



500 West Seventh Street Suite 1400
Fort Worth, Texas 76102
Tel 817.335.4991 Fax 817.877.1861
www.gideon.toal.com

May 5, 2010

Mr. Gary McKamie
City Manager
City of Euless, Texas
201 N. Ector Drive
Euless, Texas 76039

RE: Professional Services Proposal for Feasibility Analysis and Creation of a Tax Increment Reinvestment Zone

Dear Mr. McKamie:

Gideon Toal is pleased to provide this proposal for professional services relating to the feasibility analysis of financing specific public infrastructure and professional services for the potential creation of a Tax Increment Reinvestment Zone (TIRZ) encompassing the proposed development of approximately 194 acres located along State Highway 121 between Glade Road and Cheek-Sparger Road in the City of Euless, Texas (the "Project").

The Project

It is our understanding that the City of Euless (the "City") is interested in exploring various options regarding the feasibility of financing specific public infrastructure related to the Project through the creation of a TIRZ along with other potential funding mechanisms. The financing of the public improvements would be supported through the capture of incremental tax revenue generated from delivery of the various phases of the Project. Details relating to the phasing of the Project and the timing of financing are subject to the conclusions of the feasibility analysis.

The Assignment

Our work under this proposal would be to provide real estate and economic development services. Gideon Toal's primary role will be to provide professional services relating to the financial feasibility analysis and the creation of a TIRZ. Our work under this will not include any specific architectural design, landscape architecture or engineering.

Gideon Toal has been provided three documents to help develop an appropriate scope of work. These documents included: 1) Glade Parks – Vision Book; 2) Glade Parks – PD Ordinance; and Glade Tax Calculations. Based upon our initial review of these documents, we strongly believe one of the most important components of the analysis will be determining realistic phasing assumptions for the proposed private development. Ultimately, the success of the partnership will be determined by the delivery of an adequate amount of product to support the debt service or adequate guarantees from the private partner.

The Team

We propose working in a team organized as follows:

- Loretta Getchell, Deputy City Manager, will be our point of contact and will provide overall direction to our team. She may also include other members of city staff with which we will meet with regularly to review our progress and to get input and direction on our work.



- Gideon Toal, at its discretion, may seek assistance from various real estate professionals to garner specific information necessary to underwrite the viability of the proposed development and the fiscal strength of the private partner. Additional consultants will be billed as a reimbursable expense per the terms of this agreement.

Scope of Services

Based on our conversations and our experience with previous projects, we propose the following scope of services. Our proposed scope of services is divided into two separate phases with related tasks, each providing a description of the work to be performed and the key products resulting from the task.

Phase One - Financing and Project Feasibility

Task 1

Data Assembly

Gideon Toal would work directly with the City and the Project representatives to identify and acquire the needed data to complete a thorough analysis of the proposed financing structure for the planned Project. This task would also include documenting key elements of the private development to help understand the market viability of the Project and the underlying financial strength of the proposed private developer.

Task 2

Taxable Value Analysis

A multi-year historic taxable value review of similar developments within Tarrant County would be conducted to establish baseline conservative assumptions for the Project in the proposed zone. We would also develop projections for future land uses, values, and timing of proposed developments. This task will be the basis for developing the spreadsheet model of potential TIF increments, given a reasonable range of development assumptions and taxable values. Key products of this task would include a spreadsheet model on a parcel by parcel basis with projections based upon the historical taxable value review of the development potential of the proposed TIF.

Task 3

Develop TIRZ Cash Flow Model

Based on the anticipated land uses and projections, Gideon Toal would develop a draft financing pro forma (and supporting spreadsheets) for a 15, 20, and 30-year period. This model will allow the City, consultants and others to underwrite the proposed developments and test various scenarios for the eventual financing plan. Key products of this task would include excel spreadsheets of TIRZ cash flow models with macros established for growth and development assumptions.

Task 4

Feasibility Report

Gideon Toal will provide a written report detailing the data analyzed, provide findings regarding the feasibility of options for financing the public infrastructure, and identify the various approaches and mechanisms to help mitigate risk. A summary of the private development due diligence would also be detailed and a proposed structure for moving forward will be outlined. Based upon review and selection of a preferred option, Gideon Toal will further assist in structuring an appropriate arrangement between the public and private partners in subsequent tasks under Phase Two.



Phase Two – TIRZ Creation and Documentation

Task 5

Prepare Preliminary TIF Project and Financing Plan

Gideon Toal would then develop a Preliminary Finance Plan, Project Plan, Detailed Description of the TIF Zone, and all other exhibits required for local government review per the state legislative requirements (except for legal documents). This work includes the written, graphic, and PowerPoint materials and exhibits, as well as support of the process. Backup materials such as spreadsheets and databases will also be products that support the plans. Key products would include the TIF Project and Financing Plan including legal description of the zone, proposed TIF projects, term of the zone, and increment analysis.

Task 6

Facilitate Review and Consideration of the Proposed TIF

Gideon Toal would facilitate meetings and presentations to the local governmental bodies and their respective boards and commissions. This will include supporting meetings, work sessions, briefings, commission meetings, and hearings. Gideon Toal will also attend one-on-one meetings and small group briefings, discussion and phone calls with key decision makers prior to the public presentation of the proposed plan. This will be a labor intensive component of the process; however it is vital to a successful partnership. Key products of this task would include attendance and support of City staff at all required meetings in the review and approval process.

Task 7

Assist with Negotiations of the Public/Private Agreements for the Development of the Site

Gideon Toal will review legal documents to assist in negotiating the public/private agreements for the Project. This will include facilitating the legal documents associated with the approved deal structure for both the developer's legal representatives and the legal representatives of the various public entities. Gideon Toal will provide initial assistance with meeting the various requirements/compliance of the agreements (i.e. local and minority contracting goals, bidding requirements, etc.) and assistance with boilerplate language that has been successful in other projects.

Fee for Services

Our fee for services will be:

Phase One

- Billed on an hourly basis up to an amount of \$30,000. Any hours billed above \$30,000 will require written approval from Client. Additionally, reimbursable expenses not-to-exceed \$10,000 would be charged to include out-of-pocket expenses incurred in the interest of the project at one point one (1.10) times actual costs.
- Phase One will begin upon execution of this agreement by Client.

Phase Two

- Billed on an hourly basis up to an amount of \$40,000. Any hours billed above \$40,000 will require written approval from Client. Additionally, reimbursable expenses not-to-exceed \$2,500 would be charged to include out-of-pocket expenses incurred in the interest of the project at one point one (1.10) times actual costs.



- **Phase Two will not begin without separate written approval by Client.**

Fees would be charged on a monthly basis, subject to on-going progress on the work effort.

Key Staff

David Pettit, Principal, Director of Economic Development, would manage the project. Key staff from Gideon Toal working on the project would be:

- Michael Bennett – CEO and Principal
- Stephen Pepper – Development Analyst/Planner
- Cassie King - Planner

Changes of Scope and Additional Services

Minor additions to our scope will be treated as Additional Services. Work on Additional Services will not begin until authorized in writing by the Client.

Additional Services and Rates for Hourly Services

Additional Services shall be billed on an hourly basis unless a fixed fee or other method of compensation is mutually agreed upon. Our current hourly rates are:

<u>Classification</u>	<u>Hourly Billing Rate</u>
Principal	\$275.00
Senior Project Manager	\$175.00
Project Manager	\$160.00
Project Architect I	\$140.00
Project Architect II	\$120.00
Architectural Intern I	\$110.00
Architectural Intern II	\$100.00
Senior Planner	\$150.00
Planner	\$120.00
Planning Intern	\$100.00
Landscape Architect I	\$140.00
Landscape Intern	\$100.00
Interior Designer I	\$120.00
Interior Designer II	\$100.00
Interior Design Intern	\$80.00
Construction Administrator	\$120.00
Technician I	\$90.00
Technician II	\$80.00
Administrative	\$80.00

These rates apply for the current calendar year and are subject to revision on January 1, when they may be revised to reflect changes in staff salaries over the preceding year.



Reimbursables

We propose to be reimbursed for out-of-pocket expenses incurred in the interest of the project at one point one (1.10) times our actual cost. Reimbursable expenses include: our direct consultants and their expenses (to be reimbursed, all consultants and their bids must be approved in writing, in advance by the client); reproduction; local cell phone and long distance communication; document printing and delivery; document graphics and binding; delivery, postage and handling; local transportation and travel time; special materials; photography; etc. (Reasonable backup will be available upon request but limited to items over \$150 each.)

Invoices and Payments

Payment for services rendered is due within thirty (30) days of Client's next monthly billing cycle following receipt of invoice. In the event any invoices remain unpaid 45 days after the invoice date, we suspend work until we have been paid in full all amounts due for services and expenses. Amounts unpaid for more than 30 days after the due date carry a re-billing charge of one point two percent (1.2%) per month from the date of the invoice. In the event we are forced to commence a collection proceeding, you agree to pay reasonable attorney's fees and court costs, in addition to our fees billed under this proposal.

Suspension and Termination

If the project is suspended or abandoned, Gideon Toal will be compensated for all services billed prior to receipt of written notice by the Client. Services that are not billed or completed between billing periods and receipt of written notice will be reimbursed at Gideon Toal's standard hourly rates.

If the scope or schedule of the project should change beyond that to be reasonably expected due to the program changes, schedule or other reason, at their option, Gideon Toal will re-negotiate the aforementioned fees and scope of work.

Certifications

Guarantees and Warranties: We will not be required to execute any document that would result in our certifying, guaranteeing or warranting the existence of conditions whose existence we cannot ascertain.

Authorization to Proceed

Thanks again for this opportunity to work with you. Your signature below and the return of one copy to us for our file will confirm your approval and authorize us to proceed.

Insurance

Gideon Toal will provide proof of professional liability insurance (including errors and omissions) with minimum limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and excess/umbrella liability of \$5,000,000 per occurrence and \$5,000,000 in the aggregate to client. Additionally, Gideon Toal shall carry the following insurance coverages:

- a) Worker's compensation insurance at the statutory limits and employer's liability insurance, with minimum limits of \$1,000,000.00/\$1,000,000.00/\$1,000,000.00; and
- b) Comprehensive general liability insurance, with minimum limits of \$1,000,000.00 each occurrence and \$2,000,000.00 in aggregate; and
- c) Comprehensive automobile liability insurance, with minimum limits of \$1,000,000.00 combined single limit each occurrence; and



Gideon Toal has previously provided, or concurrently with the execution of this agreement is providing, to Client a certificate of insurance issued to Client evidencing the foregoing insurance coverages and evidencing that Client and Client's lender, if any, are additional insured parties with respect to the insurance policies referred to in the foregoing subparagraphs (b) and (c).

Notices

Any notice required or permitted to be given to either party shall be deemed to be received by such party (a) three (3) days after deposit in the United States Registered or Certified Mail, Return Receipt Requested, or (b) one (1) business day after deposit with a nationally recognized overnight delivery service for next day delivery, or (c) upon personal delivery to the party to whom addressed provided that a receipt of such delivery is obtained, or (d) on the next business day after transmission by telecopy provided that a confirmation copy is concurrently deposited in United States Certified or Registered Mail, Return Receipt Requested, in any case addressed to the parties at the following addresses:

If to Client:

City of Euless, Texas
201 N. Ector Drive
Euless, Texas 76039
Attention: Loretta Getchell
Telecopy No.: (817) 685-1416

If to Gideon Toal:

Gideon Toal
500 West Seventh Street, Suite 1400
Ft. Worth, TX 76102
Attention: David Pettit
Telecopy No.: (817) 810-5381

or to the parties at such other addresses or telecopy numbers as they may designate by notice to the other party as herein provided.



SUMMARY

It is our hope that we have correctly understood your requirements and have been able to reflect them in this proposal. If you have any questions or require any revisions, please don't hesitate to contact us and we will be happy to make the necessary changes to this proposal.

I believe we are uniquely qualified to do this work for several reasons:

- Proven track record of getting complex projects done;
- Proven ability to work with multiple agencies and stakeholders to implement major projects; and
- Unique combination of real estate, economic development and planning expertise.

Thank you again for considering Gideon Toal.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Pettit".

David Pettit
Principal
Director of Economic Development

If this agreement meets with your approval, please sign and return one executed copy to our office along with the initial payment as notice to proceed.

AGREED TO AND ACCEPTED BY:

Mr. Gary McKamie
City Manager
City of Euless, Texas

DATE