

PROJECT CONCEPT

An Assessment of Potential Economic and Fiscal Benefits of a Mixed-Use Development in Nueces County

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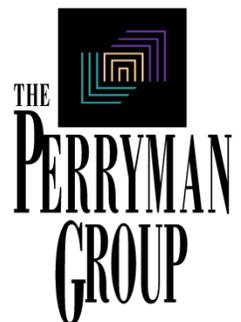
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I. Introduction

The Perryman Group (TPG) is pleased to present this project concept for an assessment of the potential economic and fiscal benefits of large mixed-use development in Nueces County. The development has the potential to become a notable destination for visitors as well as local residents, generating increased business activity and tax revenue to local entities as well as the State.

II. Qualifications

The Perryman Group has served the needs of more than **2,500 private-sector** clients in numerous industries including

- the **9** largest firms in the US,
- **8 of the 10** largest law firms in the US,
- **3 of the 4** largest domestic foundations,
- the **6** largest energy companies doing business in the US,
- the **12** largest technology companies in the world,
- the **5** largest financial institutions in the US,
- **two-thirds** of the Global 25, and
- more than **one-half** of the Fortune 100.

The firm has also completed over **1,000 public policy studies** on a variety of issues, and Dr. Perryman has served as advisor and/or consultant to several Presidents, numerous House and Senate Committees, 10 Cabinet departments, numerous foreign governments, and more than 100 other state and federal agencies. He has testified extensively regarding economic, financial, statistical, and damages issues in state and federal courts as well as in more than 100 regulatory proceedings.

Models and Systems

The Perryman Group maintains an extensive set of proprietary models and systems which are ideally suited to this analysis. Dr. M. Ray Perryman, founder and President of the firm, developed the key models to be used in this study in the 1970s and early 1980s and has consistently maintained, expanded, and updated them since that time. The firm also maintains an extensive set of detailed historical data which will be used in this assessment.

The **US Multi-Regional Econometric Model** provides detailed industry-level forecasts for the various regions and metropolitan areas within the United States. It is formulated in an internally consistent manner and is designed to permit the integration of relevant global, national, state, and local factors into the projection process.

The model is the result of four decades of continuing research in econometrics, economic theory, statistical methods, and key policy issues and behavioral patterns, as well as intensive, ongoing study of all aspects of the global, US, state, metropolitan area, and county economies. It is extensively used by scores of federal and State governmental entities on an ongoing basis, as well as hundreds of major corporations. This model has been used to produce ongoing forecasts of Texas and its regions and counties since the early 1980s and has been extended to include any county or multi-county area in the United States.

The **US Multi-Regional Impact Assessment System (USMRIAS)** is designed to measure the multiplier (or “ripple”) effects of an economic stimulus through the economy. It has been used in hundreds of applications and public policy studies in all 50 states, has been peer reviewed on numerous occasions, and enjoys an excellent reputation for reliability and credibility. The system reflects the unique industrial structure and characteristics of the United States and every local area within the country.

The USMRIAS is somewhat similar in format to the Input-Output Model of the United States which is maintained by the US Department of Commerce. The model developed by TPG, however, incorporates several important enhancements and refinements. Specifically, the expanded system includes (1) comprehensive 500-sector coverage for any county, multi-county, or urban region; (2) calculation of both total expenditures and value-added by industry and region; (3) direct estimation of expenditures for multiple basic input choices (expenditures, output, income, or employment); (4) extensive parameter localization; (5) price adjustments for real and nominal assessments by sectors and areas; (6) measurement of the induced impacts associated with payrolls and consumer spending; (7) embedded modules to estimate multi-sectoral direct spending effects; (8) estimation of retail spending activity by consumers; and (9) comprehensive linkage and integration capabilities with a wide variety of econometric, real estate, occupational, and fiscal impact models, thus permitting dynamic simulations.

The **US Multi-Regional Real Estate Absorption System** links to the firm's other models to offer detailed characterizations and assessments or the need for additional real estate of various types given anticipated economic and population growth. It incorporates a complex set of relationships that link square footage needs to various occupations and sectors, as well as mechanisms to translate employment patterns into needs for housing, retail space, and other real estate assets.

Related Experience

The Perryman Group has analyzed the economic and fiscal effects of various types of economic stimuli on hundreds of occasions over the past four decades. These assessments include effects of corporate locations and expansions, major real

estate developments, regulatory and other policy changes, benefits payments, legislative initiatives, tax reform, and numerous others.

The Perryman Group has analyzed **real estate developments** in a number of studies. Representative examples include (1) the mixed-use redevelopment around the Port of Charleston, (2) Frisco City, (3) Springwoods Village (large development adjacent to the ExxonMobil facility in Spring), (4) the Woodlands Town Center, (5) the areas surrounding Fort Worth Alliance Airport, (6) the Summit at Rivery Park in Georgetown, (7) the transition of the Statler Hilton in Dallas into a mixed-use property, (8) the Victory Project in Dallas, and (9) La Palmera in Corpus Christi.

The Perryman Group has extensive experience in **economic development** and has performed studies for dozens of communities across the state and the nation. Examples within Texas include assessments for Amarillo, Houston, Longview, Tyler, Limestone County, Somervell, Palestine/Anderson County, McKinney/Collin County, Midland, Lampasas, San Antonio, Odessa, and Frisco, among many others. Specific economic development projects have been conducted in all major Texas markets (including Dallas, Houston, Fort Worth, Austin, and San Antonio), as well as in all 50 states and several foreign countries (including, among others, Canada, China, Great Britain, Venezuela, and Mexico).

Dr. Perryman has been commended for work in these areas by the American Planning Association, the Systems Research Foundation, the Texas Legislature, and numerous other entities. He received the 2019 Chairman's Award for Lifetime Achievement in Economic Development from the International Economic Development Council. He pioneered many of the techniques for economic development analysis now routinely used throughout the world and is author of "The Market for Prosperity," a widely used primer on economic development that is used throughout the US, and "Texas, Our Texas," the comprehensive plan that led to most of the major incentive programs in the state. He has been the keynote

speaker at the International Economic Development Conference (twice), the Site Selection Annual Conference, the Institute for Supply Management (ISM) Conference, the Canadian Economic Development Forum, and many other major economic development venues.

The Perryman Group has analyzed the economic development aspects of a broad range of corporate locations, infrastructure projects, and regulatory changes, and has extensive experience in site selection and the corporate location decision process. Examples of projects in Texas in which TPG has played a substantive role include Toyota in San Antonio, Microelectronics and Computer Technology Corporation (MCC) in Austin, Fujitsu in Richardson, Samsung (largest foreign investment in US history) in Austin, the Vought aircraft facility in Dallas, the Texas Instruments wafer fabrication plant in Richardson, the Lockheed-Martin Joint Strike Fighter contract in Fort Worth and engine facility in San Antonio, the Federal Express hub in Fort Worth, the American Airlines maintenance base in Fort Worth, Freescale in Austin, the Galveston National Laboratory and Institute for Infectious Diseases, Bell Helicopter in Amarillo, Advanced Micro Devices in Austin, Sematech in Austin, the ExxonMobil facilities in Spring and Beaumont, and the Cheniere Liquefied Natural Gas (LNG) plant in Corpus Christi. The firm also recently completed a study illustrating the long-term impact of the Economic Development Sales Tax on Texas.

In addition, TPG has been involved in research and modeling in Corpus Christi and the surrounding area for more than 40 years, including a regular subscription forecast and numerous economic assessments. Studies within Corpus Christi and the surrounding area include, among others, assessments related to the Port and shipping, refining and petrochemicals, major LNG investments, petroleum storage and export facilities, pipelines, economic development, workforce, infrastructure, real estate development, and corporate locations.

In summary, TPG brings decades of knowledge and relevant expertise to this endeavor. A short biographical summary for Dr. Perryman and a Firm Profile (attached to this project concept) highlight key aspects of The Perryman Group's capabilities as well as representative project work and testimony. More detailed information can be found on the firm's website at www.perrymangroup.com.

III. Scope of Work

- A. TPG will conduct necessary research and compile requisite data for this analysis. The firm's extensive historical databases and proprietary models and systems will be utilized in this effort. It is assumed that project sponsors will provide any readily available information which may be helpful in this assessment as well as needed input information such as data regarding construction and potential operations at the location (some initial information has been provided). A list will be provided upon project initiation.

- B. The Perryman Group will utilize information provided and supplemental research as needed to develop estimates of the direct benefits of the proposed development including both the North Beach area and the Old Nueces County Courthouse. The effects of external grant funding will be fully incorporated into the analysis. It is anticipated that major channels of impacts to be examined include
 - a. Construction and renovation, and
 - b. Ongoing operations.

- C. The Perryman Group's US Multi-Regional Impact Assessment System will be used to estimate total economic effects of these channels of economic stimulus.

- a. Results will be provided for several measures of overall performance including Total Expenditures, Gross Product, Personal Income, and Employment.
 - b. Effects by major industry group will also be included.
 - c. Models used will reflect the unique industrial structure of the Nueces County/Corpus Christi study area.
- D. A perspective on general fiscal effects on the State and local governmental entities (as a group) will be provided.
- E. TPG will prepare a report setting forth the results of this assessment including a description of the methods used.

IV. Fees and Timing

- A. TPG will complete this analysis for a fee of \$64,600 plus direct, out-of-pocket expenses. An initial retainer of one-half of this amount is requested upon project initiation, with the remaining one-half and any expenses due upon completion and submission of the report.
- B. The Perryman Group anticipates being able to accommodate any reasonable timing requirements.

V. Other Provisions

- A. Any additional work or appearances will be performed upon request and billed in accordance with the firm's standard rates or be the subject of a separate agreement.

- B. TPG will carry appropriate insurance coverage throughout the life of this project. Assuming timely payment of invoices, TPG will hold all sponsoring entities harmless for any debts incurred in the completion of this analysis.

VI. Authorization to Proceed

The Perryman Group is hereby authorized to proceed under the terms of this project concept.

Signature: _____	Name: _____
Company: _____	Title: _____
Address: _____	Phone: _____
_____	Fax: _____
Date: _____	E-mail: _____

M. RAY PERRYMAN

President & CEO, The Perryman Group
Institute Distinguished Professor of Economic Theory and Method
International Institute for Advanced Studies

ACADEMIC BACKGROUND

Ph.D. in Economics, Rice University
B.S. in Mathematics, Baylor University

SELECTED ACADEMIC/PROFESSIONAL POSITIONS AND ACTIVITY (Current and Former)

Business Economist-in-Residence, Cox School of Business, Southern Methodist University
University Professor and Economist-in-Residence, Baylor University
Herman Brown Professor of Economics, Baylor University
Founder and Director, Center for the Advancement of Economic Analysis, Baylor University
President, Southwestern Economics Association
President, Southwestern Society of Economists
Editor, *The Southwestern Journal of Economic Abstracts*
Editor, *International Series in Economic Modeling* (book series)
Editor and Author, *The Perryman Report & Texas Letter* (monthly economic newsletter)
Editor and Author, *The Perryman Economic Forecast* (subscription forecasting service)
Author, "The Economist" (syndicated weekly newspaper column)
Host, *The Perryman Report*, daily radio broadcast on the Texas State Network
Assistant Editor, *The Journal of Economics*
Contributing Economist, "Marketplace Radio," National Public Radio
Published or presented more than 400 academic papers
Authored or edited 5 books

SELECTED ADVISORY/CONSULTING ACTIVITY (Current and Former)

Advisor or Member for more than 50 governmental entities at the international, federal, state, and regional levels including: Federal Task Force on the Savings and Loan Crisis, Congress of the United States; Joint Economic Committee, Congress of the United States; United States Senate Academic Advisory Committee on the North American Free Trade Agreement; and Governor's Task Force on Economic Growth
Economic Advisor, Federal Reserve System and Federal Home Loan Bank Board
Economic Advisor, United States Senate
Economic Advisor, United States House of Representatives
Economic Advisor, Office of the President
Economic Advisor, US Departments of State, Defense, the Treasury, Labor, Agriculture, the Interior, Commerce, Energy, and Housing and Urban Development
Economic Consultant, Federal Communications Commission
Economic Advisor, Office of the Governor, State of Texas
Economic Advisor, Ministry of Economic Affairs, Republic of China
Chairman of the Board and President, Texas Manufacturing Technology Center
Chairman, Blue Cross & Blue Shield of Texas Affiliate Board

Member, Board of Directors, Health Care Service Corporation (Chair of Finance, Governance and Nominating, and Compensation Committees)
Member, Board of Directors, Real Estate Council of Dallas
Chairman, Texas Legislative Conference
President, Board of Directors, Texas Leadership Institute
Co-Chair, Strategic Advisory Committee, Team Texas: The Future of Nursing, Robert Wood Johnson Foundation
Member, Board of Visitors, Scott & White Hospital
Director, Women's Financial Services, Southern Methodist University
Advisory Director, Texas Association of Business and Chambers of Commerce
Advisory Director, Chase Bank
Director of projects, studies, and analyses for more than 2,000 clients, including major corporations, public utilities, government agencies, and financial services groups
Published more than 2,500 trade articles and columns

SELECTED HONORS AND AWARDS

Doctoris Honoris Causa degree, International Institute for Advanced Studies
Lifetime Achievement Award, International Institute for Advanced Studies
Citation for Outstanding Initiative in Promoting World Trade, China External Development and Trade Administration
Honorary Lifetime Fellow, National Academy of Nursing
Citation for Meritorious Efforts in Promoting World Capitalism (including the People's Republic of China), The Democracy Foundation
Citation for Promoting International Academic Exchange, The Asia and World Institute
Citation for Outstanding Advisory Contributions, Congress of the United States
Presidential Medal of Merit
First Recipient, "Ray Perryman Leadership Award," Texas Association of Nurse Practitioners
Award for Outstanding Research Achievement in Economic Modeling, Systems Research Foundation
Outstanding Texas Leader (John Ben Shepperd Memorial Award)
Outstanding Alumnus in Economic Research, Rice University
Named the Outstanding Young Person in the World in the Field of Economics and Business Innovation, one of five Outstanding Young Texans, one of ten Outstanding Young Americans, and one of ten Outstanding Young Persons in the World
2012 Texan of the Year, Texas Legislative Conference
2013 Distinguished Service Medal, Baylor University
2014 Texas Leadership Hall of Fame, JBS Leadership Institute
2016 Cesar E. Chavez Conscience Builders Award, Cesar E. Chavez Legacy and Educational Foundation
2018 Most Dynamic Economic Researcher in the US by Global Business Insights
2019 Chairman's Award for Lifetime Achievement in Economic Development from the International Economic Development Council
2019 "Go Global" Award for Economic Analysis from the International Trade Council
Recognized by Texas Legislature for "tireless efforts in helping to build a better Texas" and "shaping the economic future of the state; extensive contributions to economic growth in the Lone Star State"

THE PERRYMAN GROUP

Firm Profile and Capabilities

The Perryman Group (TPG) specializes in all aspects of economic analysis, research, and forecasting. Led by Dr. M. Ray Perryman, the organization enjoys a worldwide reputation for its forecasting, modeling efforts, and high-profile public policy studies. For more than 30 years, the firm has provided some of the most innovative approaches in the industry to meet the needs of thousands of clients.

IMPACT ASSESSMENT

Over more than three decades, The Perryman Group has developed a reputation for quality impact assessment techniques. The firm maintains a set of impact evaluation models which can be applied in numerous contexts. These systems have been employed in projects measuring economic effects of various activities around the globe. Specific industrial detail can be provided for more than 500 industries at the national, state, regional, metropolitan statistical area (MSA), and county level.

Previous studies include (among hundreds of others) the economic impact of site locations, utility rate changes, infrastructure development, new transportation facilities, tourism and cultural attractions, regulatory changes, educational programs and investments, legislative changes, economic development initiatives, insurance and judicial reform, immigration policy, water resources, health care facilities and initiatives, mixed-use real estate developments, and communications and Internet policy. In addition to traditional economic aggregates such as employment, income, sales, expenditures, and gross product, TPG also provides projections of consumer spending, secondary development, occupational categories, and fiscal revenues.

REGULATORY ANALYSIS

The Perryman Group has considerable experience and expertise in providing support for regulatory proceedings and initiatives. Previous projects have included analyzing the effects of utility and transportation rate changes on consumers and industrial concerns and evaluating the need for new electric facilities, water projects, transportation projects, and telecommunications investments. The firm also has experience in assessing the economic aspects of environmental regulations, energy policy, insurance, automobile dealerships, and other sectors subject to regulatory oversight. In addition, testimony has been provided before state and federal regulatory bodies on hundreds of occasions.

LITIGATION SUPPORT AND EXPERT TESTIMONY

For litigation support and expert testimony purposes, The Perryman Group investigates and testifies on a variety of issues. Providing research, analysis, and testimony on behalf of major US law firms and their clients in complex matters, the Perryman team has addressed topics including security markets, intellectual property, employment, forensics, officers' and directors' liability,

real estate markets, cash flow estimation, environmental and natural resource factors, lender liability, valuation, taxation, damage measurement, business losses, and antitrust issues. Dr. Perryman has successfully testified on numerous occasions and is well known for making the most difficult material and concepts readily accessible and easy to understand for any audience.

PUBLIC POLICY

The Perryman Group frequently prepares public policy studies that play a key role in shaping legislation. Representative topics include energy deregulation, communications (telephone, Internet, and cable), judicial reforms, insurance, transportation (water, air, rail, trucking, and highway funding), financial services, health care, economic development, education funding and policy, taxation, social services, oil and gas development, pipelines, mergers and acquisitions, competition, real estate, franchising, legal aid, and international trade). Analysis by the firm often plays a key role in policy formulation and implementation. More than 1,000 studies have been prepared.

ECONOMIC DEVELOPMENT AND STRATEGIC PLANNING

The Perryman Group has assisted communities, states, regions, and nations in comprehensive economic development efforts. The firm also aids corporations in determining appropriate sites for new facilities and negotiating suitable arrangements. Efforts by The Perryman Group have played a positive role in the creation of hundreds of thousands of jobs. In particular, the firm provided the underlying analysis that led to the creation of major economic development programs in Texas that are widely regarded as the state-of-the-art.

In today's world, economic development means different things in different places. For some communities, it is investing in major infrastructure programs to support future production. In others, it's attracting traditional manufacturing establishments. In still others, it's creating a base of small or large "high-tech" facilities. Some areas or institutions want to become distribution or service centers; others want to capitalize on an existing natural resource base. In many instances, the primary objective is to retain and expand existing firms; the top priority can also be establishing an environment that is conducive to small company startups. Companies and educational organizations also have multiple objectives, ranging from improved labor rates to opportunities for technology transfer.

Utilizing systems specifically geared to economic development, the firm's consultants can identify "target industries" that are likely to expand in the near future and be a complement to the local resource base. Through detailed analysis of workforce characteristics, the existing industrial base, quality-of-life factors, and local attitudes and perceptions, the firm can craft positive plans to maximize opportunities and go the extra mile to ensure their implementation.

FORECASTING AND MODELING

The firm has developed and maintains a full range of international, national, regional, state, metropolitan area, and small area (zip code, census tract, etc.) forecasting and modeling capabilities. In particular, Dr. Perryman has developed large-scale econometric and impact

assessment models that have been used in hundreds of projects across all 50 states and many foreign countries. These systems and the accompanying data resources permit forecasting of energy demand and supply, real estate market absorption, retail sales, infrastructure needs, industrial performance (manufacturing and service), transportation demand, financial markets, bond feasibility, construction costs, investment returns, and numerous other applications. In addition, projections regarding labor markets, demographics, global markets and trade, and cost factors such as wage rates and capital costs are generated for clients and subscribers on a frequent basis. Forecasts have been provided in a subscription service for more than three decades. The firm is on retainer to various entities (such as financial institutions and electricity providers) to supply ongoing information.

PUBLICATIONS

The Perryman Group prepares several publications on a regular basis. The forecast series provides an in-depth analysis of the national, state, regional, and local economies in the state of Texas. The Perryman Report & Texas Letter is a monthly newsletter that provides analysis of local, statewide, national, and international issues, with particular attention given to how they impact the economy in Texas.

PRESENTATIONS

Nationally recognized as an informative and entertaining speaker, Dr. M. Ray Perryman addresses audiences from all walks of life. Dr. Perryman has established a reputation for communicating often dry subjects in an effective and humorous fashion. Other presentations include specialized seminars on the economic outlook, industrial trends and patterns, economic development, and forecasting techniques.

In addition, the firm often provides briefings to corporate boards of directors and senior management personnel on a variety of topics, including assessment of national and regional economic conditions, trends in specific industries, patterns in international trade, and strategic planning in an uncertain business environment.