

United States Management, LLC PPEA Conceptual Proposal Arena PPEA Solicitation No. CITY-14-0016 Volume 1







To:

Bill S. Davis, Purchasing Agent, City of Virginia Beach 2388 Court Plaza Drive, Virginia Beach, VA 23456

February 14, 2014

What makes this proposal unique is that it requires no public bond issue and creates no increased tax burden for the citizens of Virginia Beach.

Virginia Beach is primed for a world-class arena—and we are ready to build it.

United States Management, LLC (USM) is pleased to submit a proposal in response to the City's Arena PPEA Solicitation No. CITY-14-0016. Our plan to construct a locally owned, privately financed 18,000-seat, 550,000-square foot entertainment and sports venue adjacent to the Virginia Beach Convention Center will bring positive and lasting benefits to the economic well being of the City. The facility will incorporate flexible seating and the amenity upgrade capabilities necessary to attract a professional sports franchise. USM offers a proposal that:

- Capitalizes on private financing and eliminates the City's risk for arena construction and operation
- Combines local ownership and knowledge with global expertise in the entertainment and sports industry
- · Aligns with the goals of the City
- Provides significant entertainment and amenity value for local citizens.

Members of the project team—The ESG Companies, CMEC, Mortenson Construction, S.B. Ballard Construction, AECOM, Clark Nexsen and SMG—have been strategically selected to ensure that

all areas of construction, operation, and management are performed by accomplished individuals with the relevant experience and know how to deliver an iconic and successful entertainment and sports arena.

The Arena, as proposed, accomplishes three major goals for the City:

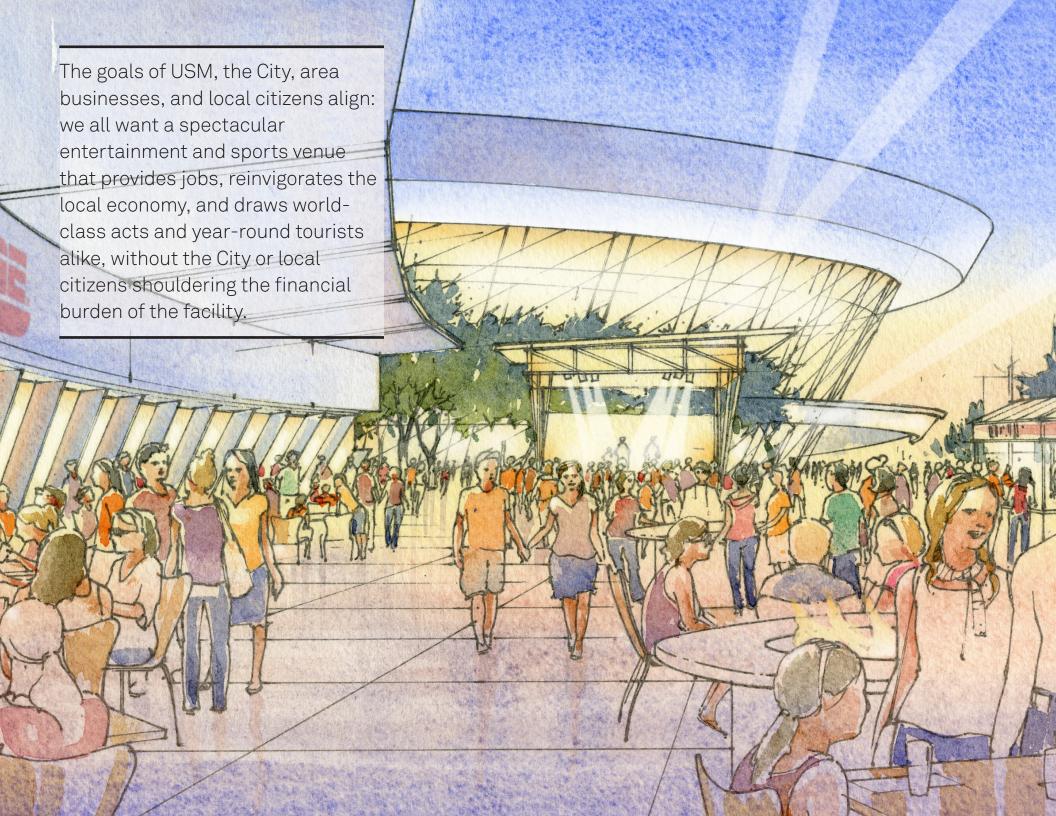
- Establishes a significant economic generator in Virginia Beach, creating new jobs and attracting new events and new visitors to the City
- Creates a year-round attraction at the oceanfront, boosting existing businesses and dramatically enhancing the City's national convention draw
- Provides a signature development that will offer events consistent with our City's stature and enhance our national and international exposure.

If the City accepts this proposal and agreement target dates are met, the Virginia Beach Arena will be open and hosting major new events by the end of 2016.

We sincerely appreciate your careful consideration of this proposal and look forward to bringing this exciting entertainment and sports venue to Virginia Beach.

Edward S. Garcia,

President, United States Management, LLC



EXECUTIVE SUMMARY

The time is now. The place is Virginia Beach.

THE PROJECT

USM and its highly qualified project team are pleased to propose a strategic partnership to develop, design, build, finance, and operate a highly versatile multi-purpose entertainment and sports arena (the Arena) in Virginia Beach.

This proposal provides private sector financing, successful large-scale development experience, and proven entertainment and sports facility operational expertise to construct and operate a state-of-the-art 18,000-seat/550,000-square foot facility of iconic design located adjacent to the Virginia Beach Convention Center. The Arena will have the capabilities necessary to attract a professional sports franchise. Although the success of the Arena is not franchise dependent, USM intends to aggressively pursue an NBA and/or NHL team.

Responding to citizen concerns regarding the potential tax burden of a major venue, USM has obtained private sources of funding for the construction of the Arena and will assume the risk of operations.

Construction is estimated to take 2 years after the necessary agreements and permits are in place.

Aligning with the City's 2012 Strategic Plan, the Arena will:

- Create jobs and serve as a major new economic generator for the City
- Capture live performances and sporting events that currently bypass the region
- Add value to the quality of life of local residents
- Optimize the potential of the Convention Center
- Establish a year-round tourism draw at the oceanfront.

A comprehensive Arena project agreement will establish a beneficial partnership with the City that leverages private sector funds and risk assumption with an experienced project team to construct and operate the Arena.

The City's contributions to the project would include:

- A long-term lease of available land sufficient to build the proposed venue
- Parking, site improvements, infrastructure, and special event amenities, some of which may qualify for funding from the Tourism Investment Program Fund
- City services as required to support major entertainment and sports events
- Reimbursement of Arena-generated tax revenues
- Allocation of 1% of city hotel tax.

This proposal requires no public bond issue and creates no increased tax burden for the citizens of Virginia Beach.

CONCEPTUAL SITE PLAN

1 Arena

2 Wave Walk

3 Surface Parking

4 Lightrail

5 Lightrail Station

6 Memorial Location

7 Dining/Retail



THE LOCATION

The Virginia Beach Development Authority has deemed the proposed Arena location ideal, as it is conveniently situated 8 blocks from the Oceanfront, 1 block from Interstate 264, and adjacent to the Virginia Beach Convention Center.



This location, close to the oceanfront in the Resort and Convention District, is considered a prime site because:

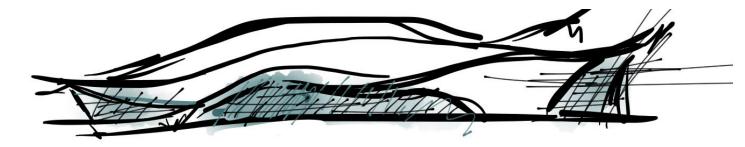
- The necessary land is available and owned by the City
- The Arena will anchor 19th street redevelopment efforts
- Over 8,000 hotel rooms are available in the District
- The location would optimize Convention Center capabilities
- The area has a strong transportation infrastructure.

City and state leaders have expressed significant support for the construction of an Arena at this location and enthusiasm for the amenities and economic benefit that a facility of this type would provide for the region and area residents both now and in the future. The Virginia General Assembly has also shown support by passing legislation that dedicates Arena-generated state sales tax to satisfy project-related debt.

The Arena is the right venue to increase area amenities and jobs.

The Arena is the right venue to increase area amenities and jobs.





THE PROJECT TEAM

The Virginia Beach Arena will be developed, financed, designed, constructed, and maintained by an experienced team led by locally based USM.

USM has obtained a private financing source for this project and has selected a team of accomplished professionals and companies with the precise combination of experience and expertise needed to deliver a highquality facility.

The team has delivered on-time and on-budget large-scale projects in Virginia and globally, and the members have a documented history of successful collaboration on major entertainment and sports related projects.

The project team includes:

- ESG Enterprises, a local company with a 50-plus-year history of innovative developments in Virginia Beach
- CMEC, an international design, engineering, and procurement specialist
- Mortenson Construction, a national builder with extensive arena experience

- S. B. Ballard Construction Company, a local builder with a documented history of delivering quality large-scale projects on-time and within budget
- AECOM and Clark Nexsen, a design team
 of architects and engineers responsible for
 some of the most iconic entertainment
 and sports venues in the world, who bring
 local expertise and strong ties to the
 Virginia Beach Resort District
- SMG, the largest convention center operator in the country and an internationally recognized arena operator and event promoter
- A wide range of specialized economists, analysts, attorneys, public communication experts and business consultants with specialized knowledge and experience in the sports and entertainment industry.

At all phases of development, design, construction, and operation, USM has assembled team members with local, national, and international experience to create a world-class venue that capitalizes on the unique strengths and offerings of Virginia Beach.

HIGHLIGHTS OF TEAM EXPERIENCE

Our designers, contractors and operators have teamed together on highly successful entertainment and sports projects in Virginia and across the country.

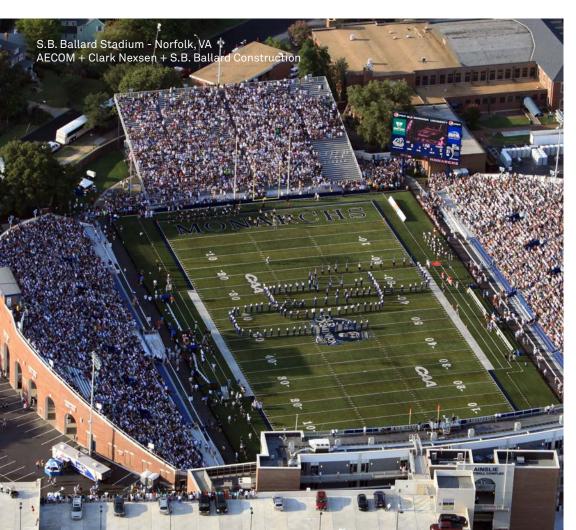










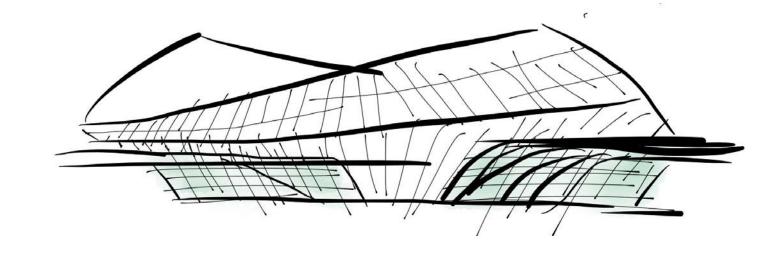


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O1 QUALIFICATIONS AND EXPERIENCE



United States Management, LLC

Virginia Beach is our city, and nothing less than the delivery of a highly successful, iconic entertainment and sports arena to our community will suffice.

United States Management, LLC (USM) is a specialty entity created to serve as Owner, Developer, and General Manager of the Arena project delivery team. The principals who comprise the majority ownership of USM serve as principals in the affiliated ESG Companies which have been part of the vision and development of the City since the early 1950s.

Virginia Beach is our city, and nothing less than the delivery of a highly successful, iconic entertainment and sports arena to our community will suffice.

The design, delivery, and operation of a world-class Arena in Virginia Beach is the natural extension of a decades-long commitment by The ESG Companies and USM management to the economic development of our City and the quality of life of its citizens.

Over the years, ESG's development efforts have increased the tax base of the real estate in Virginia Beach by over \$1 billion.

Our core management group has a history of innovative leadership in our community, including the design, construction, and operation of:

- The Pavilion Tower Hotel (now Double Tree), the original convention hotel in Virginia Beach
- Oceanside Condominium, a signature residential high rise at the oceanfront catering to year-round residents

- Motor World and Ocean Breeze theme parks, which ESG designed, developed, owned, and operated from 1985 until 2000.
- LagoMar residential development with over 1,200 luxury homes

USM's management team has deep personal, professional, and charitable ties to Virginia Beach.

The principals of USM include:



Edward S. Garcia President

Mr. Garcia is President of USM and primary principal of the development team. He is a successful developer, entrepreneur, and

business owner with more than 60 years of commercial, residential, and industrial experience in all aspects of land development, construction, and management. Mr. Garcia also serves as President and visionary of The ESG Companies, overseeing a multitude of development projects and operational businesses. He has been the driving force behind many cutting-edge development initiatives that have helped define Virginia Beach and produced positive economic impacts for the City and the greater Hampton Roads communities. Born and raised in Norfolk, Eddie lived in Virginia Beach for more than 50 years before relocating to Florida. He has significant business and personal ties to each state.

United States Management, LLC



Michael F. Gelardi
Vice President
Construction Operations
Mr. Gelardi is a Vice President
of USM and will oversee all

design and construction-related aspects of the project. With over 50 years of experience, he has participated in construction of many diverse projects including pressurizing wind tunnels for NASA, guided missile test facilities for the US Navy, training facilities for the CIA as well as shopping centers, hotels, schools, high-rise condominiums, marinas, theme parks and residential sub divisions. Mr. Gelardi holds multi-state licenses related to General Construction, Highway Heavy, Underground Utilities, Electrical, Plumbing and Heating Ventilating and Air Conditioning. Mr. Gelardi also serves as Vice President of The ESG Companies, where he oversees all development and construction. He is a member of the Virginia State Contractors Board and a former board member of the Virginia Department of Housing and Community Development. Raised in Norfolk, Mike has lived with his family in Virginia Beach for more than 50 years.



Andrea M. Kilmer, CPA, CFF, CGMA
CFO

Mrs. Kilmer is a Vice President of USM and will serve as CFO, handling direct oversight of all

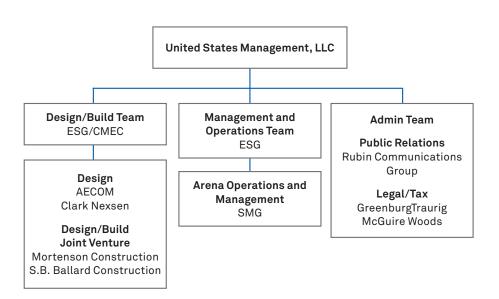
financial and contractual aspects of the project. She is a certified public accountant and senior executive with over 35 years of vast experience in all areas of accounting, finance, administration, and diverse business operations for The ESG Companies, where she serves as the Chief Financial and Operating Officer. Mrs. Kilmer serves as chair of the Virginia Board of Accountancy, secretary of the Board of Visitors at Old Dominion University, and chair of ODU's Academic and Advancement Committee. She was named CFO of the year by Virginia Business Magazine in 2009 and previously served on the Virginia Economic and Development Jobs Commission. Andrea holds an Accounting degree from ODU and is a lifelong resident of Virginia Beach.



Joseph E. Gelardi, MEM Program Director

Mr. Gelardi is a Vice President of USM and will serve as Program Director to coordinate day-to-

day operations during construction and programming, as well as to provide a single point of contact for the project team. He is an accomplished senior executive, systems engineer and innovator with more than 25 years of strategic, operational, and fiscal leadership in challenging inter-agency and international environments. Mr. Gelardi is also a veteran United States Naval Aviator with more than 20 years of service experience. He holds a Bachelor of Science in Aerospace Engineering from Virginia Tech, earned a Master of Engineering Management from ODU, and has extensive expertise in strategic planning and requirements development, program and project management, systems analysis and engineering, operations, and resource management. Joe is a Virginia Beach native who has lived, served and worked in the city for more than 40 years.



a. Structure and Management Approach

Identify the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach and how each partner and major subcontractor in the structure fits into the overall team.

The Virginia Beach Arena will be developed, financed, designed, constructed, and operated by an experienced consortium led by locally based USM. USM's project team includes national and international builders, designers, procurement specialists, and business consultants who have cultivated extensive experience in the entertainment and sports industry.

Our project team combines the finest qualities of global expertise and perspective with long-term local presence and experience.



The Design/Build Team will be headed by **The ESG Companies (ESG)**, a closely-held group of businesses managed by Eddie Garcia, Mike Gelardi, and Andrea Kilmer, that is based in Virginia Beach and primarily involved in real estate acquisition, development, construction, and management.

ESG and its principals have purchased and developed approximately 45,000 acres of land, developed over 2.5 million square feet of commercial property, and participated in all fields of heavy construction, including military installations and large-scale commercial endeavors. The highly qualified management team has also owned and operated more than 100 businesses. The majority of these businesses and developments have been focused in Virginia Beach and Hampton Roads.

ESG Enterprises, Inc. will serve as Developer and Project Manager.

Listed by Engineering News-Record as one of the Top 225 International Contractors for many consecutive years, **China Machinery Engineering Corporation (CMEC)** will provide construction management support to ESG. Together, they will oversee the activities of the project's Design/Build team.

Well known for their impressive resume of successful international projects, CMEC was sought out by the Virginia Economic Development Partnership as part of its initiative to attract growing businesses to Virginia from Asia. CMEC is a world renowned large-scale international enterprise group mainly engaged in international engineering, procurement, and construction (EPC) projects, export of complete plants, import and export of machinery and electrical products, research and development, and international services.

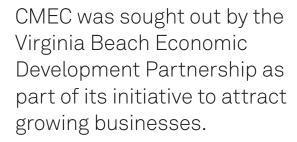
CMEC brings extensive experience in global sourcing of large-scale projects, which will be crucial to quality and cost control and help to ensure that our team delivers a value-driven, world-class arena.







CMEC





Mr. Li Chaoyang
Construction Management
Support

Mr. Li Chaoyang, a Vice President of CMEC, leads the International

Engineering Business unit. Mr. Li has over 16 years of extensive experience in the machinery and equipment industry and has also worked with government officials in key authorities in China, such as MOFCOM (Ministry of Commerce of China). Mr. Li severed as a Project Manager for the China Computer Application Development Company for Machinery Industry in 1992, where he was later recognized for his outstanding capabilities and leadership and was promoted as the MOFCOM Director of the Electrical and Mechanical Export Department. In December 2005, Mr. Li joined CMEC as Assistant President and Deputy General Manager of No.2 Complete Plants Division, and he has played a key leadership role in the construction of numerous important diverse overseas projects since he joined the company. In his current capacity, Mr. Li currently works as a vice president of CMEC driving a multitude of development, construction, and management projects. Mr. Li is a senior engineer holding a Bachelor's Degree in Computer Science and Applications from Hunan University.



Mr. Shi Jiantao
Construction Management
Support

Mr. Shi Jiantao, General Manager of the CMEC No.2 Complete

Plants Division, is an accomplished engineer and project manager. Mr. Shi has more than 23 years of experience at CMEC, including vast experience in the machinery and construction industries. Mr. Shi participated in a variety of projects in different fields as a site and project manager, such as Liulin 100MW Coal Fired Power Plant and Yuzhou 300MW Coal Fired Power Plant in China, 6*39mw Hydro Power Plant in India, 300MW coal fired Power Plant in Sri Lanka and housing projects in Maldives. He has extensive experience in all aspects of engineering, management and international trade. Mr. Shi is a senior engineer holding a Bachelor's Degree in Electronic Engineering from Tsinghua University.



USM will ensure that the Arena is a good neighbor to the oceanfront and resort community.

The project team will also include:

- Mortenson Construction, an international builder with extensive arena construction experience;
- S.B. Ballard Construction Company, a Virginia Beach-based contractor with a documented history of delivering quality large-scale projects on-time and within budget;
- AECOM, an international architectural, engineering, and design consultancy firm with extensive professional sports and entertainment experience;
- Clark Nexsen, a local full-service architecture, engineering, planning and interior design firm with a host of national awards and significant involvement in planning the vision for Virginia Beach;
- SMG, a world leader in venue management, marketing and development that is internationally recognized as an arena operator and event promoter; and
- A variety of analysts, economists, attorneys, public communications experts and business consultants with specialized industry knowledge and experience.

The goals of USM, the City, area businesses, and local citizens align: we all want a spectacular entertainment and sports venue that provides jobs, reinvigorates the local economy, and draws world-class acts and year-round tourists alike, without the City or local citizens shouldering the financial burden of the facility.

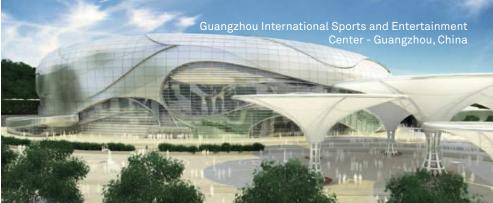
b. Experience

Describe the experience of the firm or consortium of firms making the proposal and the key principals involved in the proposed project including experience with projects of comparable size, value, quality and complexity. Describe the length of time in business, business experience, public sector experience and other engagements of the firm or consortium of firms. Include the identity of any firms that will provide design, construction and completion guarantees and warranties and a description of such guarantees and warranties. Provide resumes of the key individuals who will be involved in the project.

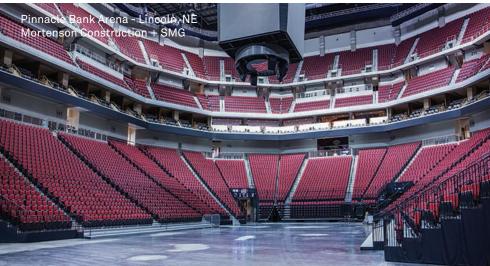
The Arena development team led by USM has obtained a private financing source for this project and has the expertise needed to deliver a high-quality facility. The team has delivered on-time and on-budget large-scale projects in Virginia and globally and operates successful entertainment and sports venues across the country and around the world.

The guiding principles of team development have been to incorporate local knowledge and building experience with international expertise and specialized involvement in the entertainment and sports industry.









MORTENSON CONSTRUCTION

Mortenson is the second largest builder of sports and entertainment facilities in the nation.

Founded in 1953, Mortenson is currently ranked as the second largest builder of sports and entertainment facilities in the nation. They have a successful track record of completing design-build development projects with an integrated delivery approach and have built over 150 sports and entertainment venues in the United States, with construction costs totaling more than \$5.6 billion. Their track record of success is unmatched in the industry, having completed every one of their sports projects on time or early and on or under budget.

Mortenson has earned a reputation of excellence because they understand the high level of skill, knowledge, and expertise required to undertake these projects. Their professionals also understand how a well-designed and well-constructed facility can positively influence revenue generation, operations and the fan experience.

Mortenson's project teams leverage all of this knowledge to help the customers make the best decisions for their facility and long-term economic success.



Derek CunzVice President, General Manager

Derek is the vice president and general manager of Mortenson's Sports Group and is responsible

for overall strategy development and direction of all facets of the group, including relationship management, preconstruction, construction and business development activities, as well as P&L responsibilities. Derek has helped lead the company's effort in the development of virtual design and construction (VDC) and building information modeling (BIM) efforts. He has worked with associations and universities including the AIA, AISC, SAME, CII, DBIA, Stanford University, Penn State and the University of Colorado on VDC and BIM; was named by Engineering News Record as a Top 25 Newsmaker in 2007; and was a recipient of the "40 under 40" local and national awards.

The many projects Derek has been involved with include the Walt Disney Concert Hall in Los Angeles; the Seagate Technology Wafer Processing facility in Derry, Northern Ireland; and the Vestas Blade Facilities in Colorado.



Jason Hopper
Design Phase Executive

Jason Hopper DBIA is a design phase executive with Mortenson's National Projects

Group. In this role, he is responsible for providing full-service project management during the design and planning phase of projects. These services include leading the integration of construction support personnel with the design effort, providing constructability feedback, orchestrating continual budget management activities, and providing overall scheduling input.

Jason has extensive experience working on complex projects in which Mortenson has leveraged collaboration principles to build integrated teams which deliver high performance results. He also has experience using virtual design tools and prefabrication techniques in the planning and prefabrication of project components. Jason is currently leading a corporate initiative to reduce the time and cost of construction and deliver projects with a higher level of quality through the implementation of pre-fabrication and project componentization.

FedExForum Memphis, Tennessee

Project Details:

Mortenson Construction (with AECOM as the designer) completed the FedExForum is the largest public construction project in Memphis history. Mortenson served as Construction Manager at Risk for this multipurpose arena, which was delivered on time and on budget. It is home to both the Memphis Grizzlies and the University of Memphis Tigers and also hosts hockey games, concerts, circuses, and ice shows for audiences as large as 18,200.

Total Construction Cost: \$205,000,000

Project Size: 750,000 Square Feet

Completed: 2004







Sprint Center

Kansas City, MO

Project Details:

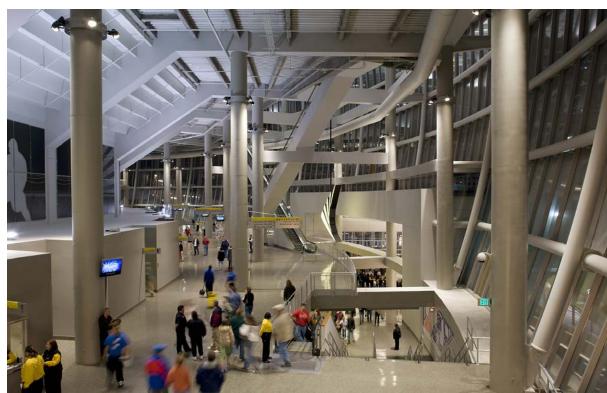
Mortenson Construction completed this project in association with AECOM and served as Project Manager for this 20,000-seat multipurpose facility built as a major anchor for a new entertainment district in Kansas City, with the upgrade capabilities to host an NBA or NHL franchise. Since opening in October 2007, the Sprint Center has exceeded all expectations, having hosted more than 750 events and 7 million guests. Having recently celebrated its fifth anniversary, Sprint Center continues to set attendance records and exceed financial goals. According to Pollstar Magazine's 2012 Year End Report, the Sprint Center has been recognized as America's sixth busiest arena and No. 22 among worldwide venues.

Total Construction Cost: \$198,000,000

Project Size: 666,480 Square Feet

Completed: 2007









S. B. Ballard Construction Company

S.B. Ballard Construction Company (SBBCC) began in 1978 and has been providing construction services to the Hampton Roads area and beyond for more than 30 years. SBBCC is one of the largest and most respected general contracting firms in the State of Virginia. The company has established a track record of always completing projects on schedule and within budget. Headquartered in Virginia Beach, SBBCC has had the opportunity to work with 98% of the subcontractors in the Hampton Roads area. The company provides Pre-Construction Services, General Contracting, Construction Management, Design Build and Concrete Contracting Services to an extensive list of clients throughout the Mid-Atlantic and Southeastern regions of the United States. SBBCC's clients fall in the following categories: Arts/Entertainment/Sports, Healthcare, Parking Garages, Government, Higher Education, PK-12, Industrial, Hospitality, and Renovation.



Steve BallardPresident, Project Executive

As Project Executive, Stephen Ballard will be responsible for executive oversight of the

project from preconstruction through design, construction and close out. He will provide guidance regarding jobsite concerns and maintain communication with the Owner and Architect. Mr. Ballard recognizes the value and importance of the pre-construction phase of a project. Thus, he is directly involved in constructability reviews of the drawings as they develop. Also, he participates in site logistics planning, value engineering discussions, project budget and schedule development and subcontractor selection.

Mr. Ballard has 37 years' experience working in construction and founded S.B. Ballard Construction Company 35 years ago. Initially the company's work was as a small concrete contractor, but over the years, Mr. Ballard has grown the company to become one of the largest construction management and general contractors in the Commonwealth.

Mark Payne, DBIA, LEED Green Associate V.P. Pre-Construction Services, Chief Estimator

As the Vice President of Pre-Construction Services and Chief Estimator, Mr. Payne will be responsible for overseeing the estimating portion of the project, from the preconstruction phase throughout the bidding process to include value engineering, and into the subcontractor award phase. He will coordinate the functions of the estimating department to ensure the project remains within the projected budget. Mr. Payne has extensive experience as a project manager coordinating the entire build process from estimation to contracting subcontractors. On site he is a valuable leader who provides direction and overall supervision.

Mr. Payne has spent the last 28 years of his career with S.B. Ballard Construction Company and in 2001 he was named as S.B. Ballard's Vice President for Preconstruction Services. Mr. Payne's experience includes the Powhatan Sports Complex, Old Dominion University; Kellam High School, Virginia Beach; Fitness Center, Langley Air Force Base and the Ted Constant Convocation Center.







Headquartered in Virginia Beach, SBBCC is one of the largest general contracting firms in the Commonwealth.



Paul Littlefield, LEED Green Associate Project Manager

As Project Manager, Mr. Paul Littlefield will be responsible for

the day-to-day activities from preconstruction through design, construction and close out. He will facilitate the completion of the construction documents and ensure the schedule is met and the project stays within the budget. He will coordinate biweekly meetings and be the key player in coordinating between the design team, the various stakeholders and subcontractors to ensure the arena is properly designed, priced and scheduled.

In 2000, Mr. Littlefield joined S.B. Ballard Construction Company as a Senior Project Manager and was promoted to Vice President in 2005. Mr. Littlefield continues to serve as a Project Executive/Senior Project Manager. Mr. Littlefield's experience includes the Ted Constant Convocation Center; the S.B. Ballard Football Stadium Game Day Building/Parking Garage; and the Student Recreation Center all at Old Dominion University.



Johnny Johnson Superintendent

As superintendent, Mr. Johnny Johnson will be responsible for coordinating and supervising all

construction activities. He will direct all field personnel to adhere to the construction schedule and perform work that conforms to the drawings, specifications and schedule.

Mr. Johnson will monitor the project schedule and note work completed on a daily basis, identify and solve problems, ensure a safe job site and maintain quality control. He will observe the quantity and quality of work being performed, and put on notice, anyone, or any company, not meeting the requirements of the project. He will attend all weekly subcontractor meetings which are also used to review safety, environmental, health, constructability, schedule and quality issues. He will oversee the arena project from notice to proceed to close-out. He will also be involved in the preconstruction phase of the arena participating in constructability reviews, subcontractor pregualification reviews, and the preparation of scopes.

Ted Constant Convocation Center

Old Dominion University Norfolk, VA

Project Details:

The Ted Constant Center is a 2-story multi-level sports/ entertainment/conference facility; it has 7,319 (fixed) fully cushioned seats, 862 upper club/priority seats, 16 luxury suites, and a state-of-the-art scoreboard. The arena currently seats 8,639 for basketball games. The Constant Center is the cornerstone of ODU's University Village project, a 70+-acre development that also features restaurants, shopping, offices, research labs and residences with high-tech connections to the campus. The Ted Constant Convocation Center is home to the Old Dominion Monarchs and Lady Monarchs basketball, and plays host to ODU Wrestling matches, a variety of family-oriented events as well as concerts, ODU commencement, career fairs, and lectures.

Total Construction Cost: \$33,537,394

Project Size: 219,330 Square Feet

Completed: 2002







Foreman Field at S.B. Ballard Stadium

Old Dominion University Norfolk, VA

Project Details:

Working in association with AECOM and Clark Nexsen, SBBCC served as general contractor. The Game Day Building is a four-story, 54,880-square foot, 19,818-seat multi-purpose stadium. It includes 26 luxury suites providing seating for 12 people per suite, and 390 loge seats in 100 mini boxes. The Parking Garage consists of 5 levels for a total of 216,361 square feet and 724 parking spaces and was completed six months prior to the contract completion date.

Total Construction Cost: \$29,407,041

Project Size: 271,241 Square Feet

Completed: 2009







AECOM

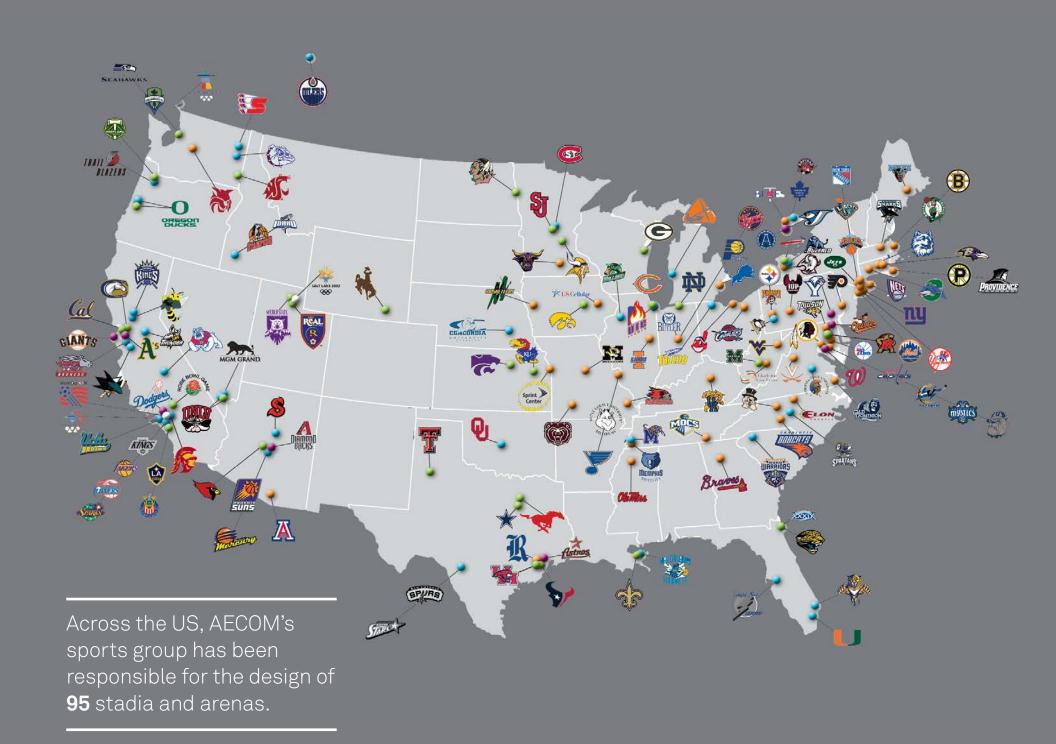
AECOM is recognized as a leading, best-in-class company with extensive professional sports and entertainment experience and knowledge. As a full-service firm operating in over 100 countries, AECOM is a progressive consultancy with more than 45,000 staff and 140 offices worldwide. The close collaboration between their extensive areas of expertise, their vast array of resources, and the size of the firm assures project quality and stability.

AECOM architects and design engineers have extensive national experience in designing innovative sports arenas such as the Barclays Center at Atlantic Yards in Brooklyn, NY; the AT&T Center in San Antonio, TX; Time Warner Cable Arena in Charlotte, NC; and the FedEx Forum in Memphis, TN.

The AECOM team strives to maximize return on investment and minimize operating costs. This is done by drawing upon their urban planning and economics expertise while analyzing how ancillary development can be a year-round attraction for sports fans and non-fans alike. AECOM continually invests in research and development to create the most innovative designs and revenue strategies that are models within the industry. The hallmark of AECOM's sports architecture practice is a focus on iconic design that fosters enduring pride and delivers positive revenue results. Their sports facilities illustrate an innovative, collaborative spirit that serves each city's unique culture and economic demands.

Over the past 30 years, AECOM has provided continued dedication and commitment in completing successful projects for the City of Virginia Beach. Their Hampton Roads office includes 55 professionals and offers a full spectrum of design and specialty services to the City of Virginia Beach, including planning, architecture, a full complement of building engineering design, traffic engineering and traffic management, utilities engineering, as well as environmental engineering services.

AECOM Economics (formerly Economics Research Associates) will serve as a financial consultant on the project.









AECOM NBA-READY ARENAS

AECOM is recognized as the national leader, best-in-class, architectural firm with the most extensive sports arena and entertainment design experience.





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ARCHITECT OF RECORD	NBA ARENAS												TOTAL
AECOM		N E IS	BUBBATS	MEMPHIS Administra	•	76 es	Grand .	Pacers	Ev	EFYFE)	SUNS	TRAIL S BLAZERS	12
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KMR													1
Rann Haight	KIND												1







AECOM



Jon Niemuth Client Liason

Engaging in numerous projects, from collegiate to professional facilities, domestic to

international, football to basketball, has provided Jon with a broad based sports design repertoire. In these diverse settings, he has executed designs with both wide ranging cultural and architectural influences while ensuring the facility's design integrates today's modern amenities and flexibility.

Since 1995 Jon has been responsible for leading the design and planning of collegiate and professional stadium work with AECOM. He is an inspired conceptual and contextual designer, as evidenced by his "juke joint" concept for the Grizzlies NBA arena just off historic Beale Street in Memphis, a project which has become the new standard for Professional Themed Sports Environments. For the University of Connecticut's new "dog pound," the Stadium at Rentschler Field in East Hartford, Connecticut, his "stealth radar geometry" concept has created a facility identity unique to all of NCAA Football venues.



Steve TerrillPrincipal-In-Charge

With more than 25 years of experience, Steve Terrill has spent the last 15 years

specializing on the design of sports facilities. In addition to his project work as a programmer and sports planner, Steve also heads up the firm's east coast sports practice out of the Richmond, Virginia office.

The emphasis of Steve's work is meeting the client's business goals for a stadium or arena project. This focus on return on investment has led Steve to develop a number of unique premium seating packages and other innovative fan experience concepts that have resulted in higher performance for the facility. An example of that innovative approach is the Delray Hyundai Club at the Florida Atlantic Football Stadium. The 30,000 square foot outdoor mid-tier premium club has views down into the stadium and the 4,000 seats associated with the club were the first premium seats to sell out prior to the inaugural season.



David Stone Economic Feasibility

David Stone joined AECOM Economics (formerly Economics Research Associates) in 2007

and has more than 12 years of experience in the analysis of real estate projects. His consulting practice focuses primarily on market and financial feasibility and economic and fiscal impact analyses of sports and entertainment projects for public agencies, private developers, sports franchises, financial institutions, and colleges and universities. He also has experience with a variety of other project types, including convention centers, hotels, amphitheaters, and others. He is also a commissioner of Chicago's Old Town Special Service Area and the author of "Chicago's Classical Architecture: The Legacy of the White City" and "Chicago's 1893 World's Fair."

Barclays Center at Atlantic Yards

Brooklyn, NY

Project Details:

The Barclays Center serves as the state-of-the-art home of the NBA's Brooklyn Nets, boasts one of the most intimate seating configurations ever designed for a modern multi-purpose arena, and is a model for sustainable design and construction. Unparalleled sightlines for 18,200 seats welcome basketball fans to the action, and audiences of up to 19,000 can be accommodated for musical or other performances. Professional hockey will soon be part of the Barclays Center's programming lineup when the New York Islanders move to the arena in 2015. The arena features 102 luxury suites, including 12 backstage suites, 63 standard suites, 30 loft suites, 40 loge boxes, and 10 clubs and restaurants.

Total Construction Cost: \$530 million

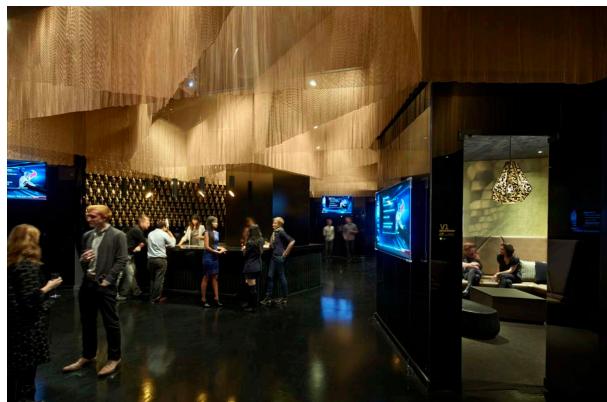
Project Size: 670,000 Square Feet

Completed: 2012

Number of Events Per Year: 212

Awards: Best New Major Concert Venue, Pollstar, 2012







Time Warner Cable Charlotte, NC

Project Details:

The Time Warner Cable Arena is designed to reflect the vitality of a world-class city and its world-class basketball fans. It is a 19,400-seat, multi-purpose arena with 70 suites and 3,000 club seats. With proximity to restaurants, stores and transit terminals, the arena is home to the NBA Charlotte Bobcats and WNBA Charlotte Sting, as well as hockey, arena football, tournaments, concerts and family shows.

Total Construction Cost: \$224,000,000

Project Size: 780,000 Square Feet

Completed: 2005

Number of Events Per Year: 143

Awards: "Gold" Award Winner, Brick in Architecture,

2007







John Paul Jones Arena

Charlottesville, VA

Project Details:

The 15,000+ seat multi-purpose arena is currently the largest arena in Virginia and combines the best of traditional design with the modern amenities that today's sports and concert patrons crave – an inviting entry plaza, wide concourses, 20 luxury suites and 100+ courtside seats. Operated by SMG, the arena plays host to UVA basketball games, as well as a wide variety of concerts, performances, and other events such as exhibitions, trade shows, and community events. John Paul Jones Arena has hosted many of the biggest acts in live entertainment since its opening in 2006.

Total Construction Cost: \$90,000,000

Project Size: 366,000 Square Feet

Completed: 2006

Number of Events Per Year: 191

Awards: Industry Award, Pollstar Concert Industry,

Best New Concert Venue









CLARK NEXSEN

Clark Nexsen, soon to be headquartered in Virginia Beach, and recently recognized as the #11 architectural firm nationwide.

Clark Nexsen is a full-service architecture, engineering, planning and interior design firm. They are relocating their headquarters to Virginia Beach Town Center in July 2014 as both anchor tenant and designer of this new 15-floor, 794,000-sf building. Founded in Virginia in 1920, the firm now has nearly 500 employees, 11 offices and a list of projects that covers the entire United States and more than 41 countries. The firm has designed major projects for the City of Virginia Beach (Virginia Beach Convention Center, Lesner Bridge Replacement, 19th Street Corridor, Operation Smile World Headquarters) as well as many federal, state and local governments, and major corporations in Hampton Roads.

Clark Nexsen has been consistently named one of the Top National Architectural Design Firms by Architect AIA as well as a Top National Design Firm on the Engineering News Record Top 500 Design Firms List. In 2013, Clark Nexsen earned the #11 national spot of Top Architectural Design Firms by Architect AIA. In 2013 Clark Nexsen earned spot #150 on the list of 500 of the largest U.S. based design firms, both publicly and privately held. Clark Nexsen is also listed as one of the Top 100 Green Design Firms. In 2012, Clark Nexsen earned spot #30 on the list of 100 firms specializing in sustainable or "Green" design projects.



Christopher Stone, PE, F.NSPE, F.ASCE, LEED AP BD+C Client Liason

Mr. Stone is President of Clark Nexsen, with over 30 years of

experience in the design and management of public, private and commercial projects. Mr. Stone has been involved in over 600 construction projects, totaling over 10,000,000 square feet of construction. Under Mr. Stone's leadership, Clark Nexsen has completed several projects that will make an enormous impact on the citizens in Hampton Roads, Such as the Virginia Beach Convention Center (in association with SOM); Ocean Beach Club Resort; Lesner Bridge replacement; Half Moone Cruise and Celebration Center; Norfolk Courts Complex (in association with Fentress); projects at Old Dominion University including the S.B. Ballard Football Stadium. These projects enhance the quality of life within our community and help promote the economic vitality throughout Hampton Roads. Mr. Stone is currently the Chairman of the Clark Nexsen Foundation, a non-profit Foundation serving the needs of Hampton Roads.



David Keith, AIA, LEED AP BD+C Project Designer

Mr. Keith, Design Director, has 27 years of experience with the planning, programming and

design of a variety of large-scale community facilities and urban places. Mr. Keith's award winning design works have been recognized at local, state, national and international levels in publications such as Architecture Magazine, Inform Magazine, North Carolina Architecture, Green Building and Design, and Global Architecture. His work with Clark Nexsen and with growing the firm has helped the firm grow nationally and locally.

David has a passion for Virginia Beach and specifically the Resort Area. He has served on the Planning Design and Review Committee of the RAC for the past 13 years and has championed Virginia Beach's Form-Based Code, the Sustainable Strategies, and Strategic Growth Area Planning.

Foreman Field Expansion and Renovation

Old Dominion University Norfolk, VA

Clark Nexsen collaborated with AECOM as the designers on the design build team with S.B. Ballard Construction Company as builder.

Project Details:

Bringing football back to the University after a 50-year hiatus, the design of the project creates a contemporary face for ODU Football while also fitting in harmoniously with the existing stadium. The new end zone building addition to the stadium houses private suites, exterior club seating, and both interior and exterior club lounge spaces. In addition, the new building accommodates a new locker room for the Monarch football team, and parking garage.

Total Construction Cost: \$29,407,041

Project Size: 271,241 Square Feet

Completed: 2009

Number of Events Per Year: 6 games









Project Details:

Clark Nexsen collaborated with Skidmore, Owings and Merrill (SOM) and the City of Virginia Beach to design and construct the new Convention Center, the largest public project undertaken to date by Virginia Beach. This 529,000-sf facility is three times the size of the old pavilion and has become a new symbol for the City. Clark Nexsen was responsible for all civil, mechanical, electrical, plumbing, and fire protection engineering, full time on-site construction inspection and administration, with some architectural and structural involvement as well.

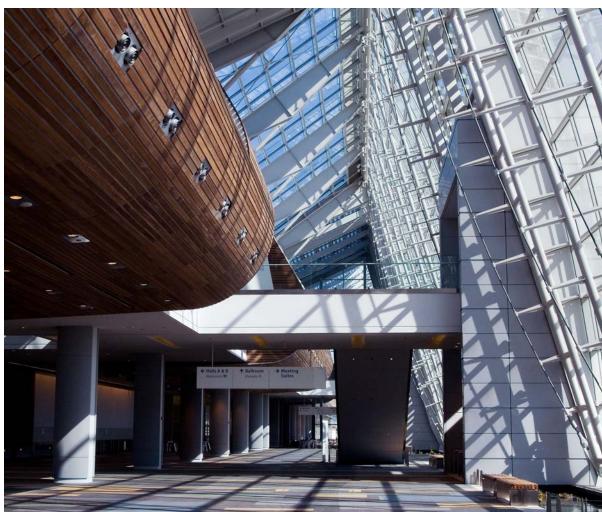
Total Construction Cost: \$202,000,000

Project Size: 516,522 Square Feet

Completed: Phase One - 2005, Phase Two - 2007

Number of Events Per Year: 335







19th Street Corridor Design and Improvements

Virginia Beach, VA

Project Details:

Clark Nexsen is providing planning, design and construction documents services for the 19th Street Corridor. Because the Corridor directly links the Virginia Beach Convention Center with the Oceanfront, creating an environment that reflects the importance of 19th Street as a gateway corridor is critical. 19th Street will be pedestrian-oriented, yet will function efficiently for both automobiles and future transit.

Total Construction Cost: \$10,860,000

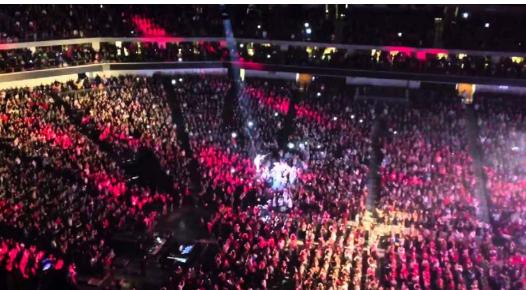
Completion Date: Ongoing













SMG

In the past 10 years, SMG has opened or renovated more than 20 venues in the U.S., Canada and the U.K. They have the know-how to make the Virginia Beach Arena an international destination.

Founded in 1977, SMG is a recognized global industry leader in entertainment and convention venue management, marketing and development. With over four decades of experience, SMG provides management services to more than 230 public assembly facilities including convention and exhibition centers, arenas, stadiums, and other venues worldwide. SMG manages more than 14.4 million square feet of exhibition space and over 1.75 million sports and entertainment seats.

SMG understands the critical role an arena can play in creating a vibrant cultural life for the community, building tourism, and fostering a robust local economy.

They host more NCAA events than any other single facility or company in the country and book entertainment as varied as the biggest concert tours, the Ringling Bros. Circus, and Professional Bull Riders. SMG has the programs, systems, and talent in place to ensure that the facilities they manage run smoothly and every event feels like a celebration.

In the past 10 years, SMG has opened or renovated more than 20 venues in the U.S.,

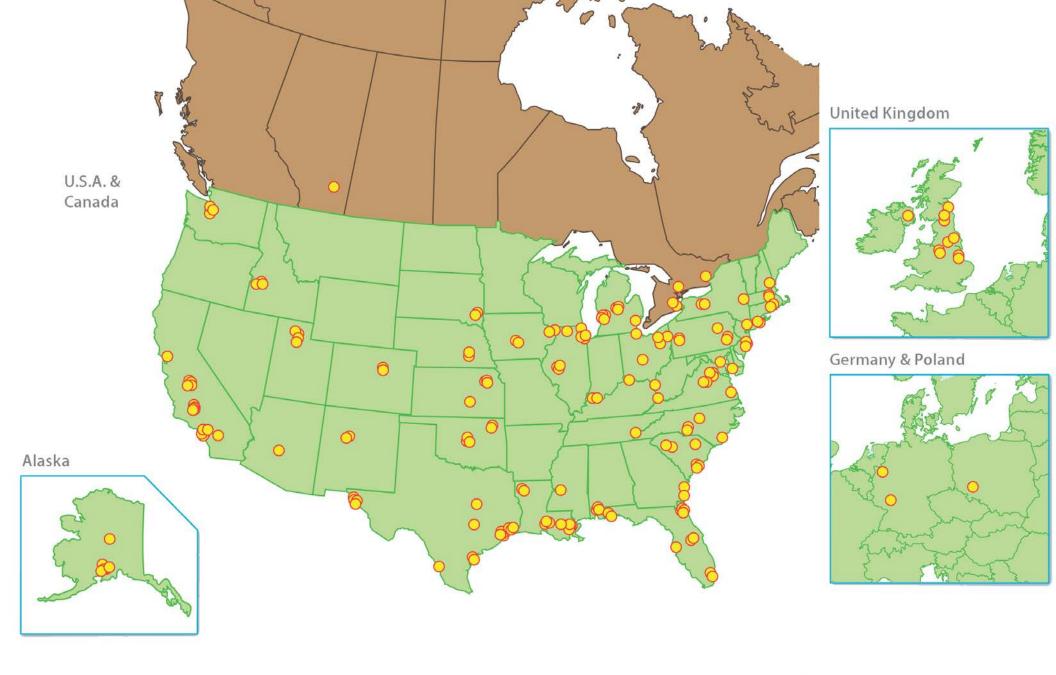
Canada and the U.K. They have the know-how to bring the Virginia Beach Arena to life.

SMG has a management team dedicated specifically to new venue development and opening. Their pre-opening and opening teams work closely with venue developers, designers, construction teams and food service vendors to ensure that the buildings core features are designed for successful operations. SMG's pre-opening and opening teams have the capability to provide USM with the following services:

- Pre-opening market and feasibility analysis
- Venue functional analysis requirements development and engineering
- · Design and construction consulting
- Front of house, backstage and box office development and management
- Food service and vendor management
- Marketing and sales
- Human resource management
- Event booking and programming
- Venue management
- Live entertainment operations

SMG will program a diverse and dynamic event mix to ensure that the Virginia Beach Arena opens with an impressive splash similar to their recent opening of the Pinnacle Arena in Lincoln, Nebraska which featured the following performances during the venues first few months of operation:

- Michael Bublé
- Jason Aldean
- Eagles
- Miranda Lambert, Dierks Bentley
- Bon Jovi
- Pink
- Trans-Siberian Orchestra
- John Mayer
- Elton John
- Jay Z
- Jeff Dunham



Jamaica



Puerto Rico



SMG

SMG manages more than 1.75 million sports and entertainment seats, and 230 facilities worldwide including convention and exhibition centers, arenas, stadiums, and other venues



Doug ThorntonExecutive Vice President Stadiums and Arenas

Based in New Orleans at the Louisiana Superdome, Doug

Thornton joined SMG in 1997, overseeing seven (7) separate municipal accounts in the Gulf Coast Area. During his tenure at SMG, Thornton has been a leader in producing several high profile events including, two NFL Super Bowls, both the Men's and Women's NCAA Final Four, two BCS Championship football games, the Essence Music Festival, the annual Sugar Bowl Classic and many more. He is active in many community and industry organizations.



Bob Cavalieri Senior Vice President - Sales and Development

Bob Cavalieri is an SMG and industry veteran. Most recently

he has performed as a Senior Regional Vice President for SMG as well as the General Manager of the Sovereign Center in Reading, PA. Prior to joining SMG, he was the President and COO of Centennial Management Group, Inc. and has held several other industry positions including Vice President-Operations for Ogden Entertainment Services, Executive Vice President of the Entertainment Group at Madison Square Garden, General Manager of Philadelphia's First Union Spectrum, Vice President of Detroit's Joe Louis and Cobo Arenas and General Counsel to the NHL's Detroit Red Wings. Additionally, Cavalieri was in the private practice of law in Detroit, Michigan. He has a Juris Doctor (Cum Laude) and a Bachelor of Science (Industrial Engineering), both from the University of Michigan.

Chesapeake Energy Arena

Oklahoma City, OK

Project Details:

SMG has been the operator of the Chesapeake Energy Arena since 2000, providing full management services, including: Operations, Booking, Accounting, Box office, Event Services, Public Relations, Marketing and Sales, and Food and Beverage. Since opening, SMG has hosted events with attendance of more than 8 million, despite being closed for a total of almost one year due to renovations. In addition, SMG played a major role with the City of Oklahoma City in negotiating and creating an agreement with the NBA and New Orleans Hornets for their temporary relocation to Oklahoma City. Seating capacity ranges from 13,466 to 16,675 depending on event, with 95 luxury box suites and 2,840 club seats.

Operator/Management Dates: 2000 to present

Total Construction Costs: \$89,000,000

Project Size: 586,000 Square Feet

Completed: 2002









Albany, NY

Project Details:

SMG has been the operator of the Times Union Center since 1990, providing full management services, including: Operations, Booking, Finance and Accounting, Box office, Event Services, Public Relations and Marketing, and Marketing and Sales. In 2010, Albany County, the arena owner, extended the SMG contract for another 10 years, through December 2020. The Times Union Center has an adaptable seating capacity between 6,000 and 17,500. As a multi-purpose facility, the Times Union Center has hosted a variety of events, including concerts, family shows and sporting events, averaging 165 events each year. The arena is host to an AHL hockey team and MAAC basketball team.

Operator/Management Dates: 1990 to present, contracted through 2020

Total Construction Costs: \$69,400,000

Project Size: 160,000 Square Feet

Completed: 1990





GREENBERG TRAURIG, LLP

Greenberg Traurig, LLP is an international, multidisciplinary

law firm with approximately 1,750 attorneys and governmental affairs professionals in 36 locations in the United States, Latin America, Europe, the Middle East and Asia.

Greenberg Traurig's Sports Facilities and Entertainment Venues Practice includes a multi-disciplinary team of attorneys who are experienced in the development, construction, financing, leasing and operation of sports facilities, entertainment venues and peripheral mixed use forums. Their collaborative approach will help to identify opportunities and implement innovative strategies to address the more challenging issues that are unique to a sports and entertainment venue project.

McGuireWoods

McGuireWoods has been serving sports industry clients for over 30 years.

They take a multi-disciplinary approach to the practice, as their sports team comprises lawyers from many different practice groups within the firm. Practice groups represented include debt finance, M&A and corporate, private equity, labor and employment, intellectual property protection, complex commercial litigation, insolvency and creditors' rights, real estate and construction financing, and tax.

They handle a diverse array of matters for clients in different facets of the industry. Their debt finance team is a leader in placing major credit facilities for major professional sports leagues and teams, and for the construction of major professional sports facilities. They have negotiated contracts for athletes and coaches, have handled high-stakes intellectual property litigation in the industry, been at the forefront in handling large sponsorship and sports marketing transactions, and have represented owners in professional sports franchises in the United States and overseas.



c. Contact Information

Provide the names, addresses, and telephone numbers of persons within the firm or consortium of firms who may be contacted for further information.

To assure a consistent line of communication between the Arena project team and the City of Virginia Beach, please direct all questions, comments, and requests to USM Vice President and Chief Financial Officer, Andrea Kilmer.

Andrea can be reached at: E: akilmer@vbarenanow.com P: 757-340-8001 F: 757-340-0998 USM, LLC 3333-24 Virginia Beach Blvd Virginia Beach, VA 23452

d. Financial Statements—Proprietary Information in Volume 2

Provide a current or most recently audited financial statement of the firm or firms and each partner with an equity interest of twenty percent or greater.

The principals of USM have a sustained track record of business success and possess the

financial foundation required to enable and complete the Arena project.

Financial statements are provided in Section 1.d. of Volume 3.

e. Officers and Directors

Identify the officers and directors of the firm or firms submitting the proposal.

The officers and directors of USM are as follows:

Edward S. Garcia, President and CEO

Andrea M. Kilmer, Vice President and CFO

Michael F. Gelardi, Vice President

Joseph E. Gelardi, Vice President

Joshua E. Kellam, Vice President

f. Affiliated Businesses

Identify all businesses that have a parentsubsidiary or affiliated business entity relationship with the firm or firms submitting the proposal.

USM has no parent-subsidiary relationships. It is affiliated with The ESG Companies.

g. Contractors and Service Providers

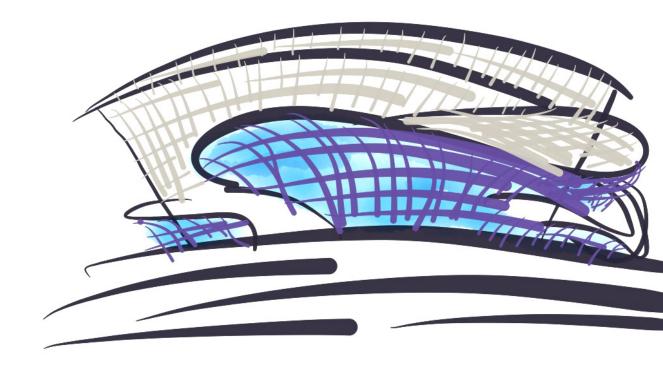
Identify all known contractors or service providers, including but not limited to the providers of architectural services, real estate services, financial services, and legal services.

USM has brought together a team highly experienced in entertainment and sports arena design, construction, and operation. We have partnered global experience with local knowledge and expertise in all key areas of project execution. Our team members have a successful history of collaboration on entertainment and sports arenas and related facilities.

Key project players include: USM, ESG, CMEC, Mortenson Construction, S.B. Ballard Construction Company, AECOM, Clark Nexsen, SMG, AECOM Economics, Greenberg Traurig, McGuire Woods, and Rubin Communications Group.

Roles and responsibilities are detailed in Section 1.a. above.

PROJECT CHARACTERISTICS



PROJECT CHARACTERISTICS

The venue will be capable of supporting virtually any event, from major concerts to ice shows, trade shows to monster truck rallies, and circuses to sporting events.

a. Project Description - Proprietary Information in Volume 2

Provide a description of the project, including the conceptual design. Describe the proposed project in sufficient detail so that type, quality, value and intent of the project, the location, preliminary value of the land necessary to be acquired, and the communities that may be affected are clearly identified.

The proposed entertainment and sports arena and related amenities will be constructed at the Virginia Beach Oceanfront on land located adjacent to the existing Virginia Beach Convention Center, between 17th Street and 19th Street. The Arena will be one of the most flexible and multifunctional venues in the country, and will seat up to 18,000 people depending on the specific event configuration selected.

The proposal would create an iconic destination to the 19th Street Entertainment corridor, serving as a dynamic anchor to the oceanfront and boardwalk. The Arena would include special design features that would connect the event activity directly to the adjoining plaza, streetscape and Convention Center to create a unique community event opportunity for Virginia Beach. The ability to extend the Arena event capability and functionality to take advantage

of the mild mid-Atlantic climate will make this project a year-round entertainment venue destination for performers and promoters alike.

The venue will be capable of supporting virtually any event, from major concerts to ice shows, trade shows to monster truck rallies, and circuses to sporting events. The venue will incorporate state-of-the-art features to create a world-class audience and spectator experience, such as:

- Premium seating and suites with amenities
- Multiple seating options
- LED screen scoreboard and ribbon boards
- Box Office/Ticketing and guest services
- ADA accessibility
- Easy access to merchandising areas and concessions
- Multiple rest rooms and first aid stations
- Lounges and restaurants

The Arena will be designed and constructed primarily to support a diverse and multi-faceted event and show schedule; however, it will also include NCAA/NBA/NHL-ready core features necessary to enable future support of collegiate tournaments and a professional sports franchise. The following design features and capabilities will be incorporated into the facility:

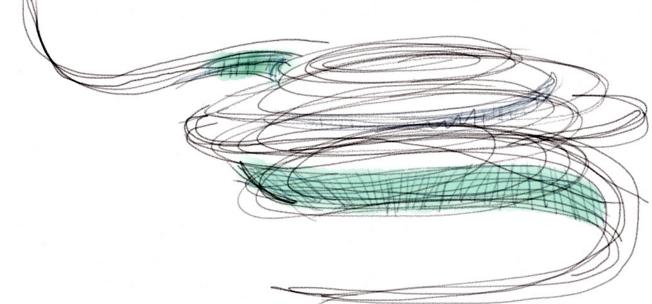
- A combination of fixed and retractable seating designed to accommodate any event
- Basketball court
- Ice floor to accommodate hockey and ice shows
- Home and visiting team locker rooms
- · Officials' locker rooms
- Media support, broadcast and interview facilities
- Performers' 5-star dressing rooms

Construction will be completed at a cost of approximately \$200 million.

The planned development includes a restaurant and retail area immediately adjacent to the arena to help establish this portion of the 19th Street corridor area as a stand-alone destination. The addition of restaurants with easy access from the convention center will enhance the City's ability to attract business to the convention center itself.

We have identified no residential, commercial, or retail areas negatively impacted by the proposed project.

Additional information is provided in Section 2.a. of Volume 2.



b. City Work Contribution

Identify and fully describe any work to be performed by the City or any other public entity.

USM will be responsible for all aspects of venue construction for the 18,000-seat Virginia Beach Arena.

USM will work cooperatively on this project with the City who will provide parking, infrastructure, site improvements, and special event amenities.

c. Permits and Approvals

Include a list of all federal, state and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.

A Phase 1 Environmental Impact Assessment has been completed on the site with no discrepancies found. Normal and customary construction permits will be required, including but not limited to site development plan approval, soil and sedimentation permits, land disturbance permit and building permits. Reviews for permits and approvals include, but are not limited to the following:

- City of Virginia Beach Development Services
 Center Site Plan Review
- City of Virginia Beach Public Works Infrastructure Review
- City of Virginia Beach Public Utilities Utilities Review
- Department of Environmental Quality Certificate of Construct (CTC),required for projects with design flow greater than 40,000 gallons per day
- Hampton Roads Sanitation Department
 Sanitary Sewer and Pump Station Review
- Virginia Department of Health Review if connecting to existing water lines 12" or greater

Rezoning or variances will not be required.

All required inspections will be performed and certified to the City by independent professional engineers at no cost to the City. The resulting cost savings will substantially offset any waived fees.

The design team is experienced in dealing with FAA regulations, and the Arena will meet all FAA vertical height restrictions.

The site development plan and architectural drawing approval processes will be conducted simultaneously and should require nine to twelve months to complete.

d. Anticipated Adverse Impacts

Identify any anticipated adverse social, economic and environmental impacts of the project. Specify the strategies or actions to mitigate known impacts of the project.

We have identified no significant negative impacts from project construction on nearby residential, commercial, or retail areas. Our highly experienced team is committed to continuously monitoring and assessing any potential negative impact on the surrounding area throughout all phases of construction, and will work proactively with the City of Virginia Beach and other community organizations and leaders to develop effective mitigations if needed to address concerns.

There is currently little residential, commercial or retail presence immediately adjacent to the Arena which minimizes the likelihood of an adverse impact. There may be temporary minor impacts caused by noise and increased traffic

The Arena will be a catalyst for economic growth and will help to catapult the City of Virginia Beach into national recognition as a first-class, year-round destination.

during construction; however, any construction traffic impacts will be mitigated through the use of proactive construction traffic controls, adequate signage, and temporary access roads as required. We will limit high-volume street closures to the maximum extent practical and schedule required closures for off-peak hours when feasible.

We will also coordinate closely with the Virginia Beach Convention Center operations team to ensure that there is minimal construction impact to Convention Center events.

Previously completed traffic studies indicate that existing interstate and roadway infrastructure will effectively support normal operations with no significant negative impact to normal traffic flow. Kimley-Horn and Associates conducted a parking study in February 2012 which concluded that existing surface parking and nearby parking garages will provide adequate parking support for an Arena of this size and level of operation.

The proposed arena site currently serves as surface parking for the Convention Center.

These existing on-site parking areas are already impervious to water runoff and their impact on

storm water management has been effectively mitigated. Therefore, the construction of the arena will create minimal new storm water management concerns.

There is no anticipated negative impact to tourism, and it should be noted that peak arena operations will occur outside of the peak tourist season.

e. Projected Positive Impacts

Identify the projected positive social, economic and environmental impacts of the project.

The Arena project will create numerous direct and indirect benefits to improve the overall quality of life for virtually every member of our Virginia Beach community, and it will become a strong source of civic pride.

The Arena will be a catalyst for economic growth and will help to catapult the City of Virginia Beach into national recognition as a first-class, year-round destination.

Specific positive impacts include:

- Establishing an iconic entertainment and sports venue that will attract state-wide, national and international recognition for the City and the region of Hampton Roads
- The ability to attract a diverse range of major concerts and events that currently do not reach our market
- Enhanced year-round entertainment options for residents and tourists alike
- Significant local job growth due to both construction and ongoing operations
- Increased demand and revenue for Virginia Beach businesses and restaurants
- Increase in annual room nights for Virginia Beach hotels
- Improved utilization of the existing Virginia Beach Convention Center, as well as create a dynamic synergy with the Virginia Beach Convention Center with the potential to increase event days at both facilities
- A boost to area property values
- Indirect community and public safety benefits such as serving as an emergency shelter during hurricanes or other severe weather events.

If approved on target, the Arena could host its first event by December 2016.

f. Project Schedule

Identify the proposed schedule for the work on the project, including the estimated time for completion.

The anticipated project timeline is as follows predicated on approval from the City of Virginia Beach during the first quarter of 2014.

The project phasing plan is provided below:

Project Phasing Plan

Phase 1: Concept Development (6 months)

• Concept proposal submitted February 17th, 2014

Phase 2: Detailed Development (9-12 months)

Phase 3: Construction and Programming (21-24 months)

• Begin construction First Quarter 2015

Phase 4: Operations

• Conduct first event Fourth Quarter 2016

g. Risk Management Plan

Propose allocation of risk and liability for work completed beyond the agreement's completion date, and assurance for timely completion of the project.

i. Schedule adherence liability

USM will assume all risks for on-time and on-budget schedule adherence in the form of cost escalation, supervisory and quality assurance costs, and revenue loss due to any delay in the commencement of operations.

The City of Virginia Beach will be subject to no schedule adherence risk or liability due to developer caused delays, and they will be added as an obligee on construction performance bonds.

ii. Completion Assurances

Our management approach is based on decades of success in completing complex development projects. In addition to employing a proactively engaged project management team, we will utilize performance bonds during the construction contracting process to ensure timely and high-quality project completion.

h. Assumptions of Ownership, Operation and Use

State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the public entity's use of the project.

i. Ownership, Legal Liability, and Law Enforcement

The Virginia Beach Arena will be constructed on land leased from the City and operated by USM. USM will be fully responsible for project financing, construction project execution, and adherence to timeline, cost controls, quality assurance and venue operations.

After issuance of Certificate of Occupancy, law enforcement, public safety, and insurance requirements will be supported by the City as required for arena operations.

The City shall also retain ownership of any parking lots and structures- and be responsible for required maintenance and improvements to these facilities.

SMG will aggressively pursue a diverse programming mix, and we anticipate 135 to 150 events each year.

ii. Arena Operations

USM will be responsible for all arena operations, and will utilize the contract support of SMG, a world-class venue operator, to manage event programming and day-to-day facilities operations and maintenance. The Arena will host a diverse and dynamic array of events and entertainment that will benefit all facets of our community.

SMG will aggressively pursue a diverse programming mix, and we anticipate 135 to 150 events each year, such as:

- Family events including Disney on Ice, circuses, and Sesame Street Live
- Conventions and trade shows (to complement and augment Convention Center offerings)
- · Live concerts and comedy acts
- Theater events and Off-Broadway shows
- · Monster truck rallies and other motor sports
- Youth sporting events such as regional, state and national tournaments
- National Political Conventions
- Olympic Trials
- Collegiate athletic events such as Conference and NCAA tournaments
- NBA/NHL exhibition games





i. Phased Openings

Provide information relative to phased or partial openings of the proposed project prior to completion of the entire work.

The facility will be opened and fully operational at the completion of construction with no phased openings.

If this proposal is acceptable to the City and target dates are met for necessary agreements, the Virginia Beach Arena will be open to the public and host major new events by the end of 2016.

j. Project Standards

Describe any architectural, building, engineering, or other applicable standards that the proposed project will meet. Define applicable quality standards to be adhered to for achieving the desired product outcome(s).

Our design inspiration is drawn from the beauty, power and ubiquitous presence of the Virginia Beach waves and the vitality of the resort oceanfront environment, and will complement the wind and sail inspired dramatic steel and glass features of the adjacent Convention Center. The Arena form and structure will be

iconic, architecturally unique, and symbolic of our fine City. The Arena's exterior finishing will be visually appealing and harmonious with our beach resort style.

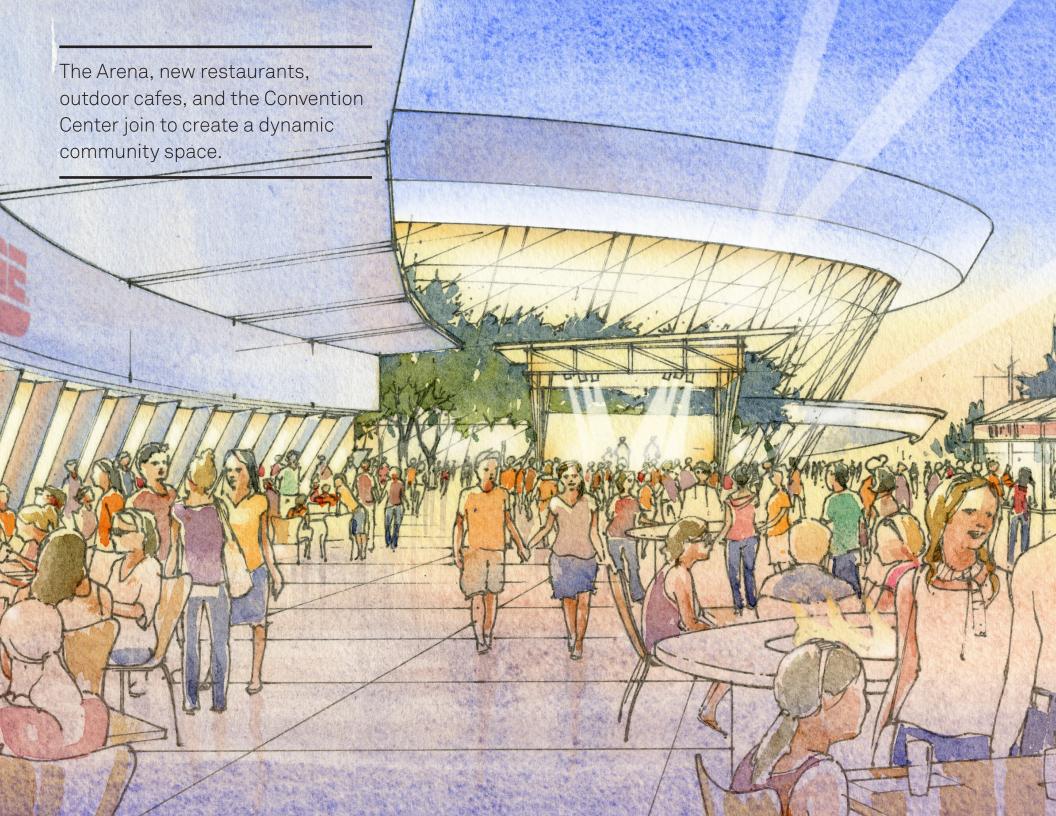
The final building elevations will be completed in cooperation and coordination with the City's planning department and our entire design team.

Our commitment to quality will ensure that the Virginia Beach Arena stands out worldwide as a premier entertainment and sports venue.

We define Quality Assurance (QA) as a function of Project Management based on the concept of total quality. Total quality means that quality management is an important task throughout the development life cycle instead of merely in the testing stage. Specifically, this includes the four QA processes of operational requirements definition, design and planning, execution and process control. Total quality also means that quality will be every member of the team's responsibility, and this has been emphasized from Day One of the concept design process.

Our team commitment to quality will ensure that the Virginia Beach Arena stands out worldwide as a premier entertainment and sports venue.





CONCEPTUAL SITE PLAN

- 1 Arena
- 2 Wave Walk
- 3 Surface Parking

- 4 Lightrail
- 5 Lightrail Station
- 6 Memorial Location

7 Dining/Retail







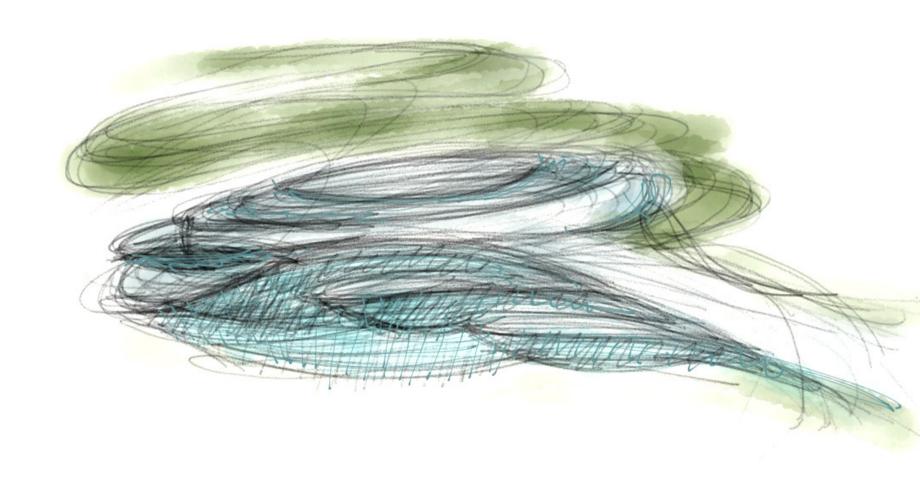








O O O PROJECT FINANCING



PROJECT FINANCING

Our proposal would not require the City to issue bonds, and there would be no increased tax burdens on the citizens of Virginia Beach.

USM's proposal meets the following financial principles:

- USM obtains private financing and assumes risk for Arena construction
- The City would not be required to issue bonds
- No increased tax burden placed on the citizens of Virginia Beach
- City leases land required for Arena to USM for a term of 40 years, after which the Arena reverts to the City
- City provides parking, site improvements, infrastructure, special event amenities and related city services necessary for successful operation
- City allocates 1% of hotel tax as well as tax revenue directly generated by Arena operation to the extent required to amortize Arena development costs.

a. Preliminary Cost Estimate—Proprietary Information in Volume 2

Provide a preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both.

The preliminary cost estimate and estimating methodology are provided in Section 3.a. of Volume 2.

b. Development, Financing, and Operation Plan—Proprietary Information in Volume 2

Submit a plan for the development, financing and operation of the project, showing the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds.

As a key component of this proposal, USM has obtained a private financing source for the Virginia Beach Arena.

USM will assume the financial risk of Arena operations and will partner with SMG, a major arena operator with international entertainment and sports venue operational and booking experience.

USM's Arena operating model conservatively is based on published market studies and

analysis, internal projections, detailed event and operating analysis prepared by SMG, and review by AECOM Economics.

Details of the development, financing, and operational plan are provided in Section 3.b. of Volume 2.

c. Assumptions—Proprietary Information in Volume 2

Include a list and discussion of assumptions underlying all major elements of the plan.

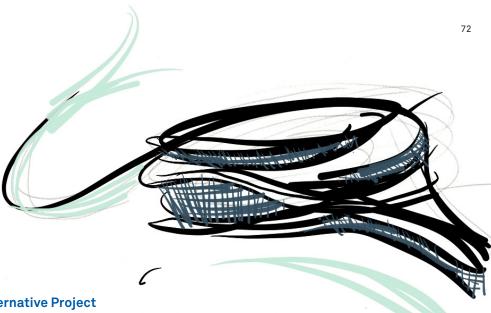
The underlying assumptions are provided in Section 3.c. of Volume 2.

d. Risk Management Plan—Proprietary Information in Volume 2

Identify all anticipated risk factors and methods for dealing with these factors.

USM has obtained a private financing source for this project. Therefore, the City will enjoy the benefits of an iconic entertainment and sports venue without shouldering the associated risks of construction or operations, or having to issue bonds, which could impact the City's bond rating or future borrowing capacity, limiting the City's ability to fund other key projects.





The Arena's final design configuration will be tailored to match anticipated event frequency and attendance levels to ensure that Arena operations remain financially sound.

The risk management plan is provided in Section 3.d. of Volume 2.

e. Public Resources - Proprietary Information in Volume 2

Identify any local, state or federal resources that the private entity contemplates requesting for the project. Describe the total commitment, if any, expected from governmental sources (and identify each such source) and the timing of any anticipated commitment.

Requested government resources are identified in Section 3.e. of Volume 2.

f. Financing—Proprietary Information in Volume 2

Identify any third parties that the private entity contemplates will provide financing for the project and describe the nature and timing of each such commitment.

The source of financing is provided in Section 3.f. of Volume 2.

g. Comparable Costs of Alternative Project Delivery Methods

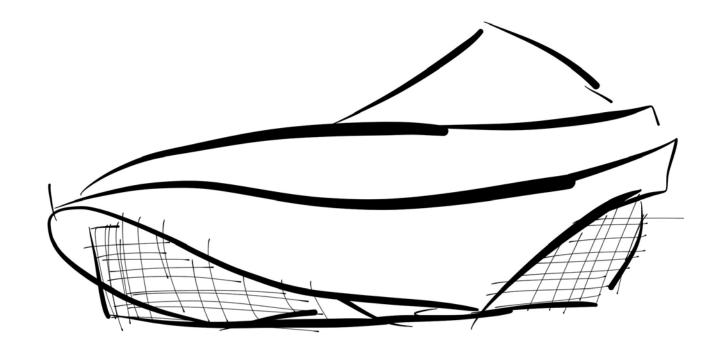
Alternative arena development efforts have lacked adequate financial capability and have relied instead on burdening our community with the development costs through the use of City bonds. This approach comes with significant negative consequences for the City and its citizens.

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h. Opportunity Cost Assessment

The Virginia Beach community, along with all of Southeastern Virginia, has been underserved by the entertainment and sports industries for decades. The lack of a large-scale, high-caliber, year-round Arena has cost our community hundreds of jobs and millions of dollars in unrealized revenue.

O4 PROJECT BENEFIT AND COMPATIBILITY



PROJECT BENEFIT AND COMPATIBILITY

The proposed Arena will be a game-changer for Virginia Beach and provide a significant injection of economic development.

The proposed Arena will be a game-changer for Virginia Beach and provide a significant injection of economic development.

The facility will create new jobs and sustainable economic growth by hosting unique events that will draw a fresh, consistent stream of visitors to the City, enhance the viability of the adjacent Convention Center, provide an exciting new amenity for area residents, and enable the City to retain more of their entertainment-related spending.

Most importantly, our proposal for the Arena will deliver all of these benefits without increasing taxes on local citizens or placing financial risk on the City.

Over the past two years, the City of Virginia Beach has engaged economic and industry experts to conduct in-depth analysis regarding the impact of a major arena. These studies clearly convey that regional demographics support the potential for success and economic benefit of a large entertainment and sports venue in Virginia Beach. The project's compatibility with the overreaching vision of Virginia Beach has been well documented.

Specifically, the proposed Arena creates the opportunity for:

- Major concerts and events that currently bypass our market
- Diverse, year-round entertainment for residents and visitors alike
- Event booking synergy with the Convention Center
- Increased revenue for area hotels, restaurants, and other businesses
- A talent draw for employers
- A projected significant boost to City property values

Virginia Beach has recently engaged economic and industry experts to conduct in-depth analysis regarding the impact of a major arena. These studies clearly convey that regional demographics support the potential for success and economic benefit of a large entertainment and sports venue in Virginia Beach.

Southeastern Virginia (SEVA) has a favorable corporate environment to support an iconic venue in Virginia Beach. SEVA is home to 10 Fortune 500 Companies, 365 companies with annual sales in excess of \$25 million, and almost

600 companies that employ 250 people or more. There is pent-up corporate demand for naming and sponsorship opportunities as well as premium and box seating acquisition.

In addition to these strong economic and population demographics, the region also enjoys proactive leadership committed to supporting a new arena.

Studies indicate that the SEVA entertainment and sports market is significantly underserved. The region stretches from Virginia Beach through Norfolk, Newport News, Williamsburg, and Richmond. SEVA includes three of Virginia's four largest cities and encompasses three million people, but has neither an arena larger than 12,000 seats nor a major league franchise.

In fact, SEVA is the largest market in the country without a major arena—larger than 22 markets that host one or more professional sports franchises.

Although this proposal is not predicated on the inclusion of a major league franchise, the Arena size and design – combined with favorable area demographics – make this site a prime target for a future NBA and/or NHL franchise. This

USM intends to aggressively pursue a sports franchise and will include design functionality making the new arena "professional ready" for play when a team is identified and relocates to the area.

attractiveness increases exponentially once Arena operations are underway. USM intends to aggressively pursue such a franchise and will include design functionality making the new arena "professional ready" for play when a team is identified and relocates to the area.

a. Anticipated Benefits

Describe the anticipated benefits to the community, region or state, including anticipated benefits to the economic condition of the City, and identify who will benefit from the project and how they will benefit. Describe benefits other than economic here before quantifying benefits below.

A world-class arena will bring many benefits, both qualitative and quantitative. Those benefits that are hard to reduce to numbers include:

- Increased community visibility and stature
- Enhanced quality of life
- Stimulation of surrounding businesses
- Business and employee attraction and retention

Many economic benefits can be quantified. In August 2012, James V. Koch, Board of Visitors Professor of Economics and President Emeritus of Old Dominion University, provided the City with a detailed study entitled, "The Economic Impact of the Proposed Arena in Virginia Beach." Utilizing construction and operational estimates prepared by industry experts, Dr. Koch projected that significant positive local and regional economic impacts would be generated by a major venue. In an independent analysis prepared for Virginia Beach City Council on November 13, 2012, Conventions Sports and Leisure International (CSL) provided further verification of the forecasted results of this and related studies.

As our operational plan is based on initially operating a venue without a professional franchise, we have re-calculated the economic impacts from Dr. Koch's projections and estimate that Arena operations will provide hundreds of new jobs, a substantial one-time boost to City property values, and a significant boost to the City's economy.

In addition to the operational impacts, construction of the Arena will result in economic impact from expenditures for labor, materials, and equipment. In order to provide a conservative estimate of benefits, we have scaled back the impacts per Dr. Koch's study to reflect estimates based on \$200 million in construction costs. We have also used his assumptions that 40 % of labor and materials will be sourced in Hampton Roads and 20% will be sourced in Virginia Beach.

Construction Impacts (2014-2016)

Impact to Hampton Roads

One-time Only Construction-related Jobs: 320

One-time Only Construction Impact: \$159.4 million

Impact to City of Virginia Beach

One-time Only Construction-related Jobs: 128

One-time Only Construction Impact: \$68.8 million

For a recent example of the actual fiscal impact of an arena, an October 2012 study prepared by Development Strategies entitled "Five Years of Economic Impact, Sprint Center, Kansas City, Missouri" analyzed the impact of a similar entertainment and sports venue that began operations in the fall of 2007. Analysts found economic benefits to the city, region,

USM offers a proposal that does not rely on taxpayers for Arena construction dollars and shifts the operational risk into private hands.

and state exceeded expectations in terms of jobs created and spending captured from the over 1 million annual visitors that the facility attracted during the first 5 years of operations.

b. Anticipated Community Response

Identify any anticipated public support or opposition, as well as any anticipated government support or opposition, for the project.

i. Public

Town hall meetings have been conducted to discuss the merits and concerns of constructing a large Arena in Virginia Beach. Local citizens expressed excitement over having immediate accessibility to major entertainment acts and as well as support for the possibility of attracting a major league franchise to the area. Residents also see a potential benefit from new jobs generated by the facility and anticipate greater job stability as a result of the year-round tourism draw.

Businesses have also expressed significant support for a new Arena. In addition to the direct impacts as described in Dr. Koch's study, business leaders have noted the emotional and

reputational value of having an iconic local venue. The additional prestige and attention created by a bustling Arena would signify a higher quality of life, draw additional businesses, and help new and existing employers attract top-level talent.

USM will ensure that the Arena is a good neighbor to the oceanfront resort community.

In addition to the excitement, local citizens have also expressed concerns. First and foremost, residents feared that Virginia Beach (and eventually the taxpayers) would shoulder too much of the bill for construction and be at risk if the Arena failed to perform as predicted.

This proposal rises above all others that do not alleviate this concern because USM offers a proposal that does not rely on taxpayers for Arena construction dollars and shifts the operational risk into private hands.

Parking and traffic concerns were also raised; however, the City previously engaged Kimley-Horn to study these issues and has indicated that this concern can be addressed with minimal additional infrastructure investment.

The third major concern voiced was the impact of an Arena on nearby homeowners and neighborhoods. It's important to note that the land necessary to build the Arena is already under public ownership. There will be no taking of land or use of eminent domain to construct the project, and the City's Master Plan calls for a transition between the Resort Area and the adjacent neighborhoods.

ii. Government

Significant support for a major Arena in Virginia Beach exists at both a City and State level.

City leaders welcome the Arena as a new economic generator and have indicated that an iconic venue would raise the national visibility and stature of Virginia Beach and assist in marketing the City both as a resort and as an attractive place to locate businesses.

Referring to the construction of a Virginia Beach Arena in his 2013 State of the City Address, Mayor Sessoms indicated that the City "will stay focused on this most significant initiative." Warren Harris, Executive Director of the Virginia Beach Department of Economic Development, also has expressed enthusiasm for the The Arena will be a local project with national and international stature.

construction of a major Arena in the City, and the Development Authority stated in their 2012-2013 Annual Report: "Development of a major arena in Virginia Beach remains a priority."

City leaders have been especially excited about the opportunity to construct a major entertainment and sports Arena without the need to float municipal bonds for construction or commit existing City resources to the Arena's operations. USM presents such an opportunity here.

The Virginia Economic Development Partnership played a key role in the development of this project, and the Virginia General Assembly has shown its support for an entertainment and sports venue in Virginia Beach by passing legislation that dedicates sales tax generated by the Arena to satisfy project-related debt.

c. Communication and Public Involvement Strategy

Explain the strategy and plans that will be carried out to involve and inform the general public, business community, and governmental agencies in areas affected by the project.

The Virginia Beach Arena project will prompt many questions from our neighbors in the community, and is committed to addressing their concerns.

USM will provide transparent, consistent, and timely information regarding the Arena development, construction, and operations to all interested parties. Details will be expanded or tailored to best communicate with the various constituencies within our community and ensure that information is available and accurate.

The Arena will be a local project with national and international stature. While USM has assembled a team with global and national experience, key members of the USM team are lifelong residents of the City who live and work in Virginia Beach and have developed close contacts with area citizen and business groups. The project team will actively solicit input from local and regional groups throughout the developmental, construction, and operational phases of the Arena project.

Project team leaders will work closely with Virginia Beach staff and City Council, providing input, answering questions, preparing documents, and making presentations to facilitate an open exchange of information and ideas.

USM leaders will meet with the City to develop broad executive policy goals for an effective communication strategy. These goals will then guide USM and the City in developing cohesive implementation plans. The communication strategy will be flexible and identify key information and messages that must be kept current and consistent to keep the public informed and engaged.

USM has hired the full-service public relations firm of Rubin Communications Group to facilitate the establishment and maintenance of an open relationship with both print and electronic media news sources. The Rubin Communications Group and USM leadership will stay actively involved to help ensure that the project reporting is fair and balanced.

A variety of platforms will be used to communicate project news including briefings to City officials, public meetings, news releases, a project website, internet postings, and social media.

The Arena will anchor the 19th Street development and serve as a magnet to draw additional visitors on a year-round basis, enhancing area business and increasing the potential for the Convention Center

d. Industry and Business Impact

Explain whether and, if so, how the project is critical to attracting or maintaining competitive industries and businesses to the City or the surrounding region.

Capitalizing on the City's ability to attract tourists, the Arena will anchor the 19th Street development and serve as a magnet to draw additional visitors on a year-round basis, enhancing area business and increasing the potential for the Convention Center.

Virginia Beach's ability to draw visitors from within the region is well documented, and the Virginia Beach Amphitheater serves as an excellent case in point. This venue consistently attracts customers from the entire region, with 18% of tickets sold in the Richmond area alone.

According to Dr. Koch, the Washington and Richmond metropolitan areas provide the "two largest sources of tourists for Virginia Beach." He noted in his study that "many individuals are accustomed to traveling to the City of Virginia Beach for vacations and entertainment."

The proposed venue will optimize existing hotels and restaurants in the Resort District by:

- attracting visitors from out of the area for major events
- encouraging residents to spend entertainment dollars here
- · creating a year-round draw at the oceanfront.

Dr. Koch calculated the economic impact on off-site restaurants, hotels and motels of a Virginia Beach Arena to be over \$15,000,000 per year. While the operation of a venue without a major league franchise will reduce his original estimate, the impact on area businesses will remain significant.

The Arena design and location also will create booking synergy with the adjacent Virginia Beach Convention Center and offer an attractive venue package for national sporting events and large assemblies or exhibitions that the current facility is unable to accommodate due to size limitations.

The Arena/Convention Center combination could attract Fan Fests, US Gymnastics, US Figure Skating, religious conventions, corporate meetings, and national political conventions.

This synergy would enable the City to capitalize on its previous investments and realize the full potential of the Convention Center.

e. City Compatibility

Explain whether and, if so, how the project is compatible with the City's comprehensive plan, infrastructure development plans, capital improvements budget, or other government spending plan.

Virginia Beach has long established itself as a destination draw and has the infrastructure in place to accommodate 6 million visitors annually. The proposed Arena will be an iconic venue that builds on this record of success and aligns with current and future plans for the City. A major entertainment and sports venue will heighten the City's national and international stature.

Land is currently available in a prime location in the Resort District for an entertainment and sports venue of the necessary size and features to provide a unique, year-round draw. The Arena will be built near the hotel/resort base, which boasts over 8,000 available rooms and will be located in close proximity to the Convention

The Arena will be constructed by a building team with a proven track record for quality and timely performance.

Center, creating the opportunity to attract national conventions and events that are currently deterred by space limitations.

Adjacent land remains available for the potential future completion of an integrated conference hotel that would further establish Virginia Beach as a national player in the convention market.

With convenient access from I-264, the Arena location optimizes previous infrastructure investments and aligns with the establishment of an Entertainment District at the previous Dome site and potential future Light Rail options.

f. Project Quality Standards

Explain how quality standards of the project will be satisfied in comparison with the qualities anticipated or proposed by the City of Virginia Beach for the project.

With time being of the essence, the Arena will be constructed by a building team with a proven track record for quality and timely performance, in strict compliance with generally accepted industry standards and practices, plans and specifications, and applicable local, state and

federal laws, rules and regulations. Quality standards will be monitored and assured through special inspections by independent professional engineers and architects.

Representatives of ESG, CMEC, Mortenson, SBBCC, and Clark Nexsen will maintain a significant local presence, which will facilitate quick responses, aid in keeping the project delivery on time, and make sure the architectural and engineering design intent is understood and implemented.

g. Small and Disadvantaged Business Utilization Plan

Provide a statement setting forth participation efforts that are intended to be undertaken in connection with this project with regard to the following types of businesses: i) minority-owned businesses; (ii) woman-owned businesses; and (iii) small businesses.

In keeping with the City's goals regarding the utilization of SWAM businesses, USM will make every effort to use local SWAM subcontractors for skilled and unskilled workers as much as is financially feasible.

USM places a high value on supporting small businesses, and recognizes that Small, Women, Minority and Service Disabled Veteran Owned (SWAM) businesses offer a broad range of expertise and capabilities to the Virginia Beach and Greater Hampton Roads community. In keeping with the City's SWAM businesses utilization goals, USM will make every effort to utilize local SWAM subcontractors in all phases of the project as much as is financially feasible. SWAM businesses will be sought out to perform as suppliers, as well as to provide both skilled and unskilled services wherever they can bring the best value to the project.

