



FROM VISION TO FRUITION

July 17, 2019

David Niemeyer
Village Manager
Village of Tinley Park
Via email: dniemeyer@tinleypark.org

RE: IG Proposal #062P19 – Village of Tinley Park Development Support

Dear Mr. Niemeyer:

The Innovation Group is pleased to present the following proposal to support the Village of Tinley Park's ("Village") development efforts in conjunction with a potential private pari-mutuel and/or gaming developer/operator ("Developer" or "Operator") competing in the Illinois gaming expansion initiative. Our ultimate goal is to offer you, as a potential local host jurisdiction, the best possible information regarding the commercial validity of the developer's proposal and ultimately to provide the project support required to prepare a competitive quality state bid, with your gaming partner, that maximizes the economic development benefits and mitigates any costs to the Village.

As a follow-up to this week's meeting, and subsequent conversations with your team, we are proposing two phases of work:

Phase 1: Strategic on-going support regarding the identification of opportunities and potential issues, source and provide sample development, mitigation and related documents, and real time feedback on an as needed basis. In addition as a part of this phase we are proposing an initial review of land and planning arrangements, financial documents and efforts to date between the Village and Operator. The initial review will include an evaluation of the suitability of existing efforts as detailed below and identifying gaps in the current development and Illinois application process. We will prepare a report summarizing our findings and unmet needs.

Phase 2: Next, we will develop a more detailed proposal identifying how The Innovation Group can assist in directly, or indirectly fulfilling the identified unmet needs. We anticipate a wide range of potential support, which at a minimum would include a continued Owners (Village) Representation role, and potentially a more extensive "staff extension" role supporting the Village and the Operator in various areas of development, license application preparation, and review of legal agreements. Key deliverables may also include market feasibility, financial and economic and community impact analysis for gaming and non-gaming uses, and the evaluation of business and marketing plans.

This proposal is designed to initiate our Phase 1 review work expeditiously, on a time and materials basis, and preview potential future tasks.

Scope of Work

We have provided a description below of the anticipated activity, in detail for our initial research effort, and in summary for the range of possible tasks in subsequent tasks

PHASE 1 – Strategic Support

Task A: Strategic Support On-Going Support

The Innovation Group will provide on-going support regarding the identification of opportunities and potential issues, source and deliver sample development, mitigation and related documents, and real time feedback on an as needed basis:

- Provide industry context related to the Illinois state gaming expansion process, including interpretation of the regulatory and competitive factors and requirements for proposed new pari-mutuel and gaming operations;
- Liaise with the developer/operator to ensure that materials accurately reflect project potential (within a margin) and that the project approach is appropriately to meet State requirements;
- Advise the Village as to how it may achieve the most beneficial relationship with the developer/operator including lease terms, financial arrangements, impact fees, and area economic impact opportunities including on-site and in the downtown area.

Task B: Initial Review and Assessment of Work-to-Date

The initial review will provide an assessment of project activity and studies and reports to date, including an evaluation of the suitability of existing efforts in the following key areas:

(1) Market sizing, program and econometric research, forecasts and projections

The Innovation Group will evaluate market forecasts and any economic impact research completed to date, for gaming and non-gaming amenity uses. This will include pari-mutuel, casino and other gaming, hotel, meetings, recreational (including Top Golf) and other attractions and hospitality uses planned for the site. We will assess the validity of outputs from the developer/owner's model and how as well as how the business and marketing plans are positioned to "sell" the project locally, as well as to the State in terms of tourism impacts, recapture of out-of-state gaming revenue, and related nuances. We will also evaluate operating pro formas and forecasts for operational legitimacy and their integration into the econometric analysis. Any shortcomings or missed opportunities to position, promote and underwrite the project in these areas will be identified.

(2) Site planning, design and construction budget (excluding environmental)

The Innovation Group, in association with the Village, will evaluate work to date on site and infrastructure planning, including and any work prepared on zoning status and needs, traffic and

transportation plans and studies, and commensurate mitigation proposals. Next, we will evaluate the site plan and program, where the master plan and program elements will be assessed in functionality from a casino/racino industry perspective. In addition we will identify any gaps in the current program that could position the property more competitively on the basis of high-profile destination-oriented amenity offerings and/or “must see” attractions or design features. Finally, the construction budget will also be vetted, at a high level.

(3) Political and regulatory monitoring and communications

We will collaborate with the Village, counsel, government relations professionals and the developer/operator on interpreting the State process and translating project needs, local area revenue sharing agreements, communication with surrounding communities, and related activity.

(4) Support Village Development Agreement Structure and Negotiations

The Innovation Group will assist the Village in outlining appropriate financial terms for its deal with the developer/operator, mitigation measures based on preliminary comparable impacts in other similarly sized jurisdictions.

Schedule and Budget: Task B will occur over a six-week period and be provided on an hourly basis not-to-exceed \$19,500. Discounted public sector rates will range from analyst work at \$150/hour to limited partner input at \$450/hour.

PHASE 2 – Support Preparation of the license application submittal

Phase 2 Tasks will depend upon certain outcomes of the Phase 1 work and will be scoped and negotiated with the Village at the two-week mark from the initiation of Phase 1 work. The following deliverables may be included depending on the outcome of Phase 1 work:

- Customized Market Feasibility Analysis
 - Pari-mutuel and Racino Gaming
 - Hotel and Meetings
 - Food and Beverage
 - Entertainment including music emphasis
 - Other Specialized Amenities (Top Golf, LIVE Zone, etc.)
- Business and marketing/positioning plan or enhancements
- Financial pro-forma
- Construction Cost Estimates
- Economic and Social Impact Assessment
- Community Impact and Mitigation Plan
- Downtown business integration strategy
- Continued negotiating support on development and other agreements between the Village and the developer/operator and/or other surrounding communities
- Support preparation of the physical application to the State

As indicated above we are prepared to provide Phase 1 deliverables on a T&M (Time and Materials) basis not-to-exceed \$19,500. The Phase 2 budget and schedule shall be determined within two weeks of the initiation of Phase 1. Invoices are submitted on a monthly basis with payment due within 15 days of receipt. Interest on outstanding balances over 30 days is billed at the rate of 1 1/2% per month. Travel and direct expenses, including shipping, data collection, and copying expenses are not included in the above cost proposal and will be billed separately at actual cost.

Wire instructions for payments follows:

Bank Wire Instructions	Check via Mail or Express Mail
Urban Systems/The Innovation Group, Inc. Whitney National Bank Acct # 711797803 Routing # 065000171 Bank Address P. O. Box 61260 New Orleans, LA 70161	The Innovation Group 400 N. Peters St. Ste. 206 New Orleans, LA 70130

We look forward to assisting you in this arduous, but exciting process. If the above cost and scope of work are agreeable please sign the approval page at the end of this proposal and send a copy to The Innovation Group for our records, and retain one for yourself. A signed scanned copy of this proposal and receipt of retainer will serve as notice to proceed. On cell perpetually to discuss, at 407 808-2816.

Sincerely,



Michael Soll, President

APPROVAL PAGE

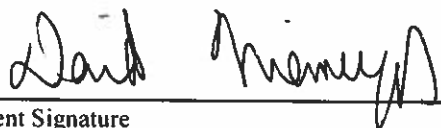
Client: Village of Tinley Park


Proposal: IG Proposal #062P19 – Village of Tinley Park Development Support

Please Initial and Date Accepted Tasks:

	Initial	Date
Phase 1	_____	_____
Phase 2	_____	_____

APPROVED BY:

	<u>July 18, 2019</u>
Client Signature	Date
<u>David Niemeyer</u>	<u>Village Manager</u>
Print Name	Print Title

	<u>July 17, 2019</u>
IG Signature	Date
<u>Michael Soll</u>	<u>President</u>
Print Name	Print Title

The parties hereto agree that any legal or equitable action for claims, debts or obligations arising out of, or to enforce the terms of this Agreement shall be brought either in the United States District Court for the Eastern District of Louisiana, in the Civil District Court in and for the Parish of Orleans, State of Louisiana, or in New Orleans City Court, and that any one of the courts shall have jurisdiction over the parties and venue of the action shall be appropriate in each court.

In the event of any litigation in relation to this Agreement, the prevailing party, in addition to all other sums that the other part may be required to pay, shall recover a reasonable sum for the prevailing party's attorney's fees and costs.

This proposal and any reports resulting from the work performed as a result of this proposal (Work Product) is for the use of Client only and is provided for the sole purpose set forth in the section entitled "Scope of Work". In no event shall The Innovation Group be liable for other use made of the Work Product and will not be liable in any case for indirect, special or consequential damages or for loss of anticipated profits on any claim of any kind resulting from the use of the Client or any third party. This disclaimer shall not apply to the extent that it is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this proposal and shall not apply where such loss, damage, liability or claim is the result of the sole intentional or willful misconduct of The Innovation Group, its directors, officers, employees or agents.