325 Hotel Rooms

70%	81,900 x $100.00 =	$8,190,000
60%	70,200 x $100.00 =	$7,020,000

Average Room Rate $100.00

Cooperative Entertainment Fee 2%

$8,190,000 x .02 = $163,800

City's 25% = $40,950

$7,020,000 x .02 = $140,400

City's 25% = $35,100

Bed Tax 7%

$8,190,000 x .07 = $573,300

$7,020,000 x .07 = $491,400

Ground Lease

$30,000

Total Direct

70% $644,250

60% $556,500

Number of People Staying at Hotel

Average 3 per Room = 70% 245,700 x $100.00 = $24,570,000

60% 210,600 x $100.00 = $21,060,000

Spending on Retail/Food/Entertainment

$24,570,000 x .02 = $491,400

$21,060,000 x .02 = $421,200

TOTAL ANNUALLY:

70% $1,135,650

60% $977,700

407 East Laurel Avenue
P.O. Box 1750
Foley, Alabama 36536

City of
Foley

(251) 943-1545
Fax (251) 952-4014
www.cityoffoley.org

April 23, 2015

Mr. Cliff Worley, CEO
Worley and Associates, LLC
1545 Gulf Shores, Alabama 36542

Purpose and Scope:

Mr. Worley:

The City of Foley wishes to develop certain properties located adjacent to the Farmers and Fishermens Market that would provide hospitality, restaurants and other amenities that will help house and service families and businesses that will be participating at the City's new Sports Complex and Multi-Use Indoor Facility.

Roles/Responsibilities:

1. Worley and Associates, LLC - Worley and Associates, LLC or an entity designated by Worley and Associates, LLC will be the Owner/ Developer of the Sportstown Village, a true entertainment hotel concept consisting of approximately 300 rooms and multiple venues such as a full size multi-use practice field for soccer, football, lacrosse, track and other sports. In addition the facility will include batting cages, basketball court, archery range, sand volleyball and other amenities for the sports enthusiast and teams that are participating in one of the many tournaments to be held at Foley's Sports Tourism Facilities. This part of the development will encompass approximately 10 plus acres. The adjoining acreage of approximately 12 to 15 acres located east of the Sportstown Village Hotel will be developed as part of the Sportstown Village and be designated Multi-Use and will encompass restaurants, retail, office, condo and apartment spaces.

2. City of Foley - City of Foley or one of its designated Cooperative Districts will be the Property Owner and Governing Municipality.

3. a. Property Master Plan, b. Architectural Look c. Timelines:

a. The City of Foley will provide the approximately 25 acres and Worley and Associates or their designated Entity will develop a Master Plan that will encompass the Sportstown Village hotel and the Multi-Use development.

b. Architecturally it will blend with the existing Farmers/Fishermen's Market design.

c. Developer will have 60 days from the date of this signed LOI to submit the Master Plan for PUD approval for the Sportstown Village/Multi-Use Development. Following formal approval by the City Council of the Master Plan, Worley and Associates, LLC or their designated entity will have 180 days to complete all due diligence and provide the City with proof of financing with construction starting no later than 240 days from formal approval of the Master Plan by the City. In the event that it takes longer than 180 days from the formal approval date by the City of the Master Plan to complete all due diligence and secure financing then Worley and Associates, LLC or their designated entity has the option to purchased for $10,000.00 dollars (payable to the City of Foley or its designated entity) an extension of 60 days. If option was purchased construction would be required to start no later than 300 days from the formal approval of the Master Plan by the City.

4. a. Lease Structure, b.1st Right of refusal to purchase property

a. Lease structure will be for 30 years with three 20 year options.

b. Worley and Associates, LLC or their designated entity shall have the 1st right of refusal to purchase the land or anytime during the lease period can purchase the property at the appraised value subject to the appraisal done by a certified commercial appraiser within 6 months of the sale of the property.

Lease Rates:

Years:	
1–3	$30,000.00 annually or $2,500.00 per month
4–6	$50,000.00 annually or $4,167.00 per month
7–10	$70,000.00 annually or $5,833.00 per month
11-15	$80,000.00 annually or $6,667.00 per month
16-30	$100,000.00 annually or $8,333.00 per month
Option Years:	
1st 31-50	To be determined
2nd 51-70	To be determined
3rd 71-90	To be determined

5. Project Incentives:

City will make its best efforts to provide the following incentives.

a. City will lease land to Worley and Associates, LLC or its designated entity at below market rate as shown in the schedule above. Rent will not commence until the first facility opens to the public.

b. City will pursue any grants that may be available for infrastructure improvements such as site work, grading, curbs and gutters, utilities, parking, parking lot lighting, water detention, sewer and any other infrastructure improvements that could reduce cost to the developer. We have identified a USDA Grant for sewer and water that will pay for 75% of the cost for getting the lines to the building, up to $100,000.00 dollars developers cost would be $25,000.00 in this case.

c. City will share a cooperative fee of 1% & entertainment fee of 1% that will be collected by the City on all sales and rebated back to the developer for a period of 15 years or 20% of the construction cost, 1st to occur. 75% to developer and 25% the City retains.

Example: Sportstown Village has $5,000,000 Million in sales during the year, this would create $100,000.00 in Cooperative District and Entertainment fees, then the Developer would receive $75,000.00 and the City would retain $25,000.00.

d. City will reduce Permitting Fees by 50% of standard cost.

e. City will build and construct a roadway from Juniper Street connecting Sportstown Village, Tanger Outlet and the City's new Sports Facilities.

f. City will evaluate the entrance of the development at County Road 20 and look at ways to enhance the Egress/Ingress into the development including traffic signalization, round a bout and stop signs. After review and input by traffic engineers, the City will proceed to improve Egress/Ingress based on best practices recommended by City Engineers which would be most likely one of the three options listed above.

g. Possible bond financing through the City's Industrial Development Board (IDB).

6. State Statutory Incentives:

It's our belief that Sportstown Village Qualifies for these Incentives under Entertainment.

Act 2015 –Effective July 2, 2015

1. Project must create at least 50 jobs that are Alabama residents.
2. There must be a project agreement granting the Jobs Act Incentives, with clawbacks from the State.

a. Jobs Credit Annual cash rebate up to 3% of previous year's gross payroll. Incentive period 10 years.

b. Investment Credit of up to 1.5% of qualified capital investment expenses for a qualifying project, each year for 10 years.

Credit can be used to reduce income tax

Credits can be carried forward 5 years

The first 3 years of the credit can be sold to create cash for the project.

c. For qualified projects the abatement of non-educational property tax for a period of 10 years which includes State, County and City and is handled by the local municipality.

d. Abatements for non-educational sales and use taxes on construction materials and equipment which include State, County and City and is handled by the local municipality.

City and Worley and Associates, LLC acknowledge that this proposal is a non-binding expression of interest and it is understood and agreed that neither the City or Worley and Associates, LLC shall have any obligations whatsoever to the other or to any third party, either at law or inequity, with respect to matters set forth herein until execution of all contemplated mutually acceptable documents. This Letter of Intent represents our present understanding of the terms and conditions and is solely intended to be used as an outline for negotiation of a formal written agreement.

CITY OF FOLEY

John Koniar, Mayor
City of Foley, AL

Date: 4/23/2015

WORLEY AND ASSOCIATES, LLC

Cliff Worley, CEO
Worley and Associates, LLC

Date: 4/23/2015