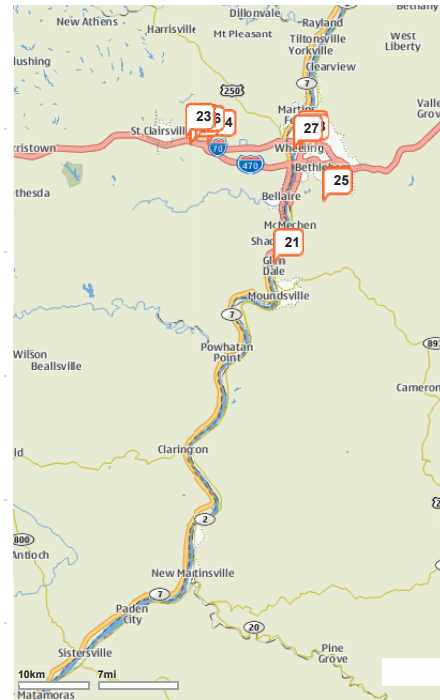
, Wheeling, WV
(304) 243-4087 | www.oglebay-resort.com
[Directions](#) | [Send to Phone](#)

29 Fairfield Inn and Suites by Marriott Wheeling - Saint Clairsville
(5)

67731 Mall Rd, St Clairsville, OH
(740) 699-4980 | marriott.com
[Directions](#) | [Send to Phone](#)

30 McLure City Center Hotel
(23)

1200 Market St, Wheeling, WV
(304) 232-0300 | www.mclurehotel.com
[Directions](#) | [Send to Phone](#)



McLure House Hotel 3.5 out of 5 (33 reviews) Wheeling (Wheeling) - Map 1-866-264-5744	\$99 avg/night Expedia Special Rate 03/04 to 03/07 CHOOSE DATES
Hampton Inn Wheeling 4.9 out of 5 (13 reviews) Wheeling (Wheeling) - Map 1-866-267-9053	\$134 avg/night Expedia Special Rate 03/09 to 03/12 CHOOSE DATES
Hampton Inn St Clairsville 4.8 out of 5 (14 reviews) St Clairsville (St Clairsville) - Map 1-866-272-4856	\$101 avg/night Expedia Special Rate 03/16 to 03/19 CHOOSE DATES
Days Inn Wheeling West 3.9 out of 5 (32 reviews) St Clairsville (St Clairsville) - Map 1-866-276-6393	\$56 avg/night Expedia Special Rate 03/03 to 03/06 CHOOSE DATES
Econo Lodge Inn & Suites 3.9 out of 5 (8 reviews) Triadelphia - Map 1-866-279-5332	\$99 avg/night Expedia Special Rate 03/03 to 03/06 CHOOSE DATES
Springhill Suites by Marriott Wheeling 4.2 out of 5 (15 reviews) Wheeling (Wheeling) - Map 1-866-281-6817	\$139 avg/night Expedia Special Rate 03/03 to 03/06 CHOOSE DATES
Super 8 St Clairsville Oh Whee 3.2 out of 5 (20 reviews) St Clairsville (St Clairsville) - Map 1-866-286-0843	\$57 avg/night Expedia Special Rate 03/04 to 03/07 CHOOSE DATES
Red Roof Inn St Clairsville - Wheeling West 3.4 out of 5 (12 reviews) St Clairsville (St Clairsville) - Map 1-866-295-5798	\$77 avg/night Expedia Special Rate 03/09 to 03/12 CHOOSE DATES
Super 8 Wheeling Wv 3.9 out of 5 (27 reviews) Wheeling (Wheeling) - Map 1-866-298-0906	\$66 \$73 avg/night Expedia Special Rate 03/03 to 03/06 CHOOSE DATES

Holiday Inn Express and Suites Saint Clairsville 4.0 out of 5 (16 reviews) St Clairsville (St Clairsville) - Map 1-866-313-6242	\$118 avg/night Expedia Special Rate 03/16 to 03/19 CHOOSE DATES
Comfort Inn 4.4 out of 5 (22 reviews) Weirton (Weirton) - Map 1-866-608-6760	\$99 avg/night Expedia Special Rate 03/04 to 03/07 CHOOSE DATES
Comfort Inn Triadelphia 2.7 out of 5 (8 reviews) Triadelphia - Map 1-866-265-3604	\$130 avg/night Expedia Special Rate 03/03 to 03/06 CHOOSE DATES
Holiday Inn Weirton 4.8 out of 5 Weirton (Weirton) - Map 1-866-263-3710	\$117 avg/night Expedia Special Rate 03/09 to 03/09 CHOOSE DATES
Fairfield Inn & Suites by Marriott St. Clairsville 4.3 out of 5 (3 reviews) St Clairsville (St Clairsville) - Map 1-866-599-6675	\$129 avg/night Expedia Special Rate 03/09 to 03/12 CHOOSE DATES
Fairfield Inn & Suites by Marriott Weirton 4.5 out of 5 Weirton (Weirton) - Map 1-866-307-9227	\$119 avg/night Expedia Special Rate 03/09 to 03/11 CHOOSE DATES
Econo Lodge Inn And Suites 1.8 out of 5 (4 reviews) St Clairsville (St Clairsville) - Map 1-866-280-5236	Rooms may be available CHOOSE DATES
Americas Best Value Inn 3.5 out of 5 (8 reviews) St Clairsville (St Clairsville) - Map 1-866-327-6247	Rooms may be available CHOOSE DATES

**ATTACHMENT C: RESTAURANT MARKET SURVEY**

Riverside Restaurant
150 1st St, Powhatan Point, OH 43942 » 0.59 miles

Tom's Carry Out
329 Highway 7 N, Powhatan Point, OH 43942 » 1.06 miles

Hank's Place
378 Highway 7 N, Powhatan Point, OH 43942 » 1.2 miles

Long John Silver's
RR 2, Moundsville, WV 26041 » 4.54 miles

Guest House
1400 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

Press Club
142 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

Subway
240 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

Lil' B's
213 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

T J D Foods
217 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

Moundsville Plaza Motel
1402 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

Great Chinese Buffet
1226 Lafayette Ave, Moundsville, WV 26041 » 4.54 miles

Van Dyne's Restaurant & Motel
56721 Ferry Landing Rd, Shadyside, OH 43947 » 4.82 miles

Patron Enterprise
56859 Ferry Landing Rd, Shadyside, OH 43947 » 4.85 miles

Alexander's On 7th
508 7th St, Moundsville, WV 26041 » 5.59 miles

Subway
10 Walmart Dr, Moundsville, WV 26041 » 5.61 miles

Buffalo Wild Wings
6 Walmart Dr, Moundsville, WV 26041 » 5.61 miles

Burger King
5 Walmart Dr, Moundsville, WV 26041 » 5.61 miles

Ridge Top Deli
RR 1, Moundsville, WV 26041 » 5.61 miles

Wendy's
505 Lafayette Ave, Moundsville, WV 26041 » 5.66 miles

McDonald's
409 Lafayette Ave, Moundsville, WV 26041 » 5.71 miles

Huddle House
407 Lafayette Ave, Moundsville, WV 26041 » 5.73 miles

Subway
400 Lafayette Ave, Moundsville, WV 26041 » 5.73 miles

Grandma Jo's Polkadot Cafe
712 3rd St, Moundsville, WV 26041 » 5.85 miles

Kickback Cafe
409 Jefferson Ave, Moundsville, WV 26041 » 5.87 miles

Bob's Lunch
800 3rd St, Moundsville, WV 26041 » 5.88 miles

City Cafe
324 Jefferson Ave, Moundsville, WV 26041 » 5.91 miles

Cheers
325 Jefferson Ave, Moundsville, WV 26041 » 5.91 miles

De Felice Brothers Pizza
217 Lafayette Ave, Moundsville, WV 26041 » 5.96 miles

Hangovers Bar & Grill
909 2nd St, Moundsville, WV 26041 » 6.01 miles

Good Times Cafe
2213 1st St, Moundsville, WV 26041 » 6.05 miles

Tuck's First Street Bar & Grill
1809 1st St, Moundsville, WV 26041 » 6.05 miles

Domino's
144 Lafayette Ave, Moundsville, WV 26041 » 6.06 miles

KFC
122 Lafayette Ave, Moundsville, WV 26041 » 6.11 miles

Perkins Restaurant & Bakery
105 Lafayette Ave, Moundsville, WV 26041 » 6.12 miles (1)

Pizza Hut
101 Lafayette Ave, Moundsville, WV 26041 » 6.12 miles

Wing Street
101 Lafayette Ave, Moundsville, WV 26041 » 6.12 miles

Mitchell's Cafe
1207 1st St, Moundsville, WV 26041 » 6.21 miles

Vocelli Pizza
1211 1st St, Moundsville, WV 26041 » 6.21 miles (1)

New Happy Garden
1726 Wheeling Ave, Glen Dale, WV 26038 » 6.23 miles (1)

DiCarlos Pizza
1720 Wheeling Ave, Glen Dale, WV 26038 » 6.24 miles

Ponderosa Steak House
1605 Wheeling Ave, Glen Dale, WV 26038 » 6.25 miles

Varsity Pizzeria
2203 Ohio St, Moundsville, WV 26041 » 6.5 miles

Young's Cafeteria & Restaurant
1307 Wheeling Ave, Glen Dale, WV 26038 » 6.6 miles

Boomground Bar
32 Walnut Ave, Moundsville, WV 26041 » 6.62 miles

**ATTACHMENT C: RESTAURANT MARKET SURVEY**

El Patron Mexican Restaurant
2213 1st St, Moundsville, WV 26041 » 6.7 miles

Greco's Good Italian Food
45 Washington Ave, Glen Dale, WV 26038 » 7.24 miles

J R's Bar & Grill
202 Wheeling Ave, Glen Dale, WV 26038 » 7.31 miles

Rainbow Tavern & Grill
202 Wheeling Ave, Glen Dale, WV 26038 » 7.31 miles

Gino's
13 Wheeling Ave, Glen Dale, WV 26038 » 7.53 miles

Good Thymes
4211 Central Ave, Shadyside, OH 43947 » 8.38 miles

Carlins Pizza Shop
4010 Central Ave, Shadyside, OH 43947 » 8.51 miles (4)

Shadyside Carryout
109 W 40th St, Shadyside, OH 43947 » 8.55 miles

Tiger Pub
3932 Central Ave, Shadyside, OH 43947 » 8.58 miles (2)

Pub
3932 Central Ave, Shadyside, OH 43947 » 8.58 miles

Central Grille
3882 Central Ave, Shadyside, OH 43947 » 8.63 miles

Shady Spot Tavern & Grill
3826 Central Ave, Shadyside, OH 43947 » 8.69 miles

Blossoms Bakeshop
3790 Central Ave, Shadyside, OH 43947 » 8.72 miles

Defelice Brothers Pizza
3788 Central Ave, Shadyside, OH 43947 » 8.72 miles (1)

Ming Moon Restaurant
3531 Central Ave, Shadyside, OH 43947 » 8.95 miles (1)

Clarington Carry Out
50934 Sykes Ridge Rd, Clarington, OH 43915 » 9.38 miles

Cameron Carryout
48073 Main St, Cameron, OH 43914 » 9.76 miles

Buckshots Pub & Grub
511 Marshall St, McMechen, WV 26040 » 10.28 miles

E & M's Dayshift Cafe
14451 Energy Dr, Proctor, WV 26055 » 10.39 miles

Sub Stop
225 Marshall St, McMechen, WV 26040 » 10.42 miles (1)

Burger King
2544 Belmont St, Bellaire, OH 43906 » 11.1 miles (1)

McDonald's
200 28th St, Bellaire, OH 43906 » 11.17 miles (1)

Subway
2998 Belmont St, Bellaire, OH 43906 » 11.23 miles

24 7 Pizza
3031 Belmont St, Bellaire, OH 43906 » 11.26 miles

Gulla's Lunch
3073 Belmont St, Bellaire, OH 43906 » 11.28 miles (1)

Flanagan's
3163 Belmont St, Bellaire, OH 43906 » 11.33 miles

The Roosevelt
3175 Union St, Bellaire, OH 43906 » 11.38 miles

Denny's Blue Angel
3268 Belmont St, Bellaire, OH 43906 » 11.44 miles

Rigas Restaurant
3293 Belmont St, Bellaire, OH 43906 » 11.46 miles

Undo's Famiglia Ristorante
753 Main St, Benwood, WV 26031 » 11.63 miles

Bella Pizzeria
3565 Guernsey St, Bellaire, OH 43906 » 11.66 miles

Burger King
3800 Jefferson St Ste 105, Bellaire, OH 43906 » 11.84 miles

Burger King
1248 N SR 2, New Martinsville, WV 26155 » 11.97 miles

Paradise Pizza
1226 N State Route 2, New Martinsville, WV 26155 » 12 miles

Defelice Bros Pizza Delivery Express
1226 Riverview Ter, New Martinsville, WV 26155 » 12.15 miles

Dicarlo's Pizza
1001 Fairmont Pike, Wheeling, WV 26003 » 12.15 miles

Candlelight
734 N State Rte 2, New Martinsville, WV 26155 » 12.16 miles

Pizza Hut
390 N State Rte 2, New Martinsville, WV 26155 » 12.31 miles

Beallsville Diner
52733 Ohio Ave, Beallsville, OH 43716 » 12.57 miles (1)

Munchie's Hot Dog Cafe
217 Marshall St N, Benwood, WV 26031 » 12.67 miles

KFC
207 Marshall St N, Benwood, WV 26031 » 12.69 miles

Domino's
1 Rose St, New Martinsville, WV 26155 » 12.72 miles

Geno's Bar & Grill
43 Marshall St N, Benwood, WV 26031 » 12.83 miles

Subway
25 Marshall St N, Benwood, WV 26031 » 12.88 miles

**ATTACHMENT C: RESTAURANT MARKET SURVEY**

Po Boys Restaurants
198 N SR 2, New Martinsville, WV 26155 » 13.22 miles

Johnny D's
293 N SR 2, New Martinsville, WV 26155 » 13.23 miles

Azteca Mexican Food
283 N SR 2, New Martinsville, WV 26155 » 13.24 miles

Arby's
281 N SR 2, New Martinsville, WV 26155 » 13.24 miles

Domino's
275 N SR 2, New Martinsville, WV 26155 » 13.24 miles

A-Won Buffet
193 N SR 2, New Martinsville, WV 26155 » 13.25 miles

Wagon Wheel Bar & Grill
231 N SR 2, New Martinsville, WV 26155 » 13.29 miles

Pizza Express
4248 Jacob St, Wheeling, WV 26003 » 13.3 miles

Louis Hot Dogs
3 Elm Terrace Plz, Wheeling, WV 26003 » 13.31 miles

KFC
210 N SR 2, New Martinsville, WV 26155 » 13.31 miles

Long John Silver's
206 N SR 2, New Martinsville, WV 26155 » 13.31 miles

McDonald's
176 N SR 2, New Martinsville, WV 26155 » 13.34 miles

Bob Evans Restaurant
170 N SR 2, New Martinsville, WV 26155 » 13.37 miles

Subway
168 N SR 2, New Martinsville, WV 26155 » 13.37 miles

Incline Bar & Grill
48 S Frazier Ave, Wheeling, WV 26003 » 13.44 miles

Maroni Michael
9 Cross St Mozart, Mozart, WV 26003 » 13.49 miles

Villani's Hoagie King
3900 Jacob St, Wheeling, WV 26003 » 13.6 miles

Pappy John's
51943 SR 145, Beallsville, OH 43716 » 13.61 miles

Wilson Carry Out
51978 SR 145, Beallsville, OH 43716 » 13.61 miles

Mountaineer Bar & Grill Inc
664 Fairmont Pike, Wheeling, WV 26003 » 13.61 miles

Double J Club
3532 Jacob St, Wheeling, WV 26003 » 13.91 miles

Palace of Gold
3759 McCrearys Ridge Rd, Moundsville, WV 26041 » 13.94 mi

Greens Donut Shop Inc
3100 Chapline St, Wheeling, WV 26003 » 14.08 miles

Domino's
3030 Jacob St, Wheeling, WV 26003 » 14.16 miles

Fox's Pizza Den
4 Bridge St, Cameron, WV 26033 » 14.25 miles

Market Vines
2251 Market St, Wheeling, WV 26003 » 14.68 miles

Joco's Center Market Cafe
2251 Market St, Wheeling, WV 26003 » 14.68 miles

Omega Cafe
1414 Market St, Wheeling, WV 26003 » 14.68 miles

G & G Bar & Grill
1429 Market St, Wheeling, WV 26003 » 14.68 miles

McDonald's
RT 250 South, Philippi, WV 26416 » 14.69 miles

Subway
67800 Mall Ring Rd, St Clairsville, OH 43950 » 14.69 miles

Garfield's Restaurant & Pub
67800 Mall Ring Rd, St. Clairsville, OH 43950 » 14.69 miles

Panera Bread
67800 Mall Ring Rd, St. Clairsville, OH 43950 » 14.69 miles

Subway
67800 Mall Ring Rd, St Clairsville, OH 43950 » 14.69 miles

Little Caesars Pizza
67800 Mall Ring Rd, St Clairsville, OH 43950 » 14.69 miles

Starbucks Coffee
67800 Mall Rd, St Clairsville, OH 43950 » 14.71 miles

Cracker Barrel Old Country Store
67781 Mall Rd, St Clairsville, OH 43950 » 14.71 miles

Long John Silver's
67833 Mall Ring Rd, St Clairsville, OH 43950 » 14.73 miles

KFC
67833 Mall Ring Rd, St Clairsville, OH 43950 » 14.73 miles

Centre Cup Coffee
2201 Market St, Wheeling, WV 26003 » 14.74 miles

Leonardo's
2200 Market St, Wheeling, WV 26003 » 14.74 miles

McDonald's
67891 Mall Ring Rd, St Clairsville, OH 43950 » 14.76 miles

Keno Genos
1070 E Bethlehem Blvd, Wheeling, WV 26003 » 14.78 miles

Bob Evans Restaurant
67881 Mall Rd, St. Clairsville, OH 43950 » 14.79 miles

**ATTACHMENT C: RESTAURANT MARKET SURVEY**

Defelice Bros Pizza
1038 E Bethlehem Blvd, Wheeling, WV 26003 » 14.79 miles

De Felice Brothers Pizza
1038 E Bethlehem Blvd, Wheeling, WV 26003 » 14.79 miles

Geno's
1070 E Bethlehem Blvd, Wheeling, WV 26003 » 14.79 miles

LongHorn Steakhouse
68040 Mall Ring Rd, Saint Clairsville, OH 43950 » 14.8 miles

Saseen's Restaurant
2149 Market St, Wheeling, WV 26003 » 14.8 miles

Mehlman's Cafeteria
51800 National Rd E, St Clairsville, OH 43950 » 14.81 miles

Quiznos
67965 Mall Rd Ste 813, St Clairsville, OH 43950 » 14.82 mi

Later Alligator
2145 Market St, Wheeling, WV 26003 » 14.82 miles

Lebanon Bakery
2122 Main St, Wheeling, WV 26003 » 14.83 miles

Pascos Pizza
3rd Ave McElDown, New Martinsville, WV 26155 » 14.84 mi

Sonny Boy Restaurant
881 National Rd, Bridgeport, OH 43912 » 14.85 miles

Lansing Carry Out
55181 National Rd, Bridgeport, OH 43912 » 14.86 miles

Carlinis Pizza Shop
896 National Rd, Bridgeport, OH 43912 » 14.86 miles (1)

Pizza Unlimited & Bake's Wings
896 National Rd, Bridgeport, OH 43912 » 14.87 miles (1)

Hall of Fame Cafe
29 20th St, Wheeling, WV 26003 » 14.89 miles

Panera Bread
68011 Mall Ring Rd, Saint Clairsville, OH 43950 » 14.9 miles

Godfather's Pizza
601 S Penn St, Wheeling, WV 26003 » 14.93 miles

Pizza Hut
51338 National Rd E, St Clairsville, OH 43950 » 14.95 miles

Pizza Hut
51338 National Rd E, St Clairsville, OH 43950 » 14.95 miles

Coffee Cup Inc
520 3rd St, New Martinsville, WV 26155 » 15 miles

P J's Original Pizza
495 3rd St, New Martinsville, WV 26155 » 15 miles

Gumbys
436 3rd St, New Martinsville, WV 26155 » 15.02 miles

Domino's
422 Howard St, Bridgeport, OH 43912 » 15.04 miles

Pizza Hut
677 Main St, Bridgeport, OH 43912 » 15.04 miles

Outback Steakhouse
50575 Valley Frontage Rd, St Clairsville, OH 43950 » 15.05 mi

Buffalo Wild Wings
50633 Valley Frontage Rd, St Clairsville, OH 43950 » 15.06 mi

Applebee's
50655 Valley Frontage Rd, St Clairsville, OH 43950 » 15.06 mi

Steak N Shake
50840 Valley Frontage Rd, St Clairsville, OH 43950 » 15.08 mi

River City Ale Works
1400 Main St, Wheeling, WV 26003 » 15.11 miles

Red Lobster
50740 Valley Ctr Blvd, St Clairsville, OH 43950 » 15.12 mi

Island Grille
135 Virginia St, Wheeling, WV 26003 » 15.13 miles

Eat 'n Park
50570 Valley Ctr Blvd, St Clairsville, OH 43950 » 15.14 mi

Carpenter's Pizzeria
114 High St, Saint Clairsville, OH 43950 » 15.14 miles

Arby's
50560 Valley Ctr Blvd, St Clairsville, OH 43950 » 15.15 mi

Tj Cinnamons
50560 Valley Ctr Blvd, St Clairsville, OH 43950 » 15.15 mi

Mountain Mama's
1323 Main St, Wheeling, WV 26003 » 15.15 miles

Burger King
50660 Valley Ctr Blvd, St Clairsville, OH 43950 » 15.15 mi

Restaurants (268)
Take Out Restaurants (63)
American Restaurants (60)
Fast Food Restaurants (117)
Pizza (51)

**ATTACHMENT D: REHABILITATION, PHYSICAL THERAPY, FITNESS MARKET SURVEY****PHYSIICAL THERAPY**

Wood Rehab & Fitness
132 Lafayette Ave
Moundsville, WV (7.5 mi)

Innovative Work Solutions Inc
24 1/2 W 39th St
Shadyside, OH (9.7 mi)

Ohio Valley Chiropractic
3609 Belmont St
Bellaire, OH (12.6 mi)

Mountain River Physical Therapy
174 N State Route 2
New Martinsville, WV (13.3 mi)

REHABILITATION

Vocational Rehabilitation
317 N Main St
New Martinsville, WV (15.2 mi)

Marden Rehabilitation
101 S Main St
Woodsfield, OH (15.3 mi)

Rehabilitation Service
40 14th St Ste 102
Wheeling, WV (15.9 mi)

Peterson Rehabilitation Hosp
20 Homestead Ave
Wheeling, WV (17.5 mi)

Rehabilitation Services
714 Wells St
Sistersville, WV (21.8 mi)

Miller Chiropractic & Wellness
Chiropractors
144 Lafayette Ave
Moundsville, WV (7.5 mi)

Prodigy Wellness Center
313 N Main St
New Martinsville, WV (14.1 mi)

Healthsource Wellness Center
46141 National W Rd
Saint Clairsville, OH (15.5 mi)

FITNESS

Curves
1513 / 3rd St
Moundsville, WV (7.4 mi)

Wood Rehab & Fitness
132 Lafayette Ave
Moundsville, WV (7.5 mi)

Curves
1513 3rd St
Moundsville, WV (7.8 mi)

Four Seasons Pool
300 Mulberry Ave
Moundsville, WV (8.2 mi)

Work's Fitness & Tanning
27 Rose St
New Martinsville, WV (12.8 mi)

Curves
261 N State Route 2
New Martinsville, WV (13.2 mi)

World Gym
5120 Guernsey St
Bellaire, OH (13.7 mi)

Curves
51342 National E Rd Ste E
Saint Clairsville, OH (14.6 mi)

Anytime Fitness
[Click here for a free 7-day pass](#)
50843 Valley Plaza Drive
St. Clairsville, OH (14.7 mi)



ATTACHMENT E: CHILD-ADULT CARE, LEARNING CENTER MARKET SURVEY

CHILD CARE

Child Care Resource Center
1025 Main St Ste 510
Wheeling, WV (15.1 mi)

Community Child Care Center
111 N York St
Wheeling, WV (15.2 mi)

Holy Family Child Care Center
161 Edgington Ln
Wheeling, WV (16.6 mi)

ADULT DAY CARE

Adult Day Care & Nutri Prgm
55 Town Sq
Wellsburg, WV (28.4 mi)

LEARNING CENTERS

Powhatan Learning Center
295 Highway 7 N
Powhatan Point, OH (0.5 mi)

Augusta Levy Learning Center
16 Ridgecrest Rd
Wheeling, WV (14.1 mi)

Creative Learning Childcare
67685 Clark Rd
Saint Clairsville, OH (14.9 mi)

Creative Learning Day Care
49244 Belmont Ave
Saint Clairsville, OH (15.0 mi)

Child Care Resource Center
1025 Main St Ste 510
Wheeling, WV (15.1 mi)

Community Child Care Center
111 N York St
Wheeling, WV (15.2 mi)

Challenger Learning Center-wju
316 Washington Ave
Wheeling, WV (15.7 mi)

Augusta Levy Learning Center
99 Main St
Wheeling, WV (16.0 mi)

Holy Family Child Care Center
161 Edgington Ln
Wheeling, WV (16.6 mi)

St Myer Learning Center
1721 N 9th St
Martins Ferry, OH (18.2 mi)

Little Rocks Learning Center LLC
980 Shamrock Dr
Barnesville, OH (20.1 mi)



ATTACHMENT F: PERFORMING/FINE ARTS/DANCE/MUSIC CENTER MARKET SURVEY

PERFORMING ARTS CENTER

Capitol Theatre
1015 Main Street
Wheeling, WV, 26003; (15.4 mi)

Towngate Theatre & Cinema
2118 Market Street
Wheeling, WV 26003; (15.6 mi)

Oglebay Institute, Stifel Center (fine arts school),
1330 National Rd
Wheeling, WV 26003; (16.6 mi)

MUSIC SCHOOL/STUDIOS

NONE

ART SCHOOL/STUDIOS

NONE

DANCE SCHOOL/STUDIOS

Toni Zeakes Performing Arts Center (dance)
2239 Market St
Wheeling, WV (14.5 mi)

Limited Dance Centre LLC
51710 National E Rd
Saint Clairsville, OH (14.7 mi)

River City Dance Works
43 Birch Ave
Wheeling, WV (15.3 mi)

All Valley School Of Dance
233 Main St
New Martinsville, WV (15.6 mi)

Dance Difference
98 N Market St Ste 1
Saint Clairsville, OH (15.9 mi)

Oglebay Institute's Schrader
1330 National Rd
Wheeling, WV (16.0 mi)

Turn It Out Dance Academy LLC
96 Washington Ave
Wheeling, WV (16.0 mi)

Dance Workshop
102 E Main St
Barnesville, OH (21.2 mi)

**5709.40 [EFFECTIVE UNTIL 9/28/2012]****DECLARATION THAT IMPROVEMENTS CONSTITUTE PUBLIC PURPOSE - BLIGHTED AREAS.**

(A) As used in this section:

- (1) "Blighted area" and "impacted city" have the same meanings as in section 1728.01 of the Revised Code.
 - (2) "Business day" means a day of the week excluding Saturday, Sunday, and a legal holiday as defined under section 1.14 of the Revised Code.
 - (3) "Housing renovation" means a project carried out for residential purposes.
 - (4) "Improvement" means the increase in the assessed value of any real property that would first appear on the tax list and duplicate of real and public utility property after the effective date of an ordinance adopted under this section were it not for the exemption granted by that ordinance.
 - (5) "Incentive district" means an area not more than three hundred acres in size enclosed by a continuous boundary in which a project is being, or will be, undertaken and having one or more of the following distress characteristics:
 - (a) At least fifty-one per cent of the residents of the district have incomes of less than eighty per cent of the median income of residents of the political subdivision in which the district is located, as determined in the same manner specified under section 119(b) of the "Housing and Community Development Act of 1974," 88 Stat. 633, 42 U.S.C. 5318, as amended;
 - (b) The average rate of unemployment in the district during the most recent twelve-month period for which data are available is equal to at least one hundred fifty per cent of the average rate of unemployment for this state for the same period.
 - (c) At least twenty per cent of the people residing in the district live at or below the poverty level as defined in the federal Housing and Community Development Act of 1974, 42 U.S.C. 5301, as amended, and regulations adopted pursuant to that act.
 - (d) The district is a blighted area.
 - (e) The district is in a situational distress area as designated by the director of development under division (F) of section 122.23 of the Revised Code.
 - (f) As certified by the engineer for the political subdivision, the public infrastructure serving the district is inadequate to meet the development needs of the district as evidenced by a written economic development plan or urban renewal plan for the district that has been adopted by the legislative authority of the subdivision.
 - (g) The district is comprised entirely of unimproved land that is located in a distressed area as defined in section 122.23 of the Revised Code.
 - (6) "Project" means development activities undertaken on one or more parcels, including, but not limited to, construction, expansion, and alteration of buildings or structures, demolition, remediation, and site development, and any building or structure that results from those activities.
 - (7) "Public infrastructure improvement" includes, but is not limited to, public roads and highways; water and sewer lines; environmental remediation; land acquisition, including acquisition in aid of industry, commerce, distribution, or research; demolition, including demolition on private property when determined to be necessary for economic development purposes; stormwater and flood remediation projects, including such projects on private property when determined to be necessary for public health, safety, and welfare; the provision of gas, electric, and communications service facilities; and the enhancement of public waterways through improvements that allow for greater public access.
- (B) The legislative authority of a municipal corporation, by ordinance, may declare improvements to certain parcels of real property located in the municipal corporation to be a public purpose. Improvements with respect to a parcel that is used or to be used for residential purposes may be declared a public purpose under this division only if the parcel is located in a blighted area of an impacted city. Except with the approval under division (D) of this section of the board of education of each city, local, or exempted village school district within which the improvements are located, not more than seventy-five per cent of an improvement thus declared to be a public purpose may be exempted from real property taxation for a period of not more than ten years. The ordinance shall specify the percentage of the improvement to be exempted from taxation and the life of the exemption.



An ordinance adopted or amended under this division shall designate the specific public infrastructure improvements made, to be made, or in the process of being made by the municipal corporation that directly benefit, or that once made will directly benefit, the parcels for which improvements are declared to be a public purpose. The service payments provided for in section 5709.42 of the Revised Code shall be used to finance the public infrastructure improvements designated in the ordinance, for the purpose described in division (D)(1) of this section or as provided in section 5709.43 of the Revised Code.

(C)(1) The legislative authority of a municipal corporation may adopt an ordinance creating an incentive district and declaring improvements to parcels within the district to be a public purpose and, except as provided in division (F) of this section, exempt from taxation as provided in this section, but no legislative authority of a municipal corporation that has a population that exceeds twenty-five thousand, as shown by the most recent federal decennial census, shall adopt an ordinance that creates an incentive district if the sum of the taxable value of real property in the proposed district for the preceding tax year and the taxable value of all real property in the municipal corporation that would have been taxable in the preceding year were it not for the fact that the property was in an existing incentive district and therefore exempt from taxation exceeds twenty-five per cent of the taxable value of real property in the municipal corporation for the preceding tax year. The ordinance shall delineate the boundary of the district and specifically identify each parcel within the district. A district may not include any parcel that is or has been exempted from taxation under division (B) of this section or that is or has been within another district created under this division. An ordinance may create more than one such district, and more than one ordinance may be adopted under division (C)(1) of this section.

(2) Not later than thirty days prior to adopting an ordinance under division (C)(1) of this section, if the municipal corporation intends to apply for exemptions from taxation under section 5709.911 of the Revised Code on behalf of owners of real property located within the proposed incentive district, the legislative authority of a municipal corporation shall conduct a public hearing on the proposed ordinance. Not later than thirty days prior to the public hearing, the legislative authority shall give notice of the public hearing and the proposed ordinance by first class mail to every real property owner whose property is located within the boundaries of the proposed incentive district that is the subject of the proposed ordinance.

(3)(a) An ordinance adopted under division (C)(1) of this section shall specify the life of the incentive district and the percentage of the improvements to be exempted, shall designate the public infrastructure improvements made, to be made, or in the process of being made, that benefit or serve, or, once made, will benefit or serve parcels in the district. The ordinance also shall identify one or more specific projects being, or to be, undertaken in the district that place additional demand on the public infrastructure improvements designated in the ordinance. The project identified may, but need not be, the project under division (C)(3)(b) of this section that places real property in use for commercial or industrial purposes. Except as otherwise permitted under that division, the service payments provided for in section 5709.42 of the Revised Code shall be used to finance the designated public infrastructure improvements, for the purpose described in division (D)(1) or (E) of this section, or as provided in section 5709.43 of the Revised Code.

An ordinance adopted under division (C)(1) of this section on or after March 30, 2006, shall not designate police or fire equipment as public infrastructure improvements, and no service payment provided for in section 5709.42 of the Revised Code and received by the municipal corporation under the ordinance shall be used for police or fire equipment.

(b) An ordinance adopted under division (C)(1) of this section may authorize the use of service payments provided for in section 5709.42 of the Revised Code for the purpose of housing renovations within the incentive district, provided that the ordinance also designates public infrastructure improvements that benefit or serve the district, and that a project within the district places real property in use for commercial or industrial purposes. Service payments may be used to finance or support loans, deferred loans, and grants to persons for the purpose of housing renovations within the district. The ordinance shall designate the parcels within the district that are eligible for housing renovation. The ordinance shall state separately the amounts or the percentages of the expected aggregate service payments that are designated for each public infrastructure improvement and for the general purpose of housing renovations.

(4) Except with the approval of the board of education of each city, local, or exempted village school district within the territory of which the incentive district is or will be located, and subject to division (E) of this section, the life of an incentive district shall not exceed ten years, and the percentage of improvements to be exempted shall not exceed seventy-five per cent. With approval of the board of education, the life of a district may be not more than thirty years, and the percentage of improvements to be exempted may be not more than one hundred per cent. The approval of a board of education shall be obtained in the manner provided in division (D) of this section.

(D)(1) If the ordinance declaring improvements to a parcel to be a public purpose or creating an incentive district specifies that payments in lieu of taxes provided for in section 5709.42 of the Revised Code shall be paid to the city, local, or exempted village, and joint vocational school district in which the parcel or incentive district is located in the amount of the taxes that would have been payable to the school district if the improvements had not been exempted from taxation, the percentage of the improvement that may be exempted from taxation may exceed seventy-five per cent, and the exemption may be granted for up to thirty years, without the approval of the board of education as otherwise required under division (D)(2) of this section.



(2) Improvements with respect to a parcel may be exempted from taxation under division (B) of this section, and improvements to parcels within an incentive district may be exempted from taxation under division (C) of this section, for up to ten years or, with the approval under this paragraph of the board of education of the city, local, or exempted village school district within which the parcel or district is located, for up to thirty years. The percentage of the improvement exempted from taxation may, with such approval, exceed seventy-five per cent, but shall not exceed one hundred per cent. Not later than forty-five business days prior to adopting an ordinance under this section declaring improvements to be a public purpose that is subject to approval by a board of education under this division, the legislative authority shall deliver to the board of education a notice stating its intent to adopt an ordinance making that declaration. The notice regarding improvements with respect to a parcel under division (B) of this section shall identify the parcels for which improvements are to be exempted from taxation, provide an estimate of the true value in money of the improvements, specify the period for which the improvements would be exempted from taxation and the percentage of the improvement that would be exempted, and indicate the date on which the legislative authority intends to adopt the ordinance. The notice regarding improvements to parcels within an incentive district under division (C) of this section shall delineate the boundaries of the district, specifically identify each parcel within the district, identify each anticipated improvement in the district, provide an estimate of the true value in money of each such improvement, specify the life of the district and the percentage of improvements that would be exempted, and indicate the date on which the legislative authority intends to adopt the ordinance. The board of education, by resolution adopted by a majority of the board, may approve the exemption for the period or for the exemption percentage specified in the notice; may disapprove the exemption for the number of years in excess of ten, may disapprove the exemption for the percentage of the improvement to be exempted in excess of seventy-five per cent, or both; or may approve the exemption on the condition that the legislative authority and the board negotiate an agreement providing for compensation to the school district equal in value to a percentage of the amount of taxes exempted in the eleventh and subsequent years of the exemption period or, in the case of exemption percentages in excess of seventy-five per cent, compensation equal in value to a percentage of the taxes that would be payable on the portion of the improvement in excess of seventy-five per cent were that portion to be subject to taxation, or other mutually agreeable compensation. If an agreement is negotiated between the legislative authority and the board to compensate the school district for all or part of the taxes exempted, including agreements for payments in lieu of taxes under section 5709.42 of the Revised Code, the legislative authority shall compensate the joint vocational school district within which the parcel or district is located at the same rate and under the same terms received by the city, local, or exempted village school district.

(3) The board of education shall certify its resolution to the legislative authority not later than fourteen days prior to the date the legislative authority intends to adopt the ordinance as indicated in the notice. If the board of education and the legislative authority negotiate a mutually acceptable compensation agreement, the ordinance may declare the improvements a public purpose for the number of years specified in the ordinance or, in the case of exemption percentages in excess of seventy-five per cent, for the exemption percentage specified in the ordinance. In either case, if the board and the legislative authority fail to negotiate a mutually acceptable compensation agreement, the ordinance may declare the improvements a public purpose for not more than ten years, and shall not exempt more than seventy-five per cent of the improvements from taxation. If the board fails to certify a resolution to the legislative authority within the time prescribed by this division, the legislative authority thereupon may adopt the ordinance and may declare the improvements a public purpose for up to thirty years, or, in the case of exemption percentages proposed in excess of seventy-five per cent, for the exemption percentage specified in the ordinance. The legislative authority may adopt the ordinance at any time after the board of education certifies its resolution approving the exemption to the legislative authority, or, if the board approves the exemption on the condition that a mutually acceptable compensation agreement be negotiated, at any time after the compensation agreement is agreed to by the board and the legislative authority.

(4) If a board of education has adopted a resolution waiving its right to approve exemptions from taxation under this section and the resolution remains in effect, approval of exemptions by the board is not required under division (D) of this section. If a board of education has adopted a resolution allowing a legislative authority to deliver the notice required under division (D) of this section fewer than forty-five business days prior to the legislative authority's adoption of the ordinance, the legislative authority shall deliver the notice to the board not later than the number of days prior to such adoption as prescribed by the board in its resolution. If a board of education adopts a resolution waiving its right to approve agreements or shortening the notification period, the board shall certify a copy of the resolution to the legislative authority. If the board of education rescinds such a resolution, it shall certify notice of the rescission to the legislative authority.

(5) If the legislative authority is not required by division (D) of this section to notify the board of education of the legislative authority's intent to declare improvements to be a public purpose, the legislative authority shall comply with the notice requirements imposed under section 5709.83 of the Revised Code, unless the board has adopted a resolution under that section waiving its right to receive such a notice.

(E)(1) If a proposed ordinance under division (C)(1) of this section exempts improvements with respect to a parcel within an incentive district for more than ten years, or the percentage of the improvement exempted from taxation exceeds seventy-five per cent, not later than forty-five business days prior to adopting the ordinance the legislative authority of the municipal corporation shall deliver to the board of county commissioners of the county within which the incentive district will be located a notice that states its intent to adopt an ordinance creating an incentive district. The notice shall include a copy of the proposed ordinance,



identify the parcels for which improvements are to be exempted from taxation, provide an estimate of the true value in money of the improvements, specify the period of time for which the improvements would be exempted from taxation, specify the percentage of the improvements that would be exempted from taxation, and indicate the date on which the legislative authority intends to adopt the ordinance.

(2) The board of county commissioners, by resolution adopted by a majority of the board, may object to the exemption for the number of years in excess of ten, may object to the exemption for the percentage of the improvement to be exempted in excess of seventy-five per cent, or both. If the board of county commissioners objects, the board may negotiate a mutually acceptable compensation agreement with the legislative authority. In no case shall the compensation provided to the board exceed the property taxes forgone due to the exemption. If the board of county commissioners objects, and the board and legislative authority fail to negotiate a mutually acceptable compensation agreement, the ordinance adopted under division (C)(1) of this section shall provide to the board compensation in the eleventh and subsequent years of the exemption period equal in value to not more than fifty per cent of the taxes that would be payable to the county or, if the board's objection includes an objection to an exemption percentage in excess of seventy-five per cent, compensation equal in value to not more than fifty per cent of the taxes that would be payable to the county, on the portion of the improvement in excess of seventy-five per cent, were that portion to be subject to taxation. The board of county commissioners shall certify its resolution to the legislative authority not later than thirty days after receipt of the notice.

(3) If the board of county commissioners does not object or fails to certify its resolution objecting to an exemption within thirty days after receipt of the notice, the legislative authority may adopt the ordinance, and no compensation shall be provided to the board of county commissioners. If the board timely certifies its resolution objecting to the ordinance, the legislative authority may adopt the ordinance at any time after a mutually acceptable compensation agreement is agreed to by the board and the legislative authority, or, if no compensation agreement is negotiated, at any time after the legislative authority agrees in the proposed ordinance to provide compensation to the board of fifty per cent of the taxes that would be payable to the county in the eleventh and subsequent years of the exemption period or on the portion of the improvement in excess of seventy-five per cent, were that portion to be subject to taxation.

(F) Service payments in lieu of taxes that are attributable to any amount by which the effective tax rate of either a renewal levy with an increase or a replacement levy exceeds the effective tax rate of the levy renewed or replaced, or that are attributable to an additional levy, for a levy authorized by the voters for any of the following purposes on or after January 1, 2006, and which are provided pursuant to an ordinance creating an incentive district under division (C)(1) of this section that is adopted on or after January 1, 2006, shall be distributed to the appropriate taxing authority as required under division (C) of section 5709.42 of the Revised Code in an amount equal to the amount of taxes from that additional levy or from the increase in the effective tax rate of such renewal or replacement levy that would have been payable to that taxing authority from the following levies were it not for the exemption authorized under division (C) of this section:

(1) A tax levied under division (L) of section 5705.19 or section 5705.191 of the Revised Code for community mental retardation and developmental disabilities programs and services pursuant to Chapter 5126. of the Revised Code;

(2) A tax levied under division (Y) of section 5705.19 of the Revised Code for providing or maintaining senior citizens services or facilities;

(3) A tax levied under section 5705.22 of the Revised Code for county hospitals;

(4) A tax levied by a joint-county district or by a county under section 5705.19, 5705.191, or 5705.221 of the Revised Code for alcohol, drug addiction, and mental health services or facilities;

(5) A tax levied under section 5705.23 of the Revised Code for library purposes;

(6) A tax levied under section 5705.24 of the Revised Code for the support of children services and the placement and care of children;

(7) A tax levied under division (Z) of section 5705.19 of the Revised Code for the provision and maintenance of zoological park services and facilities under section 307.76 of the Revised Code;

(8) A tax levied under section 511.27 or division (H) of section 5705.19 of the Revised Code for the support of township park districts;

(9) A tax levied under division (A), (F), or (H) of section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;



- (10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;
- (11) A tax levied under section 5705.191 of the Revised Code for the purpose of making appropriations for public assistance; human or social services; public relief; public welfare; public health and hospitalization; and support of general hospitals;
- (12) A tax levied under section 3709.29 of the Revised Code for a general health district program.

(G) An exemption from taxation granted under this section commences with the tax year specified in the ordinance so long as the year specified in the ordinance commences after the effective date of the ordinance. If the ordinance specifies a year commencing before the effective date of the resolution or specifies no year whatsoever, the exemption commences with the tax year in which an exempted improvement first appears on the tax list and duplicate of real and public utility property and that commences after the effective date of the ordinance. Except as otherwise provided in this division, the exemption ends on the date specified in the ordinance as the date the improvement ceases to be a public purpose or the incentive district expires, or ends on the date on which the public infrastructure improvements and housing renovations are paid in full from the municipal public improvement tax increment equivalent fund established under division (A) of section 5709.43 of the Revised Code, whichever occurs first. The exemption of an improvement with respect to a parcel or within an incentive district may end on a later date, as specified in the ordinance, if the legislative authority and the board of education of the city, local, or exempted village school district within which the parcel or district is located have entered into a compensation agreement under section 5709.82 of the Revised Code with respect to the improvement, and the board of education has approved the term of the exemption under division (D)(2) of this section, but in no case shall the improvement be exempted from taxation for more than thirty years. Exemptions shall be claimed and allowed in the same manner as in the case of other real property exemptions. If an exemption status changes during a year, the procedure for the apportionment of the taxes for that year is the same as in the case of other changes in tax exemption status during the year.

(H) Additional municipal financing of public infrastructure improvements and housing renovations may be provided by any methods that the municipal corporation may otherwise use for financing such improvements or renovations. If the municipal corporation issues bonds or notes to finance the public infrastructure improvements and housing renovations and pledges money from the municipal public improvement tax increment equivalent fund to pay the interest on and principal of the bonds or notes, the bonds or notes are not subject to Chapter 133. of the Revised Code.

(I) The municipal corporation, not later than fifteen days after the adoption of an ordinance under this section, shall submit to the director of development a copy of the ordinance. On or before the thirty-first day of March of each year, the municipal corporation shall submit a status report to the director of development. The report shall indicate, in the manner prescribed by the director, the progress of the project during each year that an exemption remains in effect, including a summary of the receipts from service payments in lieu of taxes; expenditures of money from the funds created under section 5709.43 of the Revised Code; a description of the public infrastructure improvements and housing renovations financed with such expenditures; and a quantitative summary of changes in employment and private investment resulting from each project.

(J) Nothing in this section shall be construed to prohibit a legislative authority from declaring to be a public purpose improvements with respect to more than one parcel.

(K) If a parcel is located in a new community district in which the new community authority imposes a community development charge on the basis of rentals received from leases of real property as described in division (L)(2) of section 349.01 of the Revised Code, the parcel may not be exempted from taxation under this section.

R.C. § 5709.40

Amended by 129th General Assembly File No. 117, HB 508, § 1, eff. 9/6/2012.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 12-13-2001; 06-09-2004; 01-01-2006; 03-30-2006

This section is set out twice. See also § 5709.40, as amended by 129th General Assembly File No. 141, HB 509, § 1, eff. 9/28/2012.



5709.43 MUNICIPAL PUBLIC IMPROVEMENT TAX INCREMENT EQUIVALENT FUND - URBAN REDEVELOPMENT TAX INCREMENT EQUIVALENT FUND.

(A) A municipal corporation that grants a tax exemption under section 5709.40 of the Revised Code shall establish a municipal public improvement tax increment equivalent fund into which shall be deposited service payments in lieu of taxes distributed to the municipal corporation under section 5709.42 of the Revised Code. If the legislative authority of the municipal corporation has adopted an ordinance under division (C) of section 5709.40 of the Revised Code, the municipal corporation shall establish at least one account in that fund with respect to ordinances adopted under division (B) of that section, and one account with respect to each incentive district created in an ordinance adopted under division (C) of that section. If an ordinance adopted under division (C) of section 5709.40 of the Revised Code also authorizes the use of service payments for housing renovations within the district, the municipal corporation shall establish separate accounts for the service payments designated for public infrastructure improvements and for the service payments authorized for the purpose of housing renovations. Money in an account of the municipal public improvement tax increment equivalent fund shall be used to finance the public infrastructure improvements designated in, or the housing renovations authorized by, the ordinance with respect to which the account is established; in the case of an account established with respect to an ordinance adopted under division (C) of that section, money in the account shall be used to finance the public infrastructure improvements designated, or the housing renovations authorized, for each incentive district created in the ordinance. Money in an account shall not be used to finance or support housing renovations that take place after the incentive district has expired. The municipal corporation also may deposit into any of those accounts municipal income tax revenue that has been designated by ordinance to finance the public infrastructure improvements and housing renovations.

(B) A municipal corporation may establish an urban redevelopment tax increment equivalent fund, by resolution or ordinance of its legislative authority, into which shall be deposited service payments in lieu of taxes distributed to the municipal corporation by the county treasurer as provided in section 5709.42 of the Revised Code for improvements exempt from taxation pursuant to an ordinance adopted under section 5709.41 of the Revised Code. Moneys deposited in the urban redevelopment tax increment equivalent fund shall be used for such purposes as are authorized in the resolution or ordinance establishing the fund. The municipal corporation also may deposit into the urban redevelopment tax increment equivalent fund municipal income tax revenue that has been dedicated to fund any of the purposes for which the fund is established.

(C)(1)(a) A municipal corporation may distribute money in the municipal public improvement tax increment equivalent fund or the urban redevelopment tax increment equivalent fund to any school district in which the exempt property is located, in an amount not to exceed the amount of real property taxes that such school district would have received from the improvement if it were not exempt from taxation, or use money in either or both funds to finance specific public improvements benefiting the school district. The resolution or ordinance establishing the fund shall set forth the percentage of such maximum amount that will be distributed to any affected school district or used to finance specific public improvements benefiting the school district.

(b) A municipal corporation also may distribute money in the municipal public improvement tax increment equivalent fund or the urban redevelopment tax increment equivalent fund as follows:

- (i) To a board of county commissioners, in the amount that is owed to the board pursuant to division (E) of section 5709.40 of the Revised Code;
- (ii) To a county in accordance with section 5709.913 of the Revised Code.

(2) Money from an account in a municipal public improvement tax increment equivalent fund or from an urban redevelopment tax increment equivalent fund may be distributed under division (C)(1)(b) of this section, regardless of the date a resolution or an ordinance was adopted under section 5709.40 or 5709.41 of the Revised Code that prompted the establishment of the account or the establishment of the urban redevelopment tax increment equivalent fund, even if the resolution or ordinance was adopted prior to the effective date of this amendment.

(D) Any incidental surplus remaining in the municipal public improvement tax increment equivalent fund or an account of that fund, or in the urban redevelopment tax increment equivalent fund, upon dissolution of the account or fund shall be transferred to the general fund of the municipal corporation.

Effective Date: 12-13-2001; 03-30-2006

the taxes that would have been payable to the school district if the improvements had not been exempted from taxation, the percentage of the improvement that may be exempted from taxation may exceed seventy-five per cent, and the exemption may be granted for up to thirty years, without the approval of the board of education as otherwise required under division (D)(2) of this section.

(2) Improvements with respect to a parcel may be exempted from taxation under division (B) of this section, and improvements to parcels within an incentive district may be exempted from taxation under division (C) of this section, for up to ten years or, with the approval under this paragraph of the board of education of the city, local, or exempted village school district within which the parcel or district is located, for up to thirty years. The percentage of the improvement exempted from taxation may, with



such approval, exceed seventy-five per cent, but shall not exceed one hundred per cent. Not later than forty-five business days prior to adopting an ordinance under this section declaring improvements to be a public purpose that is subject to approval by a board of education under this division, the legislative authority shall deliver to the board of education a notice stating its intent to adopt an ordinance making that declaration. The notice regarding improvements with respect to a parcel under division (B) of this section shall identify the parcels for which improvements are to be exempted from taxation, provide an estimate of the true value in money of the improvements, specify the period for which the improvements would be exempted from taxation and the percentage of the improvement that would be exempted, and indicate the date on which the legislative authority intends to adopt the ordinance. The notice regarding improvements to parcels within an incentive district under division (C) of this section shall delineate the boundaries of the district, specifically identify each parcel within the district, identify each anticipated improvement in the district, provide an estimate of the true value in money of each such improvement, specify the life of the district and the percentage of improvements that would be exempted, and indicate the date on which the legislative authority intends to adopt the ordinance. The board of education, by resolution adopted by a majority of the board, may approve the exemption for the period or for the exemption percentage specified in the notice; may disapprove the exemption for the number of years in excess of ten, may disapprove the exemption for the percentage of the improvement to be exempted in excess of seventy-five per cent, or both; or may approve the exemption on the condition that the legislative authority and the board negotiate an agreement providing for compensation to the school district equal in value to a percentage of the amount of taxes exempted in the eleventh and subsequent years of the exemption period or, in the case of exemption percentages in excess of seventy-five per cent, compensation equal in value to a percentage of the taxes that would be payable on the portion of the improvement in excess of seventy-five per cent were that portion to be subject to taxation, or other mutually agreeable compensation. If an agreement is negotiated between the legislative authority and the board to compensate the school district for all or part of the taxes exempted, including agreements for payments in lieu of taxes under section 5709.42 of the Revised Code, the legislative authority shall compensate the joint vocational school district within which the parcel or district is located at the same rate and under the same terms received by the city, local, or exempted village school district.

(3) The board of education shall certify its resolution to the legislative authority not later than fourteen days prior to the date the legislative authority intends to adopt the ordinance as indicated in the notice. If the board of education and the legislative authority negotiate a mutually acceptable compensation agreement, the ordinance may declare the improvements a public purpose for the number of years specified in the ordinance or, in the case of exemption percentages in excess of seventy-five per cent, for the exemption percentage specified in the ordinance. In either case, if the board and the legislative authority fail to negotiate a mutually acceptable compensation agreement, the ordinance may declare the improvements a public purpose for not more than ten years, and shall not exempt more than seventy-five per cent of the improvements from taxation. If the board fails to certify a resolution to the legislative authority within the time prescribed by this division, the legislative authority thereupon may adopt the ordinance and may declare the improvements a public purpose for up to thirty years, or, in the case of exemption percentages proposed in excess of seventy-five per cent, for the exemption percentage specified in the ordinance. The legislative authority may adopt the ordinance at any time after the board of education certifies its resolution approving the exemption to the legislative authority, or, if the board approves the exemption on the condition that a mutually acceptable compensation agreement be negotiated, at any time after the compensation agreement is agreed to by the board and the legislative authority.

(4) If a board of education has adopted a resolution waiving its right to approve exemptions from taxation under this section and the resolution remains in effect, approval of exemptions by the board is not required under division (D) of this section. If a board of education has adopted a resolution allowing a legislative authority to deliver the notice required under division (D) of this section fewer than forty-five business days prior to the legislative authority's adoption of the ordinance, the legislative authority shall deliver the notice to the board not later than the number of days prior to such adoption as prescribed by the board in its resolution. If a board of education adopts a resolution waiving its right to approve agreements or shortening the notification period, the board shall certify a copy of the resolution to the legislative authority. If the board of education rescinds such a resolution, it shall certify notice of the rescission to the legislative authority.

(5) If the legislative authority is not required by division (D) of this section to notify the board of education of the legislative authority's intent to declare improvements to be a public purpose, the legislative authority shall comply with the notice requirements imposed under section 5709.83 of the Revised Code, unless the board has adopted a resolution under that section waiving its right to receive such a notice.

(E)(1) If a proposed ordinance under division (C)(1) of this section exempts improvements with respect to a parcel within an incentive district for more than ten years, or the percentage of the improvement exempted from taxation exceeds seventy-five per cent, not later than forty-five business days prior to adopting the ordinance the legislative authority of the municipal corporation shall deliver to the board of county commissioners of the county within which the incentive district will be located a notice that states its intent to adopt an ordinance creating an incentive district. The notice shall include a copy of the proposed ordinance, identify the parcels for which improvements are to be exempted from taxation, provide an estimate of the true value in money of the improvements, specify the period of time for which the improvements would be exempted from taxation, specify the percentage of the improvements that would be exempted from taxation, and indicate the date on which the legislative authority intends to adopt the ordinance.



(2) The board of county commissioners, by resolution adopted by a majority of the board, may object to the exemption for the number of years in excess of ten, may object to the exemption for the percentage of the improvement to be exempted in excess of seventy-five per cent, or both. If the board of county commissioners objects, the board may negotiate a mutually acceptable compensation agreement with the legislative authority. In no case shall the compensation provided to the board exceed the property taxes forgone due to the exemption. If the board of county commissioners objects, and the board and legislative authority fail to negotiate a mutually acceptable compensation agreement, the ordinance adopted under division (C)(1) of this section shall provide to the board compensation in the eleventh and subsequent years of the exemption period equal in value to not more than fifty per cent of the taxes that would be payable to the county or, if the board's objection includes an objection to an exemption percentage in excess of seventy-five per cent, compensation equal in value to not more than fifty per cent of the taxes that would be payable to the county, on the portion of the improvement in excess of seventy-five per cent, were that portion to be subject to taxation. The board of county commissioners shall certify its resolution to the legislative authority not later than thirty days after receipt of the notice.

(3) If the board of county commissioners does not object or fails to certify its resolution objecting to an exemption within thirty days after receipt of the notice, the legislative authority may adopt the ordinance, and no compensation shall be provided to the board of county commissioners. If the board timely certifies its resolution objecting to the ordinance, the legislative authority may adopt the ordinance at any time after a mutually acceptable compensation agreement is agreed to by the board and the legislative authority, or, if no compensation agreement is negotiated, at any time after the legislative authority agrees in the proposed ordinance to provide compensation to the board of fifty per cent of the taxes that would be payable to the county in the eleventh and subsequent years of the exemption period or on the portion of the improvement in excess of seventy-five per cent, were that portion to be subject to taxation.

(F) Service payments in lieu of taxes that are attributable to any amount by which the effective tax rate of either a renewal levy with an increase or a replacement levy exceeds the effective tax rate of the levy renewed or replaced, or that are attributable to an additional levy, for a levy authorized by the voters for any of the following purposes on or after January 1, 2006, and which are provided pursuant to an ordinance creating an incentive district under division (C)(1) of this section that is adopted on or after January 1, 2006, shall be distributed to the appropriate taxing authority as required under division (C) of section 5709.42 of the Revised Code in an amount equal to the amount of taxes from that additional levy or from the increase in the effective tax rate of such renewal or replacement levy that would have been payable to that taxing authority from the following levies were it not for the exemption authorized under division (C) of this section:

(1) A tax levied under division (L) of section 5705.19 or section 5705.191 of the Revised Code for community mental retardation and developmental disabilities programs and services pursuant to Chapter 5126. of the Revised Code;

(2) A tax levied under division (Y) of section 5705.19 of the Revised Code for providing or maintaining senior citizens services or facilities;

(3) A tax levied under section 5705.22 of the Revised Code for county hospitals;

(4) A tax levied by a joint-county district or by a county under section 5705.19, 5705.191, or 5705.221 of the Revised Code for alcohol, drug addiction, and mental health services or facilities;

(5) A tax levied under section 5705.23 of the Revised Code for library purposes;

(6) A tax levied under section 5705.24 of the Revised Code for the support of children services and the placement and care of children;

(7) A tax levied under division (Z) of section 5705.19 of the Revised Code for the provision and maintenance of zoological park services and facilities under section 307.76 of the Revised Code;

(8) A tax levied under section 511.27 or division (H) of section 5705.19 of the Revised Code for the support of township park districts;

(9) A tax levied under division (A), (F), or (H) of section 5705.19 of the Revised Code for parks and recreational purposes of a joint recreation district organized pursuant to division (B) of section 755.14 of the Revised Code;

(10) A tax levied under section 1545.20 or 1545.21 of the Revised Code for park district purposes;

(11) A tax levied under section 5705.191 of the Revised Code for the purpose of making appropriations for public assistance; human or social services; public relief; public welfare; public health and hospitalization; and support of general hospitals;



(12) A tax levied under section 3709.29 of the Revised Code for a general health district program.

(G) An exemption from taxation granted under this section commences with the tax year specified in the ordinance so long as the year specified in the ordinance commences after the effective date of the ordinance. If the ordinance specifies a year commencing before the effective date of the resolution or specifies no year whatsoever, the exemption commences with the tax year in which an exempted improvement first appears on the tax list and duplicate of real and public utility property and that commences after the effective date of the ordinance. Except as otherwise provided in this division, the exemption ends on the date specified in the ordinance as the date the improvement ceases to be a public purpose or the incentive district expires, or ends on the date on which the public infrastructure improvements and housing renovations are paid in full from the municipal public improvement tax increment equivalent fund established under division (A) of section 5709.43 of the Revised Code, whichever occurs first. The exemption of an improvement with respect to a parcel or within an incentive district may end on a later date, as specified in the ordinance, if the legislative authority and the board of education of the city, local, or exempted village school district within which the parcel or district is located have entered into a compensation agreement under section 5709.82 of the Revised Code with respect to the improvement, and the board of education has approved the term of the exemption under division (D)(2) of this section, but in no case shall the improvement be exempted from taxation for more than thirty years. Exemptions shall be claimed and allowed in the same manner as in the case of other real property exemptions. If an exemption status changes during a year, the procedure for the apportionment of the taxes for that year is the same as in the case of other changes in tax exemption status during the year.

(H) Additional municipal financing of public infrastructure improvements and housing renovations may be provided by any methods that the municipal corporation may otherwise use for financing such improvements or renovations. If the municipal corporation issues bonds or notes to finance the public infrastructure improvements and housing renovations and pledges money from the municipal public improvement tax increment equivalent fund to pay the interest on and principal of the bonds or notes, the bonds or notes are not subject to Chapter 133. of the Revised Code.

(I) The municipal corporation, not later than fifteen days after the adoption of an ordinance under this section, shall submit to the director of development a copy of the ordinance. On or before the thirty-first day of March of each year, the municipal corporation shall submit a status report to the director of development. The report shall indicate, in the manner prescribed by the director, the progress of the project during each year that an exemption remains in effect, including a summary of the receipts from service payments in lieu of taxes; expenditures of money from the funds created under section 5709.43 of the Revised Code; a description of the public infrastructure improvements and housing renovations financed with such expenditures; and a quantitative summary of changes in employment and private investment resulting from each project.

(J) Nothing in this section shall be construed to prohibit a legislative authority from declaring to be a public purpose improvements with respect to more than one parcel.

(K) If a parcel is located in a new community district in which the new community authority imposes a community development charge on the basis of rentals received from leases of real property as described in division (L)(2) of section 349.01 of the Revised Code, the parcel may not be exempted from taxation under this section.

R.C. § 5709.40

Amended by 129th General Assembly File No. 117, HB 508, § 1, eff. 9/6/2012.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 12-13-2001; 06-09-2004; 01-01-2006; 03-30-2006

This section is set out twice. See also § 5709.40, as amended by 129th General Assembly File No. 141, HB 509, § 1, eff. 9/28/2012.