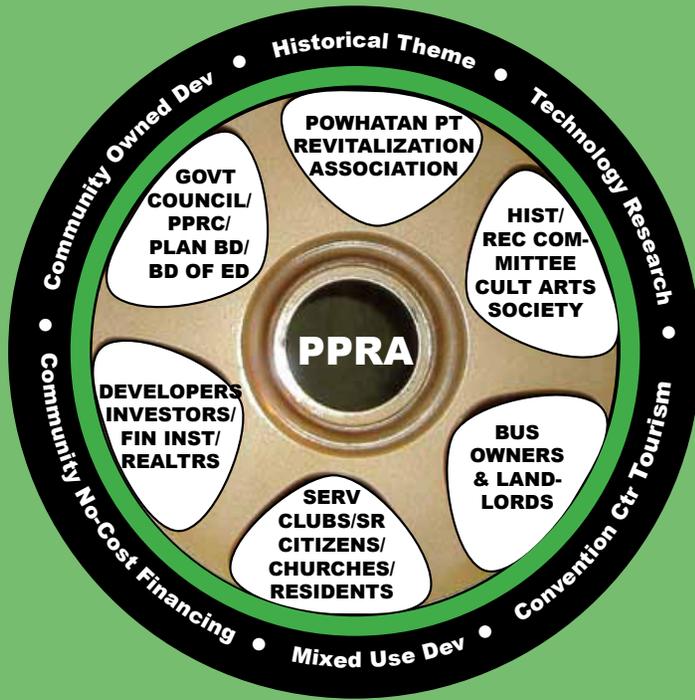


Powhatan Point Modular Manufacturing Facility Project RP-11 Project Plan



COMMUNITY DESIGNED AND CONTROLLED REVITALIZATION



COAL WORKER TRANSITION TO THE FUTURE



**Powhatan Point Revitalization Association
December 2016**

FOREWORD

**Proposal of the Powhatan Point
Power Initiative Implementation Grant Request for the
Modular Manufacturing Facility (MMF)
RP-11 Project Plan**

The Powhatan Point Revitalization Association (PPRA and Ohio Valley Riverfront Development Committee (OVRDC),

are seeking federal assistance under the

*FY 2016 Economic Development Assistance Programs for EDA's Public Works and
Economic Adjustment Assistance; that is funded through the Appalachian Area
Development Program; The Partnerships for Opportunity and Workforce and
Economic Revitalization (POWER) Initiative: POWER 2016 Grants,*

to meet the implementation of the

*Powhatan Point Riverfront Resort (PPRR) Modular Manufacturing Facility RP-11 Project;
\$2.5M Power Initiative Implementation Grant*

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1.0 INTRODUCTION

1.1 EDA/ARC IMPLEMENTATION GRANT REQUEST FOR MODULAR MANUFACTURING FACILITY

The Powhatan Point Revitalization Association (PPRA), and the Ohio Valley Riverfront Development Committee (OVRDC), both 501(c)3 organizations are seeking \$2.5M in federal assistance under the *FY 2016 Economic Development Assistance Programs for EDA's Public Works and Economic Adjustment Assistance; Appalachian Regional Commission (ARC) Appalachian Area Development Program; The Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative: POWER 2016 Grants*, to implement the *Powhatan Point Riverfront Resort Modular Manufacturing Facility RP-11 Development Project*. Given Powhatan Point depressed condition and the further expected loss of its only remaining industry (Murray Energy - Coal Mining), that will lay off potentially 485 workers in 2016, we believe that Powhatan Point and the MMF Project fully qualify for an EDA Economic Assistance and ARC and POWER Implementation Grant.

This proposal describes the **Modular Manufacturing Facility (MMF) Implementation Projects**, their location in Belmont County, Ohio and relationship in the northeast (shown in **Figure 1 and 2**), construction and operation plan for implementing the project, as well as the analysis/contruction/management teams performing the studies, development, projected costs and revenue projections. The MMF Project with its potential employment, housing support, long term sustainability for the community and revenue generation, will have major benefits for the area. We believe the seed funding provided by the EDA/ARC Grant investment will be returned ten-fold in individual prosperity, community revitalization, and returned government revenue.

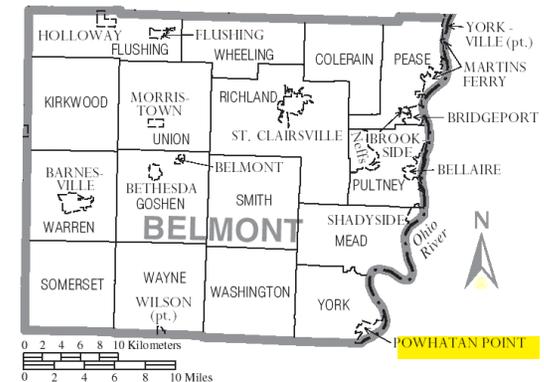


Figure 1. Powhatan Point Location in Belmont County

1.2 POWHATAN POINT URBAN REDEVELOPMENT LONG TERM PLAN

The *Modular Manufacturing Facility (MMF)* is the initial element of a larger overall *Powhatan Point Community Urban Redevelopment Plan (CURP)* effort (see **Figure 3**) being initiated by the PPRA/OVRDC. The **CURP** represents an overall redevelopment planning strategy for Powhatan Point, that include seven basic elements: (a) *MMF/Riverfront Resort/Cultural Arts Center*; (b) *Murray Renaissance Village*; (c) *Townhouse Residential Development*; (d) *Medical Arts/Assisted Living Complex*; (e) *Recreational Area*; (f) *New Utilities, Streets, Sewer/Water Treatment Plant*; and (g) *Route 7 Highway Reconstruction*.

The preliminary **CURP** was established through a strength, weakness, opportunity, and threat (SWOT) analysis and visionary process that defined specific community/area needs. It further determined that the community attributes provided an ideal destination site for the northeast that is centrally located within 3-6 hour driving distance to 10 major metropolitan cities and population of 25 million (shown in **Figure 2**). As such, it serves multiple market segments for resort/boutique, vacation get-away/timeshare, trade show facilitator, riverport, cultural arts-entertainment center, recreation area and a shopping mall. **Through these revenue generating venues, the community will be able support needed infrastructure improvements of the town roads, waste treatment, water lines and utilities.**

These developments, would revitalize the current depressed condition of the downtown area (described in **Figure 4**) and significantly upgrade current residential services and enhance their lifestyles. A community that has seen continued loss in population (<1,800), wages, and downtown district vitality, due to lost industry employment and flood plane impact.

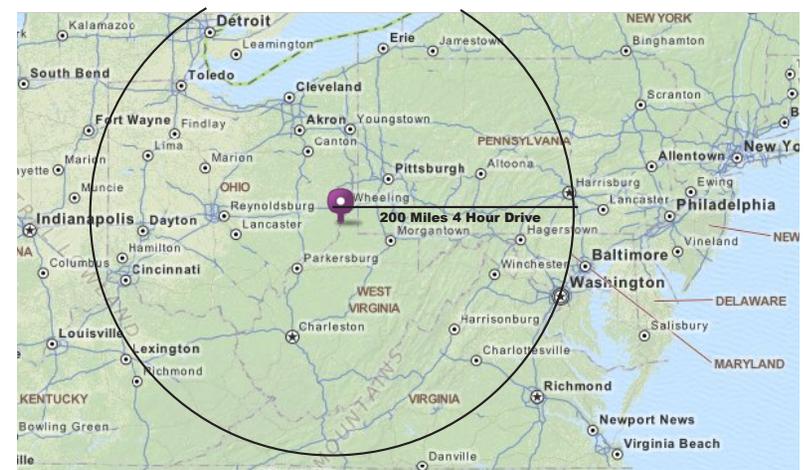


Figure 2. Central Destination of Powhatan Point to Major NE Metropolitan Centers

POWHATAN POINT COMMUNITY URBAN REDEVELOPMENT PLAN

The **Powhatan Point Community Urban Development Plan (CURP)** describes the visionary approach for creating a sustainable destination community based upon "Smart Growth" strategies. It blends commercial exploitation of its strengths and builds on the short-term opportunities created by the current the gas/plastics/energy sector. Long-term the Plan transitions to revenue producing enterprises, that offers its residents a richly endowed community with ideal services, isolated from the commercial segments. The redevelopment areas shown cover all areas of the community.



The **Powhatan Point Resort Recreational Area** offers recreational facilities for a 18 hole golf course, miniature golf/ driving/ putting green range, tennis courts, ski/log run slope, ball/bow/paint ball ranges, horse back riding stable and trails, captina creek/ Rte 148 biking /walking trails, charter fishing boat, water park, and go-cart track, that will create an attractive destination driven recreation patronage. The clubhouse/ski lodge/overlook restaurant would also provide food/banquet/conference/retail sales and special event offerings. The riverfront resort hotel/extended stay rooms and downtown cultural arts district/museum sites complement the recreational facilities.

Medical Center, Clinic and Assisted Living Complex provides an integrated generic medical facility that serves: emergency-out patient surgical care; family-specialist medical treatment doctor offices; pharmacy; short term medical-delivery-rehabilitation rooms and support facilities; and longer term assisted living rooms and facilities.

The **Murray Renaissance Center** utilizes the unproductive slate dump as ready community real estate, that offers an extension of the downtown center with mixed land use benefits for Retail, Office and Condo complex. Construction would be done in a multi-story structure in a village like setting with historic architecture facades. Each of these village block segments would provide retail on ground level, office and condos floors above building facilities. The shopping retail can be both specialties stores or typical franchise product stores found in the Ohio Valley or Highlands malls that would serve the local and regional needs of the area. The ability to configure the structure for office or condominium needs provides flexibility to marketing the space for the most viable user.



Build upon existing dump sites provides the community with low cost incentive for the developers and significant property tax revenue. The river road/walkways/bikeways would extend from downtown to enhance the river streetscape park, that could also include a boardwalk overlook river view at the building levels.

Infrastructure Improvements support the redevelopment with new utilities (power/communication/sewer/water) hidden below ground, new street widening/surfaces, new water water treatment center, water filtration plant, new parks, community recreation center/indoor pool/basketball/volley ball courts, and residential streets/sidewalks/utilities/bus service.

Critical to the federal government's "smart growth" policy and funding opportunities is development of quality of life environments where individuals (primarily young and senior adult couples) can live, work, shop and play without commuting). As our seniors retire, many are downsizing to condominiums offering the esthetics of a coastline, mountains, river front or resort community, that also has access to local shopping to meet their needs (ie. the getaway to Florida, Maine, Vermont, etc.). This approach exploits that trend and Powhatan's location, river and resort attributes as a destination community.



Powhatan Community Center renovates/modifies the old school facility to accommodate: (1) hotel conference center; (2) fitness/rehab center w/indoor swimming pool, sauna/tanning spa; (3) fine and performing arts center/auditorium/stage/theater; (4) PPR offices; and (5) Powhatan Point Historical Society Museum.

Town House Complex Multi-Unit Blocks(13) of One (8) Two (20) Bedrooms per Block, totaling 104 one bedroom and 269 two bedroom luxury units with two car garages. Each block offers secure central courtyard with outdoor cooking, pool, and playground facilities.



Route 7 Highway reconstruction is a minimum intrusive approach that would expand current roadway to four lanes with limited access and realign its route along rail line which offers maximum access to N. Main Street/Resort/Murray Renaissance. The road would be raised above flood stage via earth works, bridges and use of the old slate dump site. The roadway entering Powhatan from north will be segregated from adjacent service roads and lowered below grade to facilitate overpass at upper Main Street. Multiple exits and on ramps support safe egress to and from the highway along the corridor.

A **Riverfront Resort and Cultural Arts District** would represent the downtown area involving 13 structures supporting hotels, condos, retail, and office. The combination of 400 hotel rooms and with conference room/exhibit space and 720 rental condos will attract broad constituency for conferences, recreation and business. Historical facade design promotes historical theme and reinforces the cultural arts identity. The building would be constructed over a parking garage to facilitate parking and meet flood plane concerns.



The **Ohio Valley Indian Museum** serves to identify Powhatan's native habitants heritage and reflect their migration and treatment in those developing years.

Ohio Valley Coal, Oil & Gas Museum recognizes the contribution that has and is being made by the Ohio Valley mineral resources industry.

Powhatan Point Historic Society Museum showcases the history of the community and historic legacy of the community, its educated classes, and the "Who's Who" that evolved from the generations of families.

Cultural Arts District designation would establish a Smart Growth-Quality of Life mixed use zone that focuses on arts and cultural retail as destination theme to attract consumers patronizing this retail sector. Office and Condominiums augment construction funding requirements and supports needed office space and condominium housing for this area, as well as generate revenue for the community. The building design would be done with historical facades and village-like multiple structures, employing parking garage as foundational facilities below/above grade to counter threat to flooding. Attractive pedestrian walk/streetscape/boardwalk, provide overlooks of the river road, walkways, bikeways and boat docking.

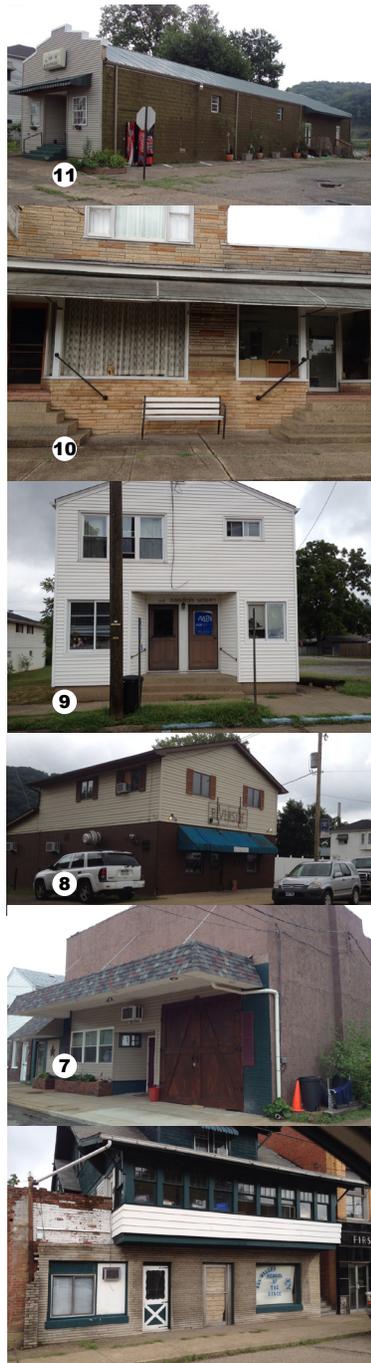


Figure 3. Powhatan Point Community Urban Redevelopment Plan ((CURP)

PROPERTY PORTFOLIO - CURRENT DOWNTOWN SCENE

1.2.1 Current Downtown

Development is focused upon the downtown district which represents a segregated peninsula (see **Figure 3 and 6**) contained by the waters of the Ohio River, Captina Creek, Old Mine Slate Dumps, and N/S Rail Line, which effectively isolates the area from the community. This area is further identified as blighted, a target for redevelopment and related tax credits with property owners seeking an economic solution. Reversing the current area state of deterioration caused by area economic downturns and flood plane problems into a revitalized community will stimulate government subsidies from federal/state/county officials who all desire new jobs, revenue generation and a place maker identity.



— THE TIMES LEADER - Tuesday, June 26, 2012 - A7

Ohio cities focus on rivers as key to land development

DAYTON, Ohio (AP) — Ohio cities focusing on new large-scale downtown development are looking to their rivers as a base for much of that development, and planners say a key decision facing cities is how best to tie their rivers to such projects.

Developers and planners say the question that cities including Dayton, Toledo, Cincinnati, Columbus and Cleveland have to answer is not whether to use their riverfronts but how to best link them to city centers to attract new residents and businesses and strengthen the economic base, the Dayton Daily News reported (<http://bit.ly/L5dr92>).

Michael Ervin, who has been leading efforts to develop Dayton's riverfront as chairman of the Downtown Dayton Partnership, said rivers have always been critical to the state's economy. But now planners are "trying to connect the river to the rest of the city by creating a great sense of place, where people will want to live, work, play and learn," he said.

Ervin said a vibrant downtown is essential for a strong regional economy "because that's where workers of the future want to live."

Cities throughout Ohio and elsewhere are working on transforming downtown areas along rivers once primarily used for barge traffic and waste disposal.

"In the Midwest, especially, riverfronts used to be the back doors of cities because they were industrial," said David Ginsburg, chief executive of Downtown Cincinnati Inc., which was instrumental in The Banks project in Cincinnati. "What you're seeing now is cities reclaiming their riverfronts."

The mixed-use development along the Ohio River already is a central attraction in downtown Dayton. The nearly completed Phase 1A includes a 300-unit luxury apartment complex and 96,000 square feet of retail and restaurant space, which is expected to generate \$91 million a year in economic impact, according to the University of Cincinnati's Economic Center. When fully completed, the initial phase is expected to draw \$276 million a year in economic impact.

The 11-acre, \$40 million Scioto Mile city park along the Scioto riverfront in Columbus, and the nearby Columbus Commons park opened last summer and represent a \$65 million investment.

A \$31 million baseball stadium that opened in 2002 in downtown Toledo near the west bank of the Maumee River is considered as the catalyst for revitalization there.

Developers have announced plans to turn an old plant along the Maumee into a \$16 million complex with a new YMCA, health clinics and apartments.

A new casino in downtown Cleveland, which already is bringing cash and visitors to that city, eventually will expand to include a building along the Cuyahoga River.

Dayton hopes to attract residents to its urban core with a plan to create better recreational spaces along the Great Miami River.

Tricia Casey, who lives in downtown Dayton is the kind of resident planners hope will lure retailers, restaurateurs and nightclub operators to return.

"I like the convenience of being downtown," said Casey, who believes the river could be a major draw there.

The Downtown Dayton Partnership has raised nearly \$4 million for the RiverScape River Run, which would tear down the low dam across the river and replace it with boulder-like structures to create separate passageways for canoes and kayaks.

It's expected to be completed in 2014.

Ervin said there are many similar-size cities around the country that have seen a significant return on waterfront investments.



Riverfront properties even in distressed circumstances offers benefits for an enterprising venture. It also makes it attractive to landowners who want a means to recoup any value from their current investment. For some having riverfront residences, enticements of equity and riverfront unit may be required. Bottom line, redevelopment can easily revitalize the current downtown riverfront and attract landowner involvement. The Times Leader article reinforces the development appeal for a riverfront resort approach in Ohio. Current relationship with the "Ohio Valley River Development Commission" further assists our efforts to revitalize riverfront communities.



Figure 4. Current Powhatan Point Downtown Properties Status

2.0 FEASIBILITY ANALYSIS

To determine whether the preliminary CURP approach is a sustainable for the area, a **Feasibility Analysis** was conducted to assess the market demand, related industry effecting its short-term and long term periods, costs and projected sales forecast. The following describes the critical factors .

2.1 GAS PROJECTS

Powhatan Point straddles the border of Belmont County (http://en.wikipedia.org/wiki/Belmont_County,_Ohio) and Monroe County (http://en.wikipedia.org/wiki/Monroe_County,_Ohio), where the economies are growing dramatically from the gas industry after a decade of downturn from the loss of steel/chemical/steel/aluminum/coal-power industry. This is further reflected in **Figure 5**, showing the huge Marcellus/Utica shale deposits of the northeast in which Powhatan Point is at the center. It has a future of diversification and should continue on this path for the next +25 years. The vast majority of the growth has occurred to the north and east of Belmont County and north of the I70 corridor in both Ohio, Pennsylvania, and West Virginia. Over the past 3 years the gas industry has begun moving south with expected 150 well permits in next 2 years, due to initial gas well success. A dramatic increase of \$30B for construction of several major pipelines, several ethane cracker facilities, and a new gas fired power plant, within 6 miles of Powhatan Point (see **Figure 6**).

These gas projects, which are centered within the Marcellus/Utica Slae Plays (see **Figure 5**), are occurring over the next five years, in spite of current reduced oil and gas prices. This is primarily due to the high production results per well, which are the highest in the country. The Utica Shale thickness of 400 feet allow for multi-layered drilling (100' layers), that once water/gas pipelines are established to the drill site will offer drilling/production activities over a 20-30 year period. It will require over 15,000 workers/engineers/management personnel, with the majority being brought in from around the country, without readily available housing. The site area, which surrounds Powhatan Point, places the hotel/corporate housing/extended stay housing complex in an ideal location to meet these housing needs.

2.2 DESCRIPTION OF MARKET

The following itemizes current market conditions and needs that support development of the Modular Manufacturing Facility:

- o The Ohio Valley is undergoing the United States largest gas fracking boom - a 20 year expansion, including a \$8B Ethane Cracker Plant and associated gas processing, gas fueled power plants, pipeline projects and support businesses, combined with 100 gas fracking drill sites being initiated in the next 8 years - 3 started this year within 15 miles, 25 permits authorized. This is all centered around the Powhatan Point area creating need for for 15,000 new employees over the next 8 years to the area. Further reinforcement of the gas industry was made in the article shown in **Figure 7**.

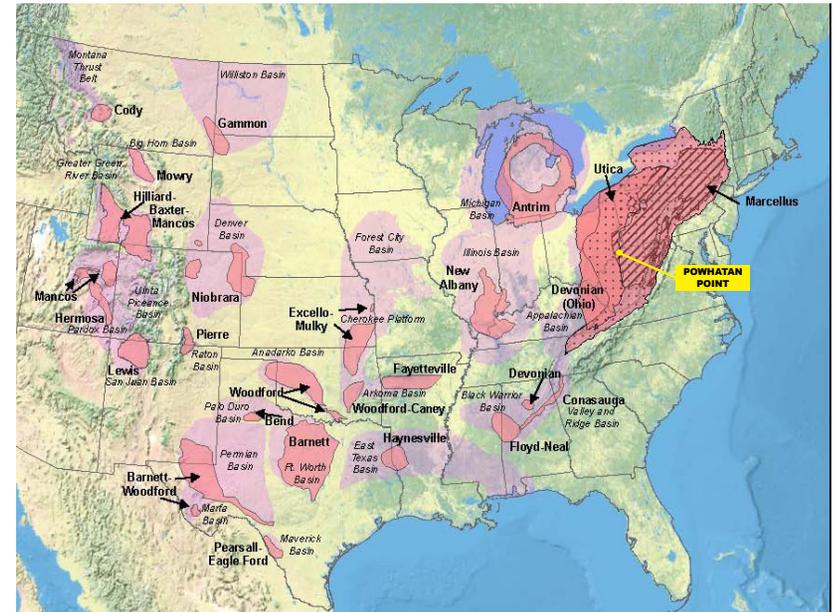


Figure 5. US Shale Gas Deposits - Largest Surrounding Powhatan Point

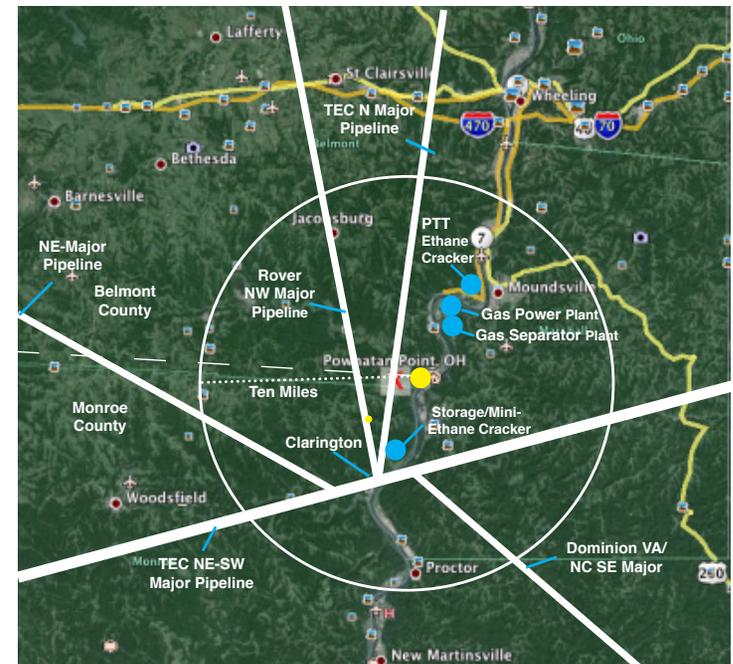


Figure 6. Powhatan Point Location and Area Major Gas Intersection Pipeline, Power Plant and Mini-Cracker Projects

- o Additional 1,800 housing units are needed to meet short term gas fracking housing demand for out-of-state employees/families under a rental program (2 bedroom, fully furnished, triple net/maintenance/service included).
- o Expanded retail and added employees representing 15% of project sqft further complements housing demand to service drilling employees and long term transition to resort speciality/cultural arts stores.
- o Office space representing 15% of project sqft also adds new high-end employees in support of gas fracking service companies, incubator/research companies offering a low-cost/attractive environment location which enhances housing demand.
- o Transition Plan to resort strategy is fundamental objective, when gas boom drilling ceases in 15-20 years, is expected to absorb expanded housing/retail/office facilities and assure investment has long-term financial outcome.
- o Powhatan Point centrally located in northeast accessible to all major cities within 4-7 hour drive for weekend trip also assures long-term ROI potential.
- o Project development exploits short-term oil boom and long-term demand as immediate revenue generator, that finances build costs, while implementing a long-term resort strategy that sustains and magnifies ROI.

Hydraulic Fracturing: Critical for Energy Production, Jobs, and Economic Growth,
Heritage Foundation; By Nicolas Loris Fracking; Aug 24, 2012.

Critical for Economic Growth

Natural gas is already a critical part of America's energy portfolio and consequently a critical part of the country's economic growth. Not only does natural gas provide over 25 percent of electricity generation, natural gas, and other gases extracted from natural gas provide a feedstock for fertilizers, chemicals and pharmaceuticals, waste treatment, food processing, fueling industrial boilers, and much more. Although natural gas prices in the United States have historically been volatile, the abundance of shale gas brings the possibility of low, stable prices. North America has approximately 4.2 quadrillion (4,244 trillion) cubic feet of recoverable natural gas that would supply 175 years worth of natural gas at current consumption rates. Further, the National Petroleum Council estimates that fracking will allow 60-80 percent of all domestically drilled wells during the next 10 years to remain viable.

The abundance of natural gas makes the United States an attractive place to do business, especially for energy-intensive industries. In what could be a growing trend, PTT (3 miles north) and Royal Dutch Shell (45 miles north) recently announced plans to build two separate ethane cracker plants. The \$6 and \$2 billion plants will create 10,000 construction jobs and thousands of permanent jobs for OH/WV/PA. A new KPMG analysis of the U.S. chemical industry emphasizes that "with a new and abundant source of low-cost feedstock, the US market has transformed to become one of the most advantageous markets for chemical production in the world." Shuttered steel towns like Youngstown, Ohio, are seeing a re-emergence of manufacturing employment opportunities. In Youngstown, V&M Star, the pipe and tube producer, is building a factory to manufacture seamless pipes for hydraulic fracturing that will employ 350 people.

Figure 7. US Shale Regional Exploration Market

2.3 CUSTOMER TRENDS/MARKET SIZE/GROWTH/COMPETITION

Current gas industry demand market needs are immediate and warrant high end extended stay rental/leasing housing which can evolve into resort/boutique/tourism market. Project market strategy and development plan meets short/long term facility and revenue needs for housing/retail/office space for fracking companies such as Cheasapeake, XTO, Gulfport Energy, PTT Ethane Cracker Plant, Markwest, Rice Energy, Antero Partners and dozens of other related support industries. The preferred rental/lease approach increases revenue generation agrees with the transiting gas fracking employee needs and as long-term get-away time share vacation use, or sale as an exit transition for the investor.

Establishing the long term resort destination strategy includes exploiting the historical legacy/identity/theme, location on the Ohio River as a port of call, for steamboats and large cabin cruisers, which are becoming popular on the Ohio River, with possibility to home port a sternwheeler at Powhatan Point running circuit between Pittsburgh, Cincinnati, Louisville to St. Louis. The Powhatan Point destination site (see **Figure 2**) is easily accessible by car from the surrounding public of 15 million, that only need a tiny fraction to absorb hotel/apartment facilities. Historic theme, museums, cultural arts retail, entertainment and broad recreation amenities for golf, fishing, boating, hunting, biking/hiking trails, water/winter skiing, horseback riding, water park, go cart racing, augment the scenic site of the mountain-riverfront environment that attract the city dweller looking for an unique experience for get-away weekend/week vacation. The project further reaches out to business technical conferences/seminar planners seeking sites offering quality accommodations, scenic settings, Branson, MO - style entertainment, and cultural arts/unique shopping benefits. Long term effort to attract theater entertainment enterprises to augment the cultural theme and destination attraction.

In summary, the marketing strategy broadens its client base, with differing interests, by offering a diverse amenity selection. This is enhanced by constructing facilities that serve multiple clientele needs involving added 1,500 new jobs, which may change over time without effecting the facilities.

- o ***Gas Booms occurring in North Dakota, Pennsylvania, and North East Ohio validate demand with 400-1000% increase for housing and services in those areas.***
- o ***Current Hotel/Housing demand of 80-100% occupancy in surrounding areas of St. Clairsville, Wheeling, and New Martinsville at rates as high as \$110-140/day for franchise hotel rooms, resulting in 5 new hotels being built in last 2 years with more planned and renovation of old office buildings into apartment rentals.***
- o ***Home rentals at all-time record of \$2,500/mo; 20 new RV parks being developed throughout area at rental rates of \$300/mo.***
- o ***With exception of three low quality hotels within 7 mile area, none exist closer than 15 miles. Housing availability non-existent within 15 miles.***
- o ***Development of a resort site, based upon the Branson, MO model, is ideally located between metropolitan centers and the scenic area of the Ohio Valley mountains and Ohio River. Combining location with resort housing, recreation, cultural arts, and conference center creates an attractive destination.***

3.0 RP-11 MODULAR MANUFACTURING FACILITY PROJECT PLAN

3.1 MMF PROJECT OVERVIEW

The **Modular Manufacturing Facility (MMF)** is the initial element of a larger overall **Powhatan Point Community Urban Redevelopment Plan (CURP)** effort (see **Figure 3**) being initiated by the PPRA. The CURP represents an overall planning strategy that include seven basic elements: **(a) MMF/Riverfront Resort/Cultural Arts Center; (b) Murray Renaissance Village; (c) Townhouse Residential Development; (d) Medical Arts/Assisted Living Complex; (e) Recreational Area; (f) New Utilities, Streets, Sewer/Water Treatment Plant; and (g) Route 7 Highway Reconstruction.**

The MMF represents the community's effort to construct a factory capable of building modular housing units in a state-of-the art facility, applying modern car manufacturing assembly methods. It employs just-in-time approach with subcontractors producing fully assembled subelements such as bathroom/kitchen elements, pre-drilled partition framework, embedded ceiling/floor radiated heating/cooling pre-fab assemblies, and replaceable wall paneling/floor covers.

This manufacturing capability will be applied in all new construction of the CURP facilities being planned under the long-term effort. This is in addition to the current regional housing demand for low-cost town house and single family modular construction. It expects to employ 100+ unemployed coal mining workers, that can directly apply their skill set to the MMF production technology. Employment is further extended beyond the factory to subcontractors providing earth-moving, foundation, infrastructure, rigging/assembly, finishing/landscaping and utility support. More specifically, it exploits the current gas boom housing demand to meet initial hotel/housing occupancy requirements and maximize short-term ROI, which further establishes a foundation for a long-term resort revenue generator.

The **Powhatan Point Revitalization Association (PPRA)** has conducted a feasibility research; concept development; established construction and management requirements; solicited turn-key construction bids; identified and initiated a teaming agreement dialog with PIVOTEK - a Cincinnati modular manufacturer to set-up, recruit, train, and manage the operation; and financial analysis to assess implementation and planning to assure the short and long term project goals will be met.

3.1.1 CURP Development Applies Modular Construction

The long term expansion plans shown in **Figure 3**, represent downtown riverfront/renaissance mixed use structures, assisted living and townhouse development that focus on 900 sqft units supporting office/retail/one-two bedroom lease units to service both the gas industry/get-away vacation/time-share/tourism market requiring extended room demand. These structures will be constructed utilizing modular units manufactured in the MMF, that will augment regional housing market demands and serve the CURP requirements.

3.1.2 CURP Development and Regional Housing Needs Create MMF Employment

These low cost affordable housing units will match the area pricing models, lower material/labor costs and significantly reduce delivery times. To support these demands the MMF is being developed with advanced assembly line approach that is both adaptable and expandable with work force growth. **Full employment, operating 24/7 would require 250 personnel at the plant and another 150 site prep/integration support personnel, not including the vast number of off-site subcontractor personnel.**

3.1.3 Office/Retail/Medical Structure Services/Purchasing Power Benefits From Modular Construction

The Murray Renaissance Center mixed use shopping/office/housing village concept (see **Figure 3**) redevelops unused coal tailings land creating revenue generating businesses for the community with a live/work/shop quality-of-life environment. It also provides shopping access/appeal for the Belmont/Monroe County region, drawing-in retail purchasing power, providing 350+ job opportunities, while enhancing opportunities to participate in the adjacent cultural/entertainment/recreational/restaurant venues. Additional plans for a hotel/conference center, office complex, medical arts/clinic/assisted living complex, dedicated museums/historic indian village site reconstruction, recreational and entertainment facilities will further interest early investors. These developments are further supported by the MMF under its standard 30' x 30' footprint adaptable to the space requirements. The standard footprint, that can be configured as a 15' x 30' unit also allows transporting via highway and rail to non-local or limited access delivery. Local CURP sites would be easily accessible for the larger footprint thereby reducing assembly and integration costs below \$75/sqft.

3.1.4 MMF Module Unit Delivery Accessibility

The MMF site, illustrated in *Figure 8 and 9*, is located adjacent to the central business district of the Powhatan Point (see *Figure 1 and 2*) and approximately 15 miles south of the Wheeling, WV, and the Interstate 70 corridor. Access from the site traveling east/west or north/south are the major highway arteries of Interstate 70 and scenic State Route 7. Powhatan Point site also uniquely lies directly on the Norfolk-Southern Rail Line, that through a rail spur, with crane lifting capabilities to load 15'W x 30'L x 10'H modules on to rail cars, configured to secure housing modules upright on their side, offers rail transporting to any rail accommodating regional housing market. An Ohio River barge loading facility will also be established to facilitate a waterway delivery system. Parallel WV State Route 2 highway, which connects to Route 7 through bridges north 5 miles and 16 miles south, provide easy access to new WV housing demands. Access from the site under the 15' x 30' footprint and does not pose any impact on delivery flow from the site, rather offers a unique export center for modular units via multi-mode delivery methods. This low-cost shipping method offers easy access to the region for delivery without the risks when transported over road system. It also supplements rail services that are being impacted by mining industry reductions.

3.2 MMF SITE LOCATION - PART OF CURP PROGRAM

The *Modular Manufacturing Facility (MMF) Proposed RP-11 Project* is located in Powhatan Point, Ohio (https://en.wikipedia.org/wiki/Powhatan_Point,_Ohio). The town is a rural Appalachian community located at the southeast end of Belmont County, (https://en.wikipedia.org/wiki/Belmont_County,_Ohio), that directly fronts the Ohio River along the scenic Route 7 of the Ohio Valley, as illustrated in *Figure 1/2*. The MMF Project Site, which is part of the *Community Urban Development Plan (CURP)*, as highlighted *Figure 3 and 9*, is located adjacent to the Powhatan Point downtown district, on the existing Veterans of Foreign Wars properties.

The property is an open area unencumbered by any structures, and adjacent to rail line with the expectation to provide a rail spur connection to the MMF for regional rail shipping of housing modules. The area lies in the flood plane, that will be mitigated by fill using adjacent mining tailings refuse pile, raising the current ground level (6 feet) to the max 100 year flood plane mark. The facility foundation will be raised further to a height 4 foot above the new raised ground level and above the flood plane, to avoid flooding.

3.2.1 Site Zoning

The Powhatan Point Zoning Map (*Figure 8*) describes the zoning districts for the community's downtown area. Manufacturing is classified as R5 Zoning, that shows the MMF Site (highlighted) being in a zone district for manufacturing. The facility is expected to fully comply with the Powhatan Point zoning requirements and ordinances.

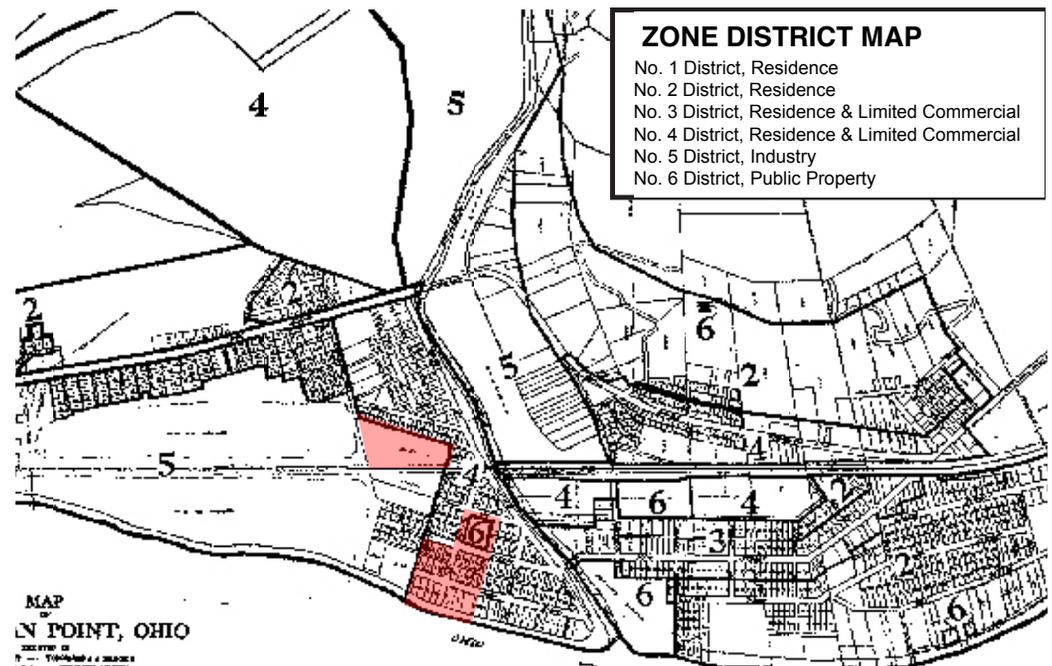


Figure 8. Powhatan Point Zoning Map



Figure 9. Powhatan Point Riverfront Resort RP-1/2/3/Common/MMF Project Overview (Highlighted in Red)

Modular Manufacturing Facility RP-11 Redevelopment Project Flood Plane Impact Illustrates a Normal River Elevation Level of 624 ft and the RP-11 Site Level of 636 ft. Based Upon FEMA 100 year Flood History with Today's Army Engineer Dam Construction A Projected Flood Plane Highest Level Elevation was Defined at 642 ft, or 6 ft Above Current RP-11 Site Development Will Provide a 6 ft Landfill for Entire Site From Adjacent Coal Refuse Dump and a 4 ft Foundation Rise, That Assures a 10 ft Rise to Exceed Projected 100 year Flood Plane Requirements.

4.0 POWHATAN MODULAR MANUFACTURING FACILITY

4.1 MMF APPROACH

The MMF is purposefully being developed to reduce CURP construction costs using stackable modular elements and provide a factory asset to produce regional low-cost modular housing units. This capability is expected to reduce build costs from \$110/sqft to \$80/sqft, a projected CURP cost savings of \$8M+, offsetting the MMF costs of \$8M. The MMF investment will benefit from the surrounding area housing demand.

The **Module Manufacturing Facility** is an independent operation financed under the resort project, representing 300' x 260' (78,000 sqft) building with 4,800 sqft of office, located adjacent to the downtown area (see **Figure 9**). The MMF will produce stackable modular hotel/housing 1/2 bedroom suite units that are move-in ready. The MMF will also apply advanced energy savings technology through the use of renewable energy sources of wind, combined solar/water heat collector panels, that through water circulation systems with geothermal ground collection and heat pump units will provide low cost electrical and heating/cooling services.

At 3-4 units per week for CURP RP-2/3 hotel room facilities involving 208 resort suites, could be completed in 18 months. Additional revenue for the follow-on resort project Phase II and III development is planned. The MMF management partner would be permitted to market and produce modular units for local/regional needs, which will further reduce overhead costs associated with the resort project and share in the profit-making to offset costs.

4.2 MMF DEVELOPMENT TEAM

To implement and maintain the MMF operation, the PPRA has been coordinating with **CAVCON**, a respected contractor located in Greensburg, PA, to turn-key construct and ready the facility for operation. **PIVOTEK**, a modular manufacturing company in Cincinnati, is negotiating an agreement to staff, train and manage the factory, with P/L responsibility and shared profit revenue arrangement. Engineering support between the **Powhatan Point Riverfront Resort PRR Project Architectural Team** and the **MMF PIVOTEK Management Group** will further assure the design and integration of the module with the CURP resort hotel/extended stay housing/townhouse structures are seamless.

4.3 MMF ASSEMBLY PROCESS

The Assembly Process (illustrated in **Figure 10 and 11**) is implemented using an advanced moving production line where modules are constructed on fixture/self-powered transporters that move through assembly stages. Sub-elements of the modules are provided by subcontractors in pre-configuration/pre-fab integrated forms, or in separate assembly processes, that reduces assembly time and costs. More specifically, radiant heating/cooling for floor/ceiling panels, bathrooms and kitchen sub-elements, which are typically the highest cost/assembly labor intensiveness, are supplied by the subcontractors fully integrated. These respective sub-element not only reduce costs and assembly time, but have higher quality and expertise performing the tasks. Applying limited design configurations establishes an iterative process that reduces production risks. Once the modules are completed the transporters are rolled on to transport trailers that are delivered to the construction site and returned thereafter to use on next build. A 15 ton crane is provided within the facility with extension booms to lift transporters and module segments into place on the transport jigs for assembly. Electric/air powered tooling and advanced fastener technology will be applied to improve assembly time and quality/reliable results.

The production facility will run one 15' x 30' module line and one 30' x 30' in-line module assembly line (see **Figure 10**), in which either line can also be realigned to run the alternate module assembly support, to produce a typical module at a rate of 3-4 units a week for an estimated cost of <\$65/sqft for one bdrm (450sqft) and \$50 /sqft for two bdrm (900sqft) = \$29,250/unit and \$45,000, respectively. Fully integrated CURP modules are estimated upon a \$110/sqft rate, offering significant margins against the stick build approach which could reduce construction costs by +20% (\$8M+ cost savings for RP-2/3 hotel room build alone). Subsequent builds are expected to require as many as 600 two bedroom and 200 one bedroom units with be further impacted by Townhouse and Murray Renaissance, which would contribute another 500 two bedroom units. Based upon anticipated demands the local/regional could easily double that production for permanent housing.

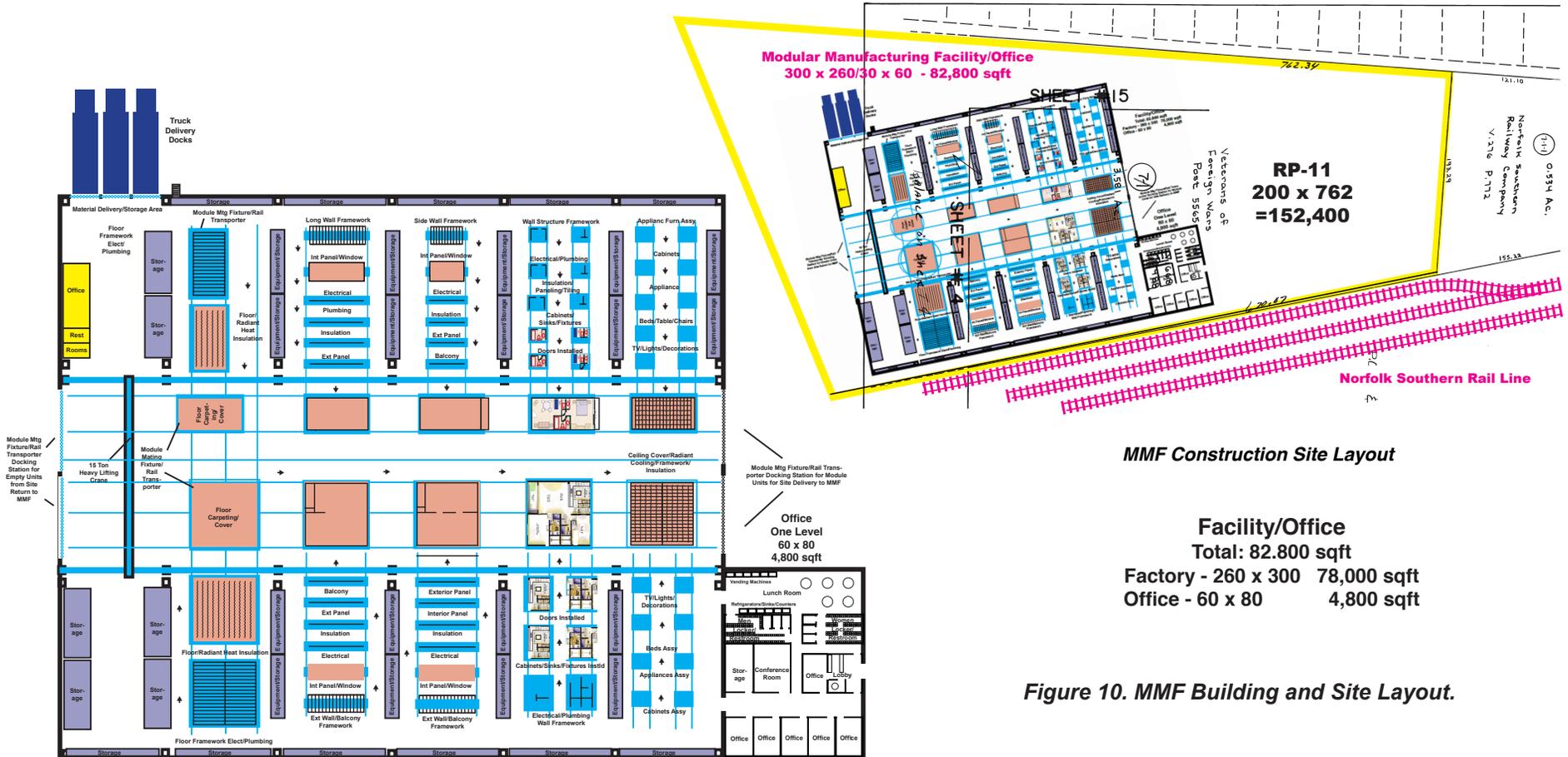
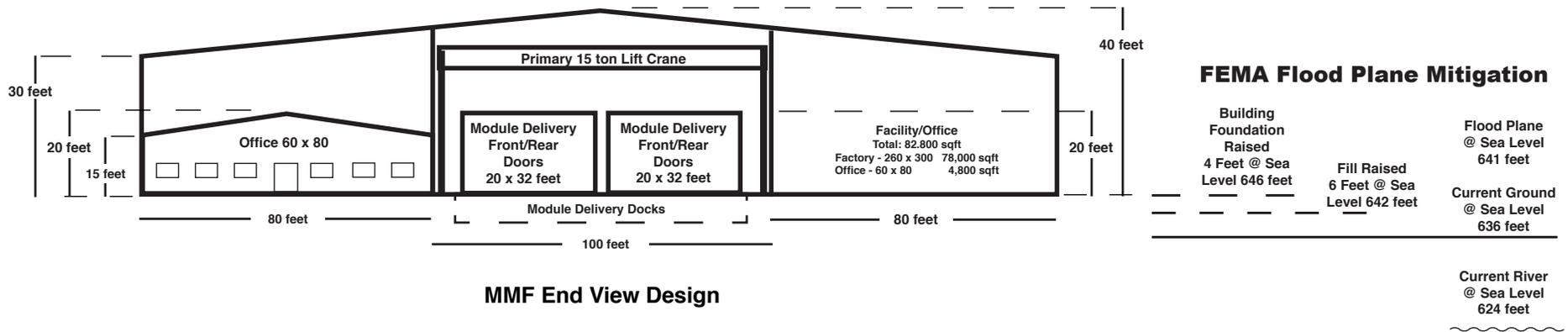


Figure 10. MMF Building and Site Layout.

4.4 ADVANCED MODULAR CONSTRUCTION

Beyond the efficiencies of the assembly line, subcontractor pre-fab sub-elements, the module unit design employs rigid light grade steel (LGS) framework to maintain strong, highly dimensional stable, and support pre-drilled holes/openings for easy fastening/routing. Electrical cabling is pre-harnessed and components attached or quick connects provisioned. Fully integrated bathroom/kitchen sub-elements are sub-contractor supplied (PIVOTEK from Cincinnati Factory), as are floor/ceiling radiant heating/cooling panels and modular interior decorative panels. These modular housing units have been designed to also support use of recycled treated water (purple water-clean to FDA standards, but undesirable for drinking/food preparation use), application for toilet flushing, radiant heating/cooling, and clothes washing needs, and public water. This is expected to reduce public water use by 40%. Radiant heating/cooling system with programmable control at room level and highly insulated partitions, LED lighting, and is another technology applied to reduce energy consumption, eliminate fan-air circulation noise/electrical energy consumption, and maintain a constant room temperature environment. Interior decor utilizes recyclable materials as part of pre-fab replaceable floor/ceiling/wall panels, that are easily repairable or upgradable for lower life-cycle-cost, and access to interior wall when required.

These self-contained units are designed and assembled in a repeatable methods, strict dimensional assembly/material elements, with complete decor and amenities installed in the same fashion that modular homes are being constructed. The LGS framework provides high strength structure to support long beam/stackable rigidity. Secure quick connects will be employed to support electrical/plumbing/communication, which reduces on-site installation for interconnecting the module unit to facility central infrastructure.

4.5 CONSTRUCTION OF THE RP-11 MODULAR MANUFACTURING FACILITY PROJECT

The following describes architectural/engineering service for the design of the Modular Manufacturing Facility, a 300' x 260' (78,000 sqft) building with 4,800 sqft of supporting offices for a total of 82,800 sqft. The structure will be a pre-engineered metal building with minimum interior clear height of 27'-0". Due to occupancy and area of the project, a sprinkler system will be required. The office build out is to include six (6) walled offices, a lunch room, a conference room, storage room, lobby and men's and women's locker/restroom.

Engineering support will be provided by the dedicated Resort Design Team and LLC Project Engineering Contractor, to assure integration of the module and resort structure are seamless. The MMF will be constructed on a unused lot area, shown in subsequent figures adjacent to rail line and downtown district for easy trailer transport access to CURP build sites.

4.6 MMF PRE-CONSTRUCTION SCOPE OF WORK

The following outlines the MMF Pre-Construction architectural/engineering/construction scope of work. These tasks define the overall MMF project analysis, design, and related permit, studies, and review process to satisfy follow-on construction.

4.6.1 Phase I - MMF Pre-Construction Initial Project Coordination (Schematic Design)

- a. Preliminary site plan
- b. Preliminary floor plan
- c. Preliminary code analysis

4.6.2 Phase II - MMF Pre-Construction Pre-Design Phase (Design Development)

- a. Development of architectural and engineering documentation to fix building size and layout and define mechanical/electrical/plumbing systems
- b. Preliminary foundation design
- c. Soil borings and geotechnical report
- d. Building reactions and anchor bolt plan

4.6.3 Phase III - MMF Pre-Construction Final Construction Drawings and Documentation

- a. Completion of foundations (caissons or other type of deep foundations may be necessary based upon the soils investigation and final geotechnical report, structural, architectural, mechanical, electrical, plumbing and fire protection documentation for permitting and construction
- b. Preparation of all building permit applications including Comcheck and all energy compliance certificates

4.6.4 Phase IV - MMF Pre-Construction Administration (Based on a 82,800 sqft facility)

- a. Estimating/subcontract awards
- b. Review shop drawings
- c. Construction of new facility
- d. Attend regular construction meetings
- e. Administration and construction management
- f. Prepare final punch list
- g. Contract close out documentation

4.6.5 MMF Pre-Construction Services Included:

- a. Existing field investigation and documentation
- b. Programming of new space based on Owner's desired program
- c. Review of proposed floor plan with Owner, revisions as necessary to achieve final floor plan
- d. Code analysis and/or incorporation of applicable municipal standards
- e. Design construction documentation and specifications including architectural, structural, mechanical, electrical, fire protection and electrical
- f. The final work product delivered in a digital format (PDF)

4.6.6 MMF Pre-Construction Services by the PPRA Project Team:

- a. Site/civil design drawings, storm water management plan

4.7 MMF SITE PREPARATION/FEMA MITIGATION SCOPE OF WORK

The following outlines the MMF site preparation including: excavation, concrete foundations, stormwater drainage, road/parking surfaces, fencing, and landscaping scope of work. These tasks define the overall MMF site prep to satisfy follow-on structure construction.

The downtown district has suffered over the years from annual flood threats due to its river front location being in a Flood Plane. Under FEMA (Federal Emergency Management Agency) occupancy requirements for flood plane redevelopment, non-residential construction may be flood proofed below the Base Flood Elevation (BFE) --The elevation of surface water resulting from a flood that has a 1 percent chance of equaling or exceeding that level in any given year.

To meet the RP-11 challenges, bulk compressed land fill will be provided to raise foundational elements to satisfy FEMA regulations (BFE-6' P2), and assure flood risks are mitigated to the facilities. The fill is taken from an adjacent mining refuse dump and sanitized/cordoned against any hazardous waste seepage.

4.7.1 Phase I MMF Construction Excavation

- a. Silt fence, erosion control, (I) construction entrance
- b. Install geo-thermal ground piping (dual line, 1" copper, 1000 ft) to service water recirculation for heating/cooling transfer
- c. Bulk fill (approx 30,000 cu yds) on site borrow from refuse pile
- d. Foundations based on 2500 psf minimum soils capacity
- e. Footer excavation and backfill"
- f. Stormwater management system
 - (1) Catch basins 4 ea.
 - (2) 12" drainage pipe
 - (3) 18" pipe (500 ft) to Captine Creek fm retention pond
 - (4) Endwall (1 ea.)
 - (5) Temporary Buffer Retention Pond

4.7.2 Phase II MMF Construction Site Concrete

- a. Concrete slab on grade at loading docks (8" thick) 4,000 s.f.
- b. Concrete walk and curb at office entrance

4.7.3 Phase III MMF Construction Concrete

- a. Footers, column pads, and piers
- b. Grade beam
- c. 4" slab on grade at office
 - (1) 4,000 psi concrete
 - (2) 4" stone base and vapor barrier
 - (3) 6x6x6 guage welded wire mesh reinforcement
 - (4) Perimeter insulation
 - (5) Cure and seal
 - (6) Expansion joints
- d. 8" slab on grade at manufacturing area
 - (1) 4,000 psi concrete
 - (2) Vapor barrier
 - (3) 8" stone base
 - (4) Perimeter insulation

- (5) 6x6x6 GA. Welded wire mesh reinforcement
- (6) Expansion joints
- (7) Cure and seal
- (8) Control joints
- e. Reinforcing steel in footers, column pads, piers and grade beams
- f. French drain
- g.. Furnish and install anchor bolts
- h. Thicken slab and rails at fixture rail transporter

4.7.4 Phase IV MMF Construction Bituminous Paving

- a. Heavy Duty 7.400 sqyds
- b. Install class IV geotextile reinforcement fabric
- c. Install a sub base of #2A slag at 8" and compact
- d. Install base course 25 mm at 5" and compact
- e. Install wearing course of 9 .5 mm at 1 1/2" and compact
- f. Light duty 400 sqyds
- g. Install sub base of #2A at 6" and compact
- h. Install base course of 25 mm at 3" and compact
- i. Install wearing course of 9 .5 mm at 1 1/2" and compact
- j. Line painting for 40 parking spaces
- k. 12" Wedge curb 1,000 ft.

4.7.5 Phase V MMF Construction Landscaping

- a. To be determined complimentary to the Facility

4.7.6 Phase VI MMF Construction Exterior Fencing

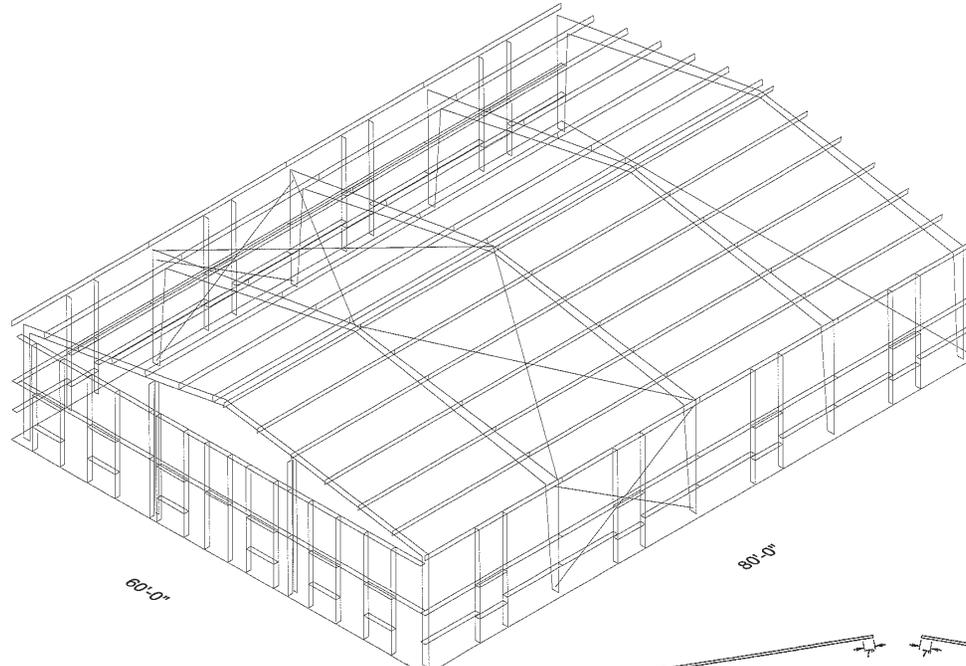
- a. 8'0" high 2,000 ft. with two entrance gates - main and rail spur

4.7.7 MMF Construction Miscellaneous Metals

- a. Pipe bollards 6 ea
- b. Loose lintels

4.8 MMF PRE-ENGINEERED CONSTRUCTION OF THE OFFICE

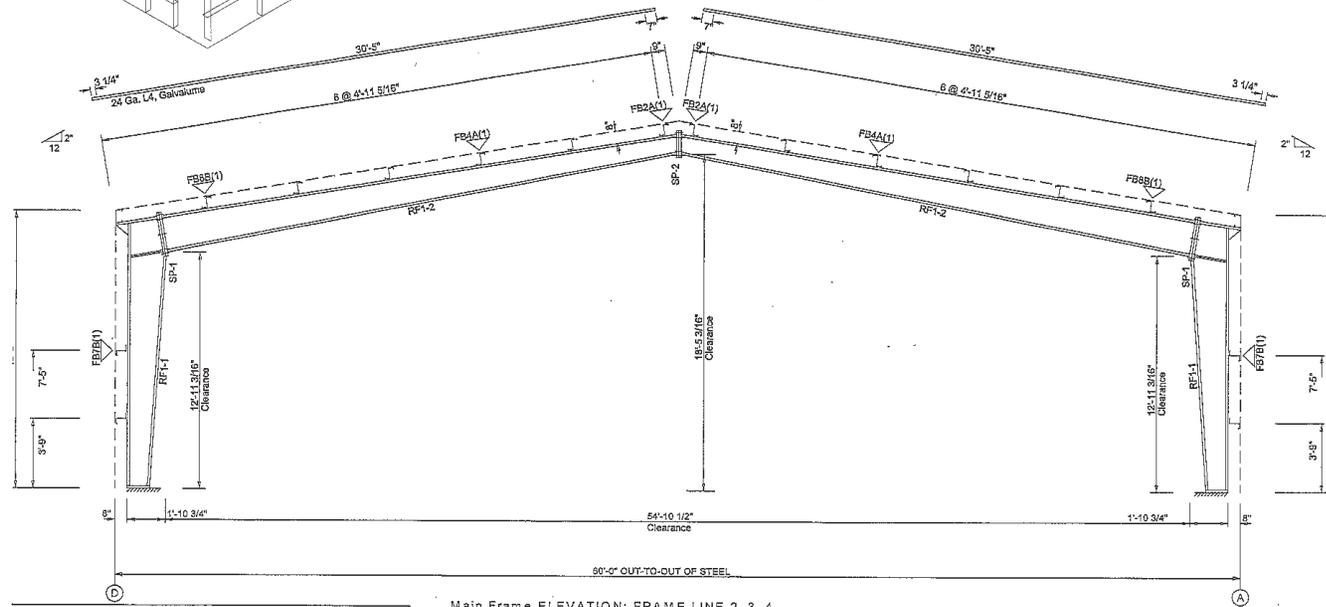
The following outlines the MMF pre-engineered specifications for constructing the MMF Office Structure (illustrated in **Figure 12**). These specifications provide guidance for the engineering design development under the pre-construction scope of work.



MMF Office Structure Specifications

Width:	60'-0"
Length:	80'-0"
Eave:	15'-0"
Governing building code/year:	IBC 2011
Frame Type:	Rigid
Roof pitch:	2:12
Roof:	Sheeting SSR 24 ga. Finish Galvalurne
Wall:	Sheeting 26 ga.
Loads:	Collateral 1 PSF
Roof:	Live Load 20 PSF
Ground:	Snow Load 20 PSF
Roof:	Snow Load 14 PSF
Wind:	Exposure "C"
Insulation:	Roof 3" unlaced over purlins 9.5" R-25 between purlins
	RoofWall Facing 6" R-19 WMP-50

Figure 12. MMF Office Structure Framework and Specifications

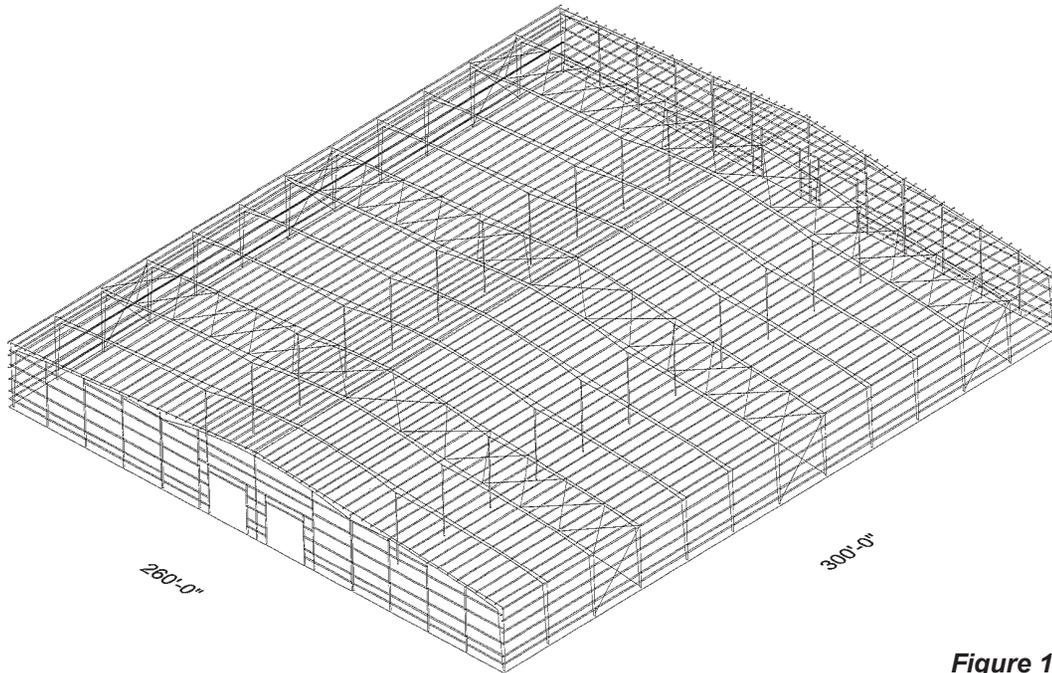


GENERAL NOTES:

- See Detail Sheets for Connection Information.
- See Shipping List for Flange Brace Lengths.

4.9 MMF PRE-ENGINEERED CONSTRUCTION OF THE MANUFACTURING FACILITY

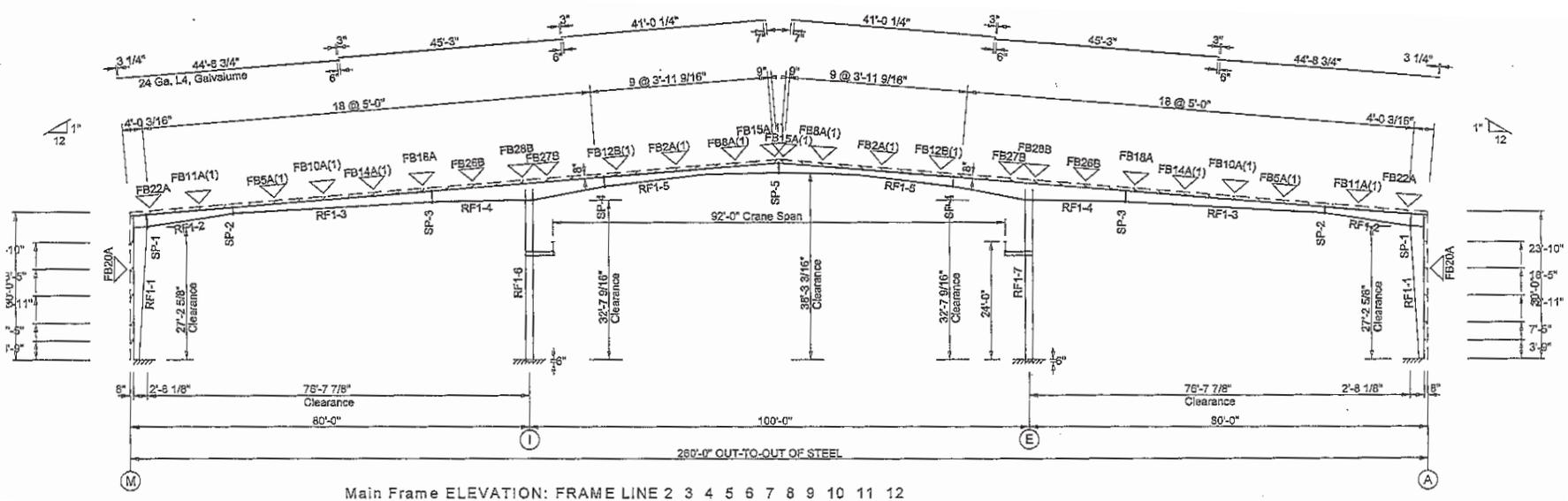
The following outlines the MMF pre-engineered specifications for constructing the MMF Office Structure (illustrated in *Figure 13*). These specifications provide guidance for the engineering design development under the pre-construction scope of work.



MMF Office Structure Specifications

Width:	260'-0"
Length:	300'-0"
Eave:	30'-0"
Governing building code/year:	IBC2011
Frame Type:	Rigid
Roof pitch:	1:12
Loads: Collateral	1 PSI
Roof: Live load	20 PSF
Ground: Snow load	20 PSF
Roof: Snow load	14 PSF
Wind	"C"
Roof:	Sheeting SSR 24 ga. Fasteners Exposed Finish Galvalume
Wall:	Sheeting 26 ga.
Linear Panel	Sheeting 29 ga. 8'0" High
Insulation:	Roof 3" unclad over purlins 9.5" R-25 between purlins 6" R-19 Wall Facing WMP-50

Figure 13. MMF Facility Structure Framework and Specifications



4.9.1 Overhead Crane equipment

- a. 92'-0" x 6'-0" motor operated overhead crane

4.9.2 Carpentry and Millwork

- a. Reception/ Administration counter
- b. Lunch room base and wall cabinets
- c. Allowance for furnished and installed items

4.9.3 Hollow metal doors, frames & finish hardware

- a. Exterior doors 3'- 0" x 7'-0" with panic hardware 10 ea.
- b. Interior doors 3'- 0" x 7'- 0" with lock sets 10 ea.
- c. Interior frame at warehouse 6'- 0" x 7'- 0" 2 ea
- d. Interior door at warehouse 3'- 0" x 7'- 0" 4 ea
- e. Finish hardware

4.9.4 Aluminum windows and entrance

- a. Windows 4x4 fixed 16 ea
- b. Aluminum entrance 1 ea

4.9.5 Overhead doors and dock equipment

- a. Four (4) 32'-0" x 20'-0" motor operated insulated.
- b. Three (3) 9'- 0" x 10'- 0" manual, insulated, dock door.

4.9.6 Metal stud, drywall, and acoustic ceilings

- a. MR drywall at showers and wetwalls
- b. R-19 unlaced batt insulation in all interior walls
- c. 3 5/8" 20 go interior framing with all accessories
- d. 5/8" drywall hung and finished, level 4 finish
- e. Acoustic ceilings - Armstrong second look II in 15/16" grid white

4.9.7 Painting

- a. Drywall at office area
- b. H.M. frames and doors

4.9.8 Carpet, VCT and rubber base

- a. Carpet based on \$25.00 s.y. furnished and installed in office
- b. Ceramic tile floors at lunch room men's and women's locker/rest rooms(based on \$5.00 s.f.)
- c. Rubber base in office area only

4.9.9 Signage

- a. Allowance of \$1,000.00 for interior signage furnished/installed

4.9.10 Fire extinguishers and cabinets

- a. Fire extinguishers 8 ea
- b. Fire extinguishers cabinets 3 ea
- c. Allowance for items above

4.9.11 Metal lockers

- a. 12" x 18" x 72" 182 ea furnished and installed

4.9.12 Toilet accessories

- a. Accessories for six (6) rest rooms furnished and installed

4.9.13 Fire protection

- a. Wet type automatic sprinkler system throughout building
- b. Utilizing schedules 10 and 40 black steel piping
- c. System designed in accordance with NFPA for ordinary hazard for the manufacturing area and light hazard for the office area
- d. Fire pump with transfer switch included

4.9.14 Plumbing

- a. All waste, vent and domestic piping for fixtures
- b. Water closets 7 ea
- c. Drinking fountain 1 ea
- d. Water heaters 1 ea
- e. Mop sink 1 ea

4.9.15 hvac

- a. Manufacturing heating/cooled from with air rotation units four (4) ea
- b. Manufacturing summer ventilation with eight (8) recirculation prop fans wth and louvers
- c. Office hvac from (2) air handlers located in mechanical room, complete with duct system, grills, registers/diffusers
- d. Install solar heat collection and geothermal ground collection water recirculation with heat pump system implementation

4.9.16 Electrical - Warehouse Area

- a. Furnish and install a 800 amp, 3 phase, 277/408 Volt Main Electrical Service Entrance including three (3) sub-panels, wiring, conduit, excavation, transformer pad, grounding and connections
- b. Furnish and install all necessary circuiting, disconnects, and connections for hvac equipment for the warehouse area.
- c. Furnish and install sixty (60) GFCI receptacles and wiring for the interior of the warehouse
- d. Furnish and install twelve (12) weather proof GFCI devices for the outside of the warehouse area
- e. Furnish and install seven (7) wall mounted light fixtures for exterior illumination of the warehouse building area
- f. Provide emergency lighting per code
- g. Furnish and install one hundred fifty (150) high bay T5 fluorescent 2x4 lights in the warehouse, including breaker control. Thirty (30) of these lights will have an emergency ballast and will serve as night lights and emergency lights
- h. Furnish and install a fire alarm system with the flow and tamper, smoke detector, horn strobes, pull stations, and duct detectors. Permit and inspection of fire alarm is included.

4.9.17 Electrical - Office Area

- a. Furnish and install seventy five (75) parabolic 2x4 drop in light fixtures including wire, support, controls/connections.
- b. Furnish and install eight (8) recessed light fixtures for the conference rooms
- c. Provide emergency lighting, per code.
- d. Furnish and install exterior lighting
- e. Furnish and install one hundred thirty (130) receptacles, eight (8) GFCI receptacles, and four (4) exterior weather proof GFCI for the office area.
- f. Fire alarm system per code .
- f. Hard rock excavation
- g. Existing utility line relocation
- h. Water line piping and fire hydrant installation external and interior hookups
- i. Soil monitoring and testing during construction activities
- j. Security and sound systems
- k. Winterization cost (ex. Enclosures and temporary heat)
- l. Temporary utility usage cost (electrical, water, gas, etc.)
- m. Site Lighting
- n. Data wiring and/or stub ups
- o. New water service entrance and meter vault

4.9.18 Miscellaneous contingencies

- a. Bond coverage
- b. Plan review fees
- c. Power and utility company connection fees
- d. Contaminated or hazardous soils excavation
- e. Removal or relocation of below grade obstructions

Notes:

- a. Construction 12 months.
- b. Engineered stamped drawings for pre-engineered building included
- c. Revised floor plan and elevation/will be required upon acceptance of this proposal.

5.0 PROJECT MANAGEMENT**5.1 OVERVIEW/EXPERIENCE/BACKGROUND OF MANAGEMENT ORGANIZATION.**

The **Powhatan Point Riverfront Resort Inc Management Team** (illustrated in *Figure 14*) represents a joint venture with three sectors of expertise and responsibility. The groups administering the sectors are: **(a) Government/Local Organizations/OVRDC/PPRA Elements ; (b) Investor Equity Partners; and (c) Powhatan Point Riverfront Resort, Inc.** Each performs a critical aspect of the overall development and shares in the decision-making with the others to enhance responsible actions and shared risks. The **Powhatan Point Riverfront Resort, Inc** will retain majority ownership and jointly share in its operation.

5.1.1 Government/Local Organization, PPRA, Land Bank, and Grant-Tax-Credits-Loan Subsidies Support Elements

The **Support Group** includes several entities including: **(a)** the Powhatan Point Revitalization Association; **(b)** Ohio Valley Riverfront Development Committee; **(c)** State/County/Municipal Government; **(d)** Property Owner Land Bank Assembly; and **(e)** Grant/Tax Credits/Loan Subsidy efforts.

- a. **The Powhatan Point Revitalization Association (PPRA) and Ohio Valley Riverfront Development Committee (OVRDC) have teamed up as non-profit organizations to coordinate this proposal, county/state/federal tax incentives, grants and loan subsidies.** The **PPRA/OVRDC** has served as a catalyst and face of the project, establishing overall plan, design and management team to initiate and maintain the project development. This includes developing relationships with the local/county/state government agencies and property owners to maximize equity investment for the community and the investor partners. The **PPRA/OVRDC** will assist as subcontractor to the Powhatan Point Riverfront Resort Inc, in administering property operations and security of the CURP Phase I facilities, including marketing and sales agent to attain full occupancy and meet revenue projections. Key individual representatives are: Michael Stora - PPRA President; Danny Popp - Architect Team Manager/OVRDC President; Financing Assistance - Hayward Associates; and related group representatives; developers, architecture, legal, construction contractors, MMF management, marketing and sales skills.

- b. **State/County/Municipal Government Support** is established through various government/private organizations offering both financial and political support to the project in the form of tax credits, loans subsidies, and political influence to solve specific government issues. A **Tax Increment Financing (TIF) exemption from the Powhatan Point Municipality** is also expected as an equity investment by the town government, in which tax revenue is reimbursed to the project for primarily infrastructure expenses. These include roads, utilities, storm drainage and FEMA mitigation. The TIF exemptions valued at \$450,000, complemented by potential grants, tax credits and subsidies are expected to exceed \$4M, and represent 45% shareholder stake in the project. Job development and tax revenues (employee payroll/sales/property/hotel taxes) will also be a needed benefit from the project. The government representatives include: Small Business Development Centers (SBDC); Ohio Mid-Eastern Government Association(OMEGA); Jobs Ohio, Heritage Ohio, Belmont County Port Authority; Town Council; Ohio Development Services Agency; and others.
- c. **Property Owner Land Bank Assembly** Is a critical element to the project, in which property owners are solicited by the Powhatan Point Riverfront Resort Inc, to acquire their respective land on which the project will be built. The land bank assembly approach, is incentive-based, where the owners are offered an equity value in the project for their land combined equity value of \$175K at \$5-7/sqft (162,000 sqft) + cash incentive (\$87.5K) = combined \$332K. The Land Bank choice represent equity investments that build community support, allow property owners to share in the rewards, and reduce up front costs. These costs were accounted for in the financial analysis provided. Alternatively, owners may choose to sell their respective properties in lieu of land bank investment at a at current market property value.
- d. **Grant/Tax Credits/Loan Subsidies.** The PPRA/OVRDC/SBDC/Government Agencies will utilize every avenue available to them to acquire grant funding, tax credits, and loan subsidies based upon the resort redevelopment efforts, use of green technology, infrastructure improvements, historical relevance, tourism and job expansion. Agencies offering these financial rewards are numerous and administered by federal, state, local and private institutions. The basic goal for these activities could amount to \$3-4 million to the project. Dedicated staff will be hired to support the efforts under PPRR administration. Financial awards will be treated as equity investment for the respective organization under the project, as well as retaining an equity position in the amortized property value.

5.1.2 Investor Equity/Loan Partners

The Investor Equity/Loan Partners provide the foundation for implementing the Powhatan Point Riverfront Resort Project representing three basic elements: (1) Equity Investors; (2) Debt Service Financing; and (3) Potential Government Loan Assistance. Summary funding is paramount to any efforts being considered, as is the security of that investment. ***Project Equity/Loan Funding Partners and Distribution***, which relies on both equity and loan funding to complete the \$64.1M RP-1/2/3/11/Common Powhatan Point Project. Investor Partners may choose to finance debt service or rely on separate financial institutes (state assisted funding arrangements). The Investor Equity Partners group would establish an Advisory Board to actively participate in the oversight/critical decision-making of the Inc actions. The Project Inc is expected to negotiate final terms for which the financing will be implemented and related allocation, including legal and contractual activities. Due to options of the investors financing the debt service or having financial institution doing it, no costs have been included for closing, bridge financing or broker fees.

- a. **Equity Investors** are the responsible body that provides both at-risk and preferred low risk financing, and also serve as the shareholder ownership of the project. The current financial analysis is based upon 20% equity and 80% loan obligations with assumptions that the equity investment of \$13M would be done under a preferred stock plan with a fixed annual dividend of 1.5%. With potential to finance the majority of the \$4-5M as loan obligations, there has been an aggressive effort to solicit a hospitality developer equity investor with related development and operational management experience to meet the development management assistance. There has been four financing entities identified, including: **(a) consolidated group of the PPRA/OVRDC; (b) Municipal Government; (c) Land Bank owners; (d) Developer Investment Partner; (e) Brokers/General Partner; (f) Consultants/Management support; and (g) Government Assistance** (state/federal government agencies: Omega/Jobs-Ohio/ODSA/EDA).

- b. **Debt Service Financial Group** represents the financial group providing the loan. The group may be either represented as an investor partner assuming debt service, or by financial institutions, state loan assistance, or others as determined by the Investor Partners under Equity Investor management. The loan provisions are currently estimated on a 12 year payment plan with 4% interest charge, although current financial rates are near 3.5%, which the potential state/federal resources may reduce further. This reduces our risk to cover more service debt. Additional fees have not been taken into account, which the 3.5% service fees may cover. The goal being sought is pay down of the debt in the shortest period from the planned 12 year payment process, especially during the initial years. Projected profits could be used instead of distribution to the equity investors.
- c. **Project Advisory Board.** The investor partners will be further counseled by its Project Advisory Board to assure responsible actions are taken. The Equity Investor will select these individuals based upon expertise and resort development, construction, financial, government affairs, and contracts. Their role is to oversee the project on behalf of the Investor Partners and provide expert advice to the Powhatan Point Riverfront Resort Inc.

5.1.3 Powhatan Point Riverfront Resort Inc

The **Powhatan Point Riverfront Resort Inc** (*Figure 14*) represents four functional elements: (1) Board of Directors; (2) Management Team; (3) Development Design Team; (4) Module Manufacturing Facility Development Team; (4) Subcontractor Build Team; (5) Marketing and Real Estate Sales; and (6) Property Operations, Marketing and Security. These elements are responsible for implementing the project.

- a. **Board of Directors** are the responsible body that oversees, decides and authorizes all actions taken to implement the project. Seven Directors are selected as representatives of all involved elements with the project to assure a voice and communication is established between them. It includes: (a) PPRA - two members; (b) Investor Partners representatives - two members; (c) engineering/construction representative; (d) debt service financial representative; and (e) experienced resort developer representative. Three non-voting liaison members would participate in the dialogue of the board, representing specific interest of the Investor Partners Advisory Board, state and local government.
- b. **Project Management Team** is a hired development management team staffed initially with 20+ individuals responsible for overall development management, legal and financial processes, land acquisition, environmental assessment, architecture design, construction, marketing/sales, and government/community liaison. Some of these individuals will be extensions of the PPRA involved in the design and government/community liaison, marketing and sales, project operations and security, while the others will be senior personnel supported by skilled staff to meet implementation/construction efforts.

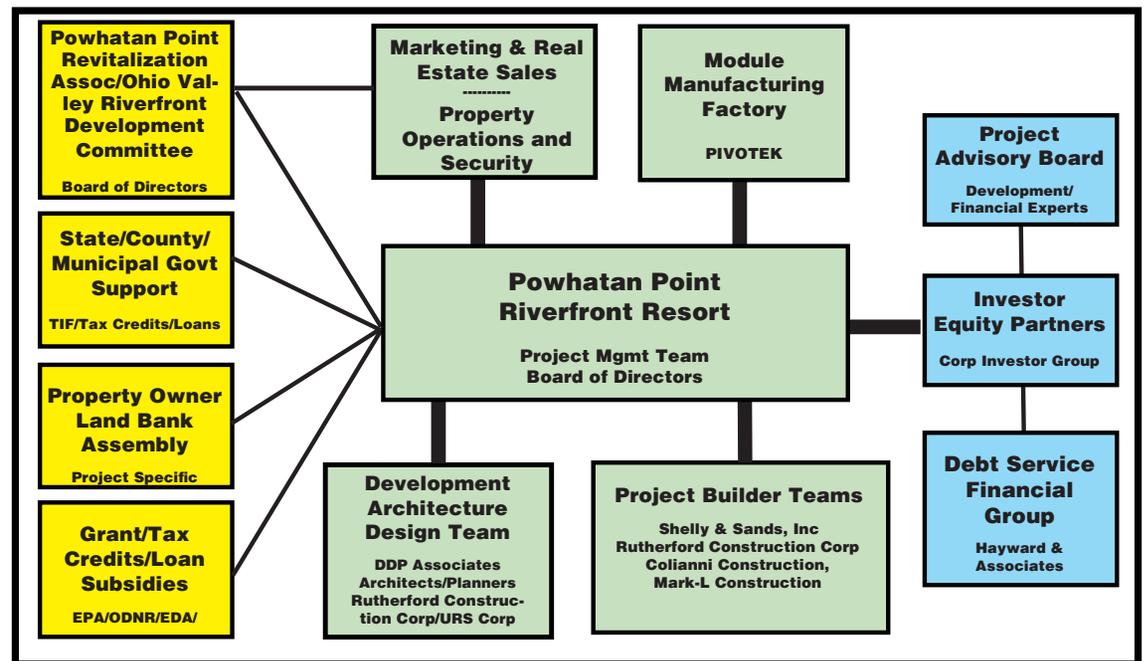


Figure 14. Powhatan Point Riverfront Resort Project Management.

- c. **Development Team.** The design team is established under System Integration Technologies (SIT), President, Michael Stora, and DDP & Associates (DDP), Senior Architect, Danny Popp, who have spent significant efforts over the past three years to study and define Powhatan Point development. Mike was raised in Powhatan Point, past fortune 500 business developer, CEO of SIT, and 20 year experience in economic development. He was founder and current President of the PPRA. Danny Popp grew up in the Ohio Valley - Shadyside community, is Powhatan Point's flood plain administrator, and the Chairman of the Ohio Valley River Redevelopment Committee (OVRDC). Combining these roles with architecture experience, he brings familiarity with the community/region and direct guidance/influence with those respective local/state government agencies. These individuals have spent significant effort to assess the attributes, strengths, weaknesses, location, gas industry impact, opportunities, that derived a development plan based upon a comprehensive feasibility analysis, design approach, financial analysis, establishment of equity/debt funding sources, and relationships with contracted build and management companies.

Companies being coordinated with include George J Kontogiannis Planner/Architects, the URS Corporation, experience in mixed-use development and past working relationships. Shelly and Sands, a major engineering/ construction and asphalt/concrete supplier, is expected to handle infrastructure, excavation, foundation, road, wharf, and streetscape efforts for all structures, Ohio-West Virginia Excavating Co. may assist in that same work. Rutherford Construction would support the MMF turnkey development, working with Olympia Steel Building Systems and a planned management firm (PIVOTEK) responsible for the advanced modular approach. Mark-L Construction is being tasked to redevelop the school facility. Aimbridge Hospitality is being approached to organize, recruit staff and manage the resort. DDP and SIT will coordinate relationships with those companies to assure efficient construction and integration to minimize costs. Applying common modules and iteration of those buildings furthers that objective. Each project will establish an independent engineering and construction staff headed by a Project Manager/General Contractor to coordinate their activities, The Resort Development Team will establish design requirements, review planning, milestone schedules and critical decision-making activities. This oversight includes advising and directing certain actions to the independent teams, including making final decisions where conflicts arise.

- d. **Construction Approach.** Construction Teams are independent construction firms or construction groups under a general contractor. Each is coordinated by a Project Manager who reports and serves on the Development Architectural Design Team and selected based upon experience, past performance, capabilities and price. Although RP-1 and RP-11 will be managed by a single project construction manager with sub group support, RP-2/3/Common projects will be subdivided into three operational construction efforts: (a) concrete foundation/road/sidewalk/curbs/docks/wharf construction; (b) infrastructure sewer/water/storm drainage/flood control/electrical/communications/waste water treatment/sternwheeler hotel module/wharf/dock utility hookups and fuel distribution; and (c) Level 3-8 structure, retail/office facilities, stackable hotel suites/walk-arounds, roof facilities, and exterior facades/boardwalk/entries. All activities require daily coordination with design team to assure integration occurs seamless. By duplicating and sequentially building RP-2 and RP-3, and follow-on builds (RP-4/5/6/7/8 every effort is made to learn from our first implementation and minimize repeating problems.
- e. **Marketing and Real Estate Sales** responsibilities are assigned to resort management/service companies by the Powhatan Point Riverfront Resort, will coordinate with resort management marketing team and real estate staff to initiate sales activities for leasing the facilities upon construction completion. The goal being to occupy completely the facility, immediately upon construction and ongoing thereafter. This includes outreach to local and regional real estate agencies. The marketing approach will focus on transitional gas workers while also attracting time-share and long-term residents under rental only agreements. Retail and office tenants will be sought to occupy non-apartment space with focus on cultural art specialty shops, restaurants, and incubator technology firms supporting the gas fracking industry or general technology markets. Hotels will be advertised as part of the overall resort theme with emphasis on business conferences and getaway vacation destination.
- f. **Property Operations, Marketing and Security** will be provided by the PPRA under subcontract from the Powhatan Point Riverfront Resort Inc. In that capacity, the PPRA will administer facility operations utilizing hired and contracted staff to manage tenant contracting, collections/accounting, taxes, utilities, building maintenance, parking management, cleaning services, road and waterfront streetscape maintenance, riverfront docking, and potential sternwheeler support. In addition, internal security will be provided to supplement in a simple police force, with roving patrols, camera and sensor monitoring 24/7. Maintenance would entail building structures, utilities operation, road, streetscape and docking facilities, involving maintenance/security staff, equipment and supplies. This is projected to amount be 7% of annual revenue (\$560k - staff of 15 personnel plus expenses), which will be offset from docking/utility/maintenance fees.

5.2 MMF CONSTRUCTION/OPERATION MANAGEMENT

5.2.1 Overview

The *PPRA* in conjunction with the *Powhatan Point Riverfront Resort (PPRA)* in conjunction with: **(a) General Contractor CAVCON**, to perform a turn-key build of the MMF; and **(b) the MMF General Manager PIVOTEK Inc.** of Cincinnati, Ohio, have formed an understanding to establish a MMF management team to implement and operate the Modular Manufacturing Factory (MMF) RP-11.

5.2.2 Responsibilities of the Parties

The PPRR has sole responsibility and authority for the content of the MMF Development, and for the final work performed by the MMF General Contractor (CAVCON) and General Manager (PIVOTEK). PPRR is the overseer of the project, its objectives, and the interface with the investors and financial support for this development and any related Project financing.

5.2.3 Responsibilities of the PPRR

PPRR serves as the Owner of the MMF overseeing subcontractors conducting turn-key engineering, pre-construction, construction and overall operation implementation with PIVOTEK. PPRR is responsible for: **(a)** definition/engineering of the Module design and transportation system for units built for the CURP development; **(b)** overall financial responsibilities to acquire land, fund the development, implement the MMF operation; **(c)** purchase the Modules and define perspective production rates; **(d)** on-going budget objectives to sustain the operation; **(e)** provide Subcontractors with startup funding to develop and implement the MMF until production efforts self-sustain the operation; **(f)** provide Subcontractor representation on the Resort Board of Directors and Development Engineering/Financial Advisory Committees.

5.2.4 Responsibilities of CAVCON

CAVCON will serve as the General Contractor of the MMF construction. In collaboration with the PPRR and the MMF General Manager, CAVCON will be responsible for complete: **(a)** preliminary property assessment/studies; **(b)** property site prep/FEMA mitigation; **(c)** pre-construction/engineering; **(d)** construction; and **(e)** final approval review.

5.2.5 Responsibilities of PIVOTEK

PIVOTEK is being considered as the General Manager of the MMF implementation and operation. In collaboration with the MMF facility construction General Contractor they will be responsible for defining, implementing and operating the MMF. With PPRA assistance the following responsibilities will be assigned to PIVOTEK: **(a)** recruit, hire, train and manage the MMF workforce; **(b)** purchase, operate and train personnel in the use of production equipment; **(c)** definition, purchase, validation through inspection, stocking Module materials/products; **(d)** define production processes, train and manage the MMF workforce in the implementation of those processes; **(e)** define with PPRR collaboration costs/Module fees and meet agreeable budgetary terms; **(f)** advise PPRR as needed on Module design, assembly, quality, production rates, costs, and personnel; **(g)** build prototype 30x30ft w/ two (2) one bedroom modules to validate design and process; **(h)** manage all cost incurred billing and workforce salary requirements against budgeted projections; and **(i)** conduct market and sales activities to solicit regional housing opportunities.

To incentivize PIVOTEK, they may implement an independent effort to market the region their respective Module capabilities utilizing the MMF capabilities under profit sharing arrangements with the PPRR.

5.3 SCHEDULE

The **MMF Project** is a foundational element of the **Powhatan Point Riverfront Mixed Use RP-1/2/3/Common/11**, in which the building block Modules, produced by the MMF, were utilized in the redevelopment expansion of the school facility (RP-1), and the two 8 story mixed use riverfront hotel structures. As described in the **Project Schedule, Figure 15**, the MMF development is divided into five basic phases: **(a) Pre-Construction; (b) Site Preparation; (c) Construction; (d) Operation Implementation; and (e) Production.** Each phase has specific tasks and responsibilities by the PPRA, PPRR, Construction General Contractor, and General Manager team to limit risks and or schedule impact, under fixed bid applications. To oversee each project will be the **Powhatan Point Riverfront Resort, Inc Management Team** for all phases of the project.

Each phase will be implemented separately with overlaps by the respective team members. Based upon pre-planning by the PPRA and related subcontractor negotiations, the MMF RP-11 Project will initiate immediately upon securing the funding sources (After Receipt of Funding -ARF), the acquisition of property, finalize contracts, and begin pre-construction efforts, with expectation to be operational in 18 months. Milestone planning serves as start/end dates to assure development goals are met. Milestones also include marketing/sales goals to validate CURP/Regional Housing production objectives.

5.3.1 Pre-Construction

As described in the previous *Paragraph 2.3* and the *MMF Milestone Schedule (Fig. 15)*, the initial phase is *Pre-construction*, involving pre-planning, investment-financing, studies, acquisition-contracting, engineering, and costing. This start-up operation establishes the organizational structure and management team and pre-planning processes. The *studies* involves several impact assessments on: demand/marketing, environmental, watershed, riverfront, hazardous waste, demolition/removal, site prep, Army Engineering Corps Captina Creek storm drainage, FEMA Flood Plan, infrastructure impact, storm water drainage, and road realignment. From these assessments a final detail design plan with bill of materials for the MMF will be initiated. This info will confirm projected budgets, conceptual layout plans refine financing requirements, and support the permit application/approva/reporting process.

5.3.2 Site Preparation

As described in the previous *Paragraph 2.4* and the *MMF Milestone Schedule (Fig. 15)*, the second phase is *Site Preparation* involving clearing of the site, silt fencing/erosion control/construction entrance; install interior/external underground utility (water/sewer/electrical/communications) connections, geo-thermal ground piping to service water recirculation for heating/cooling transfer; bulk fill from refuse pile to raise overall site level by six (6) feet in order to meet the 100 year FEMA Flood Plane requirements; construct building footer foundations, backfill and concrete base; installation of the stormwater drainage piping, buffer pond, and Captina Creek outlet; concrete footers, column pads, and piers; reinforced 8" inch slab concrete for manufacturing and office flooring; road/parking lot preparation and asphalt paving; and site fencing/lighting/security/landscaping.

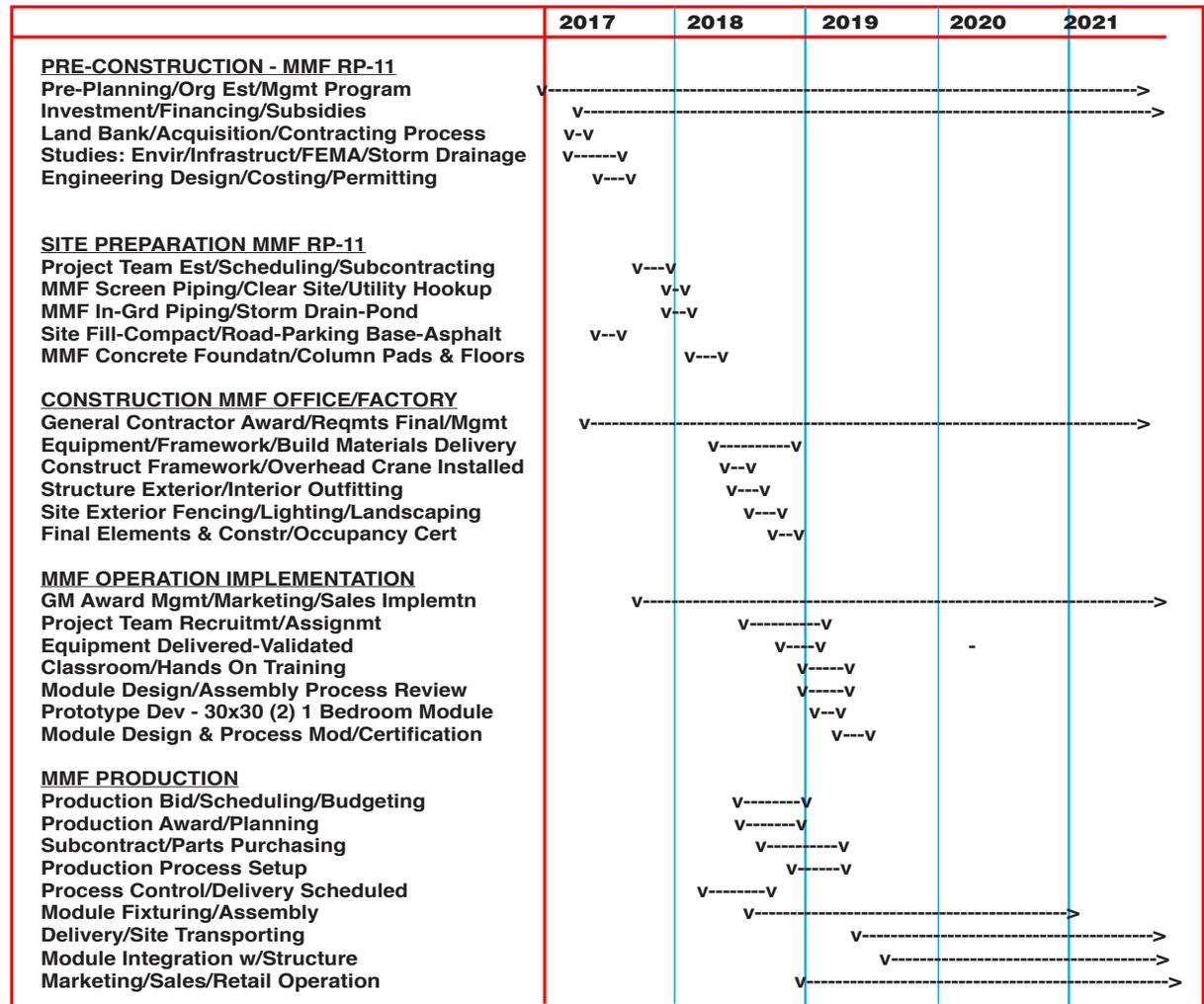


Figure 15. Powhatan Point MMF Project Schedule

5.3.3 Construction of the Factory and Office

As described in the previous *Paragraph 2.5/2.6* and the *MMF Milestone Schedule (Fig. 15)*, the third phase is the *Construction of the Factory and Office* involving the turn-key construction by a selected General Contractor to include the responsibility for the Pre-Construction and Site Preparation phases. PIVOTEK would coordinate with the General Contractor to assure construction design and assure the build will meet their needs to implement the operation. Construction will apply industrial grade pre-configured steel framing, install electrical/lighting, air compressor/piping, drinking water/eye-wash systems, building insulation/heating-cooling systems, restrooms/locker rooms/office decor-carpeting-drop ceiling, garage door/exterior-interior doors/windows, lift crane/rail support structure, and transport fixtures.

5.3.4 Operation Implementation

MMF implementation is a team effort by the *Powhatan Point Revitalization Association (PPRA)*, the *Powhatan Point Riverfront Resort (PPRA)*, a *selected General Contractor* [TBD - from two vendors offering bids], and the *MMF General Manager PIVOTEK Inc.*. Through the coordination of these teammembers the MMF would be designed/constructed and operationally implemented. This continues with the PPRR and PIVOTEK to initially recruit/train the working staff and develop the assembly process followed by a prototype validation to assure the production would be a qualitative cost-efficient operation.

5.3.5 MMF Production

The MMF Production Phase initiates operational assembly and delivery of the housing modules for both the CURP and regional housing market demands. It includes subcontract/purchase order awards to suppliers, full implementation of the production process and deliverable schedules. Module fixturing for in-plant assembly and job site transporting is implemented to achieve high efficient movement through it factory and job site integration. On-going marketing and sales efforts would continue to meet new opportunities and maintain customer support prior to, during, and after delivery.

6.0 ORGANIZATIONAL CHALLENGES, PLAN ISSUES, AND KEY VACANCIES

6.1 ORGANIZATIONAL CHALLENGES

The organizational structure proposed in *Section 6*, describes the administrative functions of the project, including relationships with selected financing, design and build team companies that have been put in place for immediate development response. Preliminary organizational tasks to be completed are the:

- (a) *identify Inc staff, Investor Partners and Project Advisory Team structure for immediate implementation;*
- (b) *finalize construction team requirements by project, capabilities and responsibilities; and*
- (d) *name the Resort Inc Board of Directors that supports stakeholders interests.*

6.2 PLAN IMPLEMENTATION ISSUES

The Resort Project has been sufficiently planned to warrant an initial decision by interested parties to proceed ahead with more detail analysis and formal dialogue with affected parties. The Parties are expected to self-finance any short-term start-term expenses involving subsequent meetings and dialogue resulting in a formal Terms Agreement and Funding Process with Equity Investor, to:

- (a) *establish LOI/Terms Agreement with investor/financial partners for initiating the pre-construction financing processes;*
- (b) *finalize financial institutional support, funding levels, processes and initiate RP-2/3 pre-construction/RP-1 rehabilitation/RP-11 construction disbursement;*
- (c) *conducting contractual undertakings for land acquisition and lease arrangements with potential business/corporate tenants;*
- (d) *identify infrastructure assessments and environmental impact studies;*
- (e) *performing engineering design and build team organization/development implementation.*

6.3 KEY POSITIONS AND VACANCIES

The need for qualified Resort Inc Board Members and Management staff are critical vacancy issues. Initial expectations are establishing an interim governing group that can bring in more knowledgeable/dedicated staff. The preliminary board member structure is: (1) plan manager, Michael Stora serving as PPRA representative and interim CEO of the Inc to assure plan transition; (2) OVRDC representative, Danny Popp and Inc General Contractor/Project Architect; (3) Investor Partners -two board representatives; (4) legal representative; (5) Design Team liaison representative; (6) financial analyst; and (7) government liaison representative. The Resort will seek subcontractor developer/technical/financial/legal/marketing support in lieu of hired staff. Selection of these subcontractors are being refined over the next 6 months. The independent engineering and construction subcontractors bring experience and technical know-how, while LCC staff being identified will oversee their work and assure objectives are met and controls/decision-making processes are followed. Equity Investor has similar task in defining representatives to sit on the Inc Board and their Project Advisory Board.

6.4 TIMING TO SOLVE CONCERNS

Solving problems begins with reducing costs, schedule and risks. Current proposed development strategy emphasizes:

- (a) *reducing costs through modular construction using immediate available off-site manufacturing assembly line process; duplicating building design/construction; mixed use to assure revenue generation from multiply uses; and common operation management/security staff;*
- (b) *conservative estimating and scheduling offers significant margins to complete ahead of schedule under cost;*
- (c) *phased development that progresses with lessons learned and fulfillment of occupancy goals;*
- (d) *coordinated and layered oversight to assure quality firms that meet obligations; and*
- (e) *Project approach that meets cultural/historic theme that reinforces destination strategy and supports follow-on development efforts.*

Development timing must reflect results immediately, getting jobs, and benefits directly to community. The Project, when fully operational in 24 months, is expected to begin immediately employing 300+ construction individuals and later permanent positions to meet hotel/retail/office/factory/support requirements, and tax revenue greatly beneficial to residents. Front-end marketing and sales efforts are designed to meet 50% commitments before project begins with goal of full occupancy.

7.0 OPERATIONS

7.1 KEY MILESTONES ACHIEVED TO DATE

Key milestones achieved include strengths and weaknesses study of the community; development of a Community Redevelopment Urbanrevitalization approach; development of design and construction plan; basic pro Forma analysis; feasibility analysis, government tax incentives defined; preliminary organization structure; formulated an engineering and construction team partnership; and land bank assembly planning. PPRA/OVRDC completed this formal business plan and facility plan. Summary financial analysis was included as reference material. Investors and developers were consulted to implement the planning set forth.

7.2 KEY MILESTONES TO BE ACHIEVED

Gain acceptance from investors - three separate dialogs occurred to develop financial institutional arrangements with: (a) financial institutions to determine financing requirements and funding availability; (b) developers/engineering firms to determine equity investment to develop resort; and (c) establish relationships/assistance with state/federal government agencies - ODSA/Jobs-Ohio/Omega/APEG, to assist in financing the proposed plan. Draft a Terms Agreement and project finance process and move to complete those arrangements. Define environmental impact study requirements; initiate government interfacing to acquire tax incentives; grants; and subsidies have been reviewed. Initiate preliminary engineering efforts for RP-11 MMF and review with developers to determine feasibility/costs/schedule/construction requirements and remove risk. Review with the Federal Economic Development Agency to reinforce investor interests and potential assistance. Completing Equity and Loan Terms Plan is critical aspects for the project.

7.3 PROVIDE TWENTY YEAR PRO FORMA FINANCIAL ANALYSIS

The *Summary Pro Forma Financial 20 Year Plan for Modular Manufacturing Factory RP-11 (Table 1)* provides cost and revenue projections for the RP-11 MMF Project efforts. The Community Common Elements (square/amphitheater/wharf/docking facilities/riverfront boardwalk/streetscape) are shared costs between the two RP-2/3 Structures, while the RP-11 MMF project to develop modular build capability to support cost reductions to RP-1/2/3 and follow-on resort expansion and regional housing boom to achieve independent ROI benefits. These detailed projections provide representative build costs and related projected revenue by space allocation, respective revenue with equity/loan financing, overhead costs, government tax projections, annual profits and overall amortization values for 10/20 years. As projected loan financing and TIF allocations are completed in a twelve year period with expected annual profit generations and amortized property values would double the investment made by the investors.

7.4 KEY ASSUMPTIONS WHICH DRIVE THE PROFIT (INCLUDE PROJECTED COST, LEASE REVENUE, DISTRIBUTION PLAN AND SALES CYCLE) / SHOW SALES PROSPECTS

The **MMF Financial Analysis** projects annual profits based upon conservative revenue assumptions to maximize return on the investment. We have further exploited the current gas fracking exploration boom that is just beginning to impact the area by addressing both housing and office requirements. Offering capability to produce 4-6 units a week, a 100+ jobs and significant cost savings to the CUAD Program. The expected demand requiring upwards to 1,500 residential units over the next five years which are currently nonexistent in the area provides an immediate need for the MMF.

Cost control and material/labor reduction techniques further enhance profit-making, with particular emphasis on modular construction and module design replication. These are expected to reduce current projected costs by as much as 30%, which will significantly enhance annual profits and potential pay down of the loan which in turn realizes higher amortization values. Green technology, central RH/C, energy conservation/efficiency, and water conservation implementation does add costs on the front end, however offers considerable utility savings in later years and significant tax/grant subsidies short term to offset those costs..

Combination of parallel and sequential build processes are being implemented to learn from iterative processes, reduce costs and risks respectively. Phased development is conditioned upon construction team availability and modular build process follow-on builds based upon occupancy fulfillment of earlier phases, which reduces risk and capital expenditure unless revenue generation goals are met.

The Modular Manufacturing Facility expands that role into a local off-site assembly line approach which produces standardized modules that are trailered to build site and integrated into framework build process to limit learning curves, stick-build inefficiencies and improve integration efficiencies. Advanced use of Light Grade Steel (LGS) to reduce overall weight and support stackable ability with high efficient Radiant Heating/Cooling (RH/C), fully integrated exterior/interior facades and quick connect centralized/inter-module utility interfacing.

7.5 COMPUTER TECHNOLOGY IMPLEMENTATION

Computer technology will be fully employed to develop/manage pre-construction engineering design, financial and schedule analysis and staff coordination to assure consistent quality results. It further permits full disclosure and transparency to all stakeholders in real time of the milestone progress, decision-making results, cost incurments, and sales activities. MIS also collects, manages and archives data for technical/management review that assists in process awareness/decision-making/lessons learned. All an important function to achieving goals set, reducing costs/risks and profitability.

Table 1. Summary Pro Forma Financial 20 Year Plan for Modular Manufacturing Factory RP-11
Riverfront Resort RP-1/2/3/11/Common Capitalization Rates

Year	Est Sales Price	Net Income	Annual Percentage Rate	Cap Rate
2017	29,016,860	2,193,255		8%
2018	32,370,790	3,028,097	28%	9%
2019	36,693,718	3,605,529	16%	10%
2020	41,766,995	3,873,825	7%	9%
2021	47,311,500	3,988,681	3%	8%
5 Year Cap Rate	47,311,500	16,689,387	13%	9%
2022	53,192,641	4,184,181	5%	8%
2023	59,504,528	4,379,681	4%	7%
2024	66,264,391	4,516,531	3%	7%
2025	73,431,497	4,604,506	2%	6%
2026	80,973,264	4,770,681	3%	6%
10 Year Cap Rate	80,973,264	39,144,968	5%	16%

7.6 MMF PROJECT SUMMARY COST/REVENUE ANALYSIS

The **Powhatan Point Modular Manufacturing Factory RP-11 Project** is focused on providing a manufacturing capability to produce fully integrated modular housing units for the CURP developments and regional housing demands. The **Summary Financial Statement, Table 2** describes the projected overall costs/annual profit/amortization at 15 years.

The Powhatan Point Modular Manufacturing Factory RP-11 Project is estimated to incur a combined \$8.2 million. Financing was based upon an investor group providing a 25% equity investment (\$2M) and a 80% loan - service debt plan (\$6.2M). Although the Project estimated annual profit revenue (\$2.5M - \$5M), as well as an investor amortization value w/ net profits of \$29M (3x build costs and 15x investment), return at the fifteen year period and completion of loan obligations, we have had difficulties to acquire that investor. With the POWER Initiative Implementation Grant request of \$2.5M, these funds will offset the equity/loan service and assure greater success and profitability.

Table 2. RP-11 MMF Project Year 2016-2032 Summary Financial Statement

RP-11 MMF Project Year 2016-2032 Summary Financial Statement				
Project Build Operational Period	Costs	Annual Profit Avg w/Loan	Annual Profit Avg w/o Loan	Amortization at 15yr + Net Profit
RP-11 Modular Manufts Facility	\$8.2M	\$2.7M	\$4.8M	\$29.5M

These represent best estimates utilizing current cost mean values and anticipated demand rates, with potential increases over time that are offsetting and controllable to maintain profit margins. Risks have been minimized by applying conservative estimates while reducing module unit costs through subelement subcontracting, pre-fab materials, and utilization of building block techniques with a module manufacturing design.

Investment, Financing and Subsidies addresses the funding means for the development, that is dependent on outcome of the earlier engineering and study work. Once final engineering details/permits approved funding means are established, land bank/acquisitions, and subcontracts issued, work can proceed. The loan could be serviced by the investor group under a guaranteed 4.5% annual interest process, or an alternative arrangement with private/state/federal government/loan institutes on low-cost redevelopment loan.

The PPRA would contribute Management Support, Tax Increment Financing (TIF), also know as Payment In Lieu of Taxes (PILOT), Property Owner Land Bank Assembly, and potential redevelopment grants/tax credits, and other government subsidies available to the project. These investments, amounting to as much as \$5M+, are made incremental during the development schedule and increase the annual profitability and amortization values of the project. The PPRA would apply these investments as shared equity with investment group and related profits derived by the project. Build costs represent conservative criteria (\$110/sqft) that can be significantly improved upon (<\$80/sqft) using an iterative modular building design. A building block construction plan with stackable modules and transported to the site for integration from the project's modular manufacturing factory is expected to reduce costs/build times by 30-40%.

The current requirement is focused on Project equity/loan allocation of \$8.2M. The *Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative Implementation Grant*, will serve as a catalyst to acquire the additional equity and financing for the project. Distribution of the financing is conditional on the Powhatan Point Riverfront Resort (PPRR) Board of Directors authorization and major milestone completions of the pre-construction phase study/engineering/subcontracting cost analysis, construction progress and projected cost/revenue objectives. Continuous monitoring of the development progress by the investor/financial partners will be achieved through Resort Inc Board Member representation and Project Advisory Team coordination.

7.7 FUNDRAISING PLAN AND ACTIVITIES TO DATE, INCLUDING AVAILABLE CAPITAL ALREADY RAISED CASH OR CASH EQUIVALENTS AVAILABLE

Primary activities to acquire government equity/loan/tax credits/subsidies investment is being made by the PPRA, that could provide incentives amounting to \$5.5M. In addition, efforts have been initiated to convince land owners to transfer properties to the Inc as a Land Bank Assembly investment of \$250K. These projections are based upon overall development and respective abilities to influence landowners and government representatives to provide respective investment allocations. Once the terms agreement is finalized and initial development processes are started, more formal dialogue can occur to determine real investment expectations. It should be noted that these investments contribute only to amortization values for the development, that will enhance ROI and do not modify or affect proposed equity-loan requirements. To date all capital investment has been expended to develop preliminary planning, tax-land bank incentive plan, strategic team coordination, cost and revenue analysis, conceptual construction design, staff research, and investor search.

7.8 ADDITIONAL DOLLARS REQUIRED TO BREAK-EVEN AND TIMING OF NEED

No additional funding needs is expected beyond the proposed development Equity-Loan Financing described herein. However, should earlier analysis determine problems exist requiring greater unplanned work/costs. Should those costs exceed current financial planning, we expect to counter with additional cost controls, additional loan obligations, and if necessary changing the construction plan. Detail designs, conservative estimating and layered oversight provides some assurance that we can get ahead of problems, react responsively to resolve the matter. Projected revenue can also be increased through price escalations where conservative pricing was applied.