

**COUNCIL ACTION FORM**

**SUBJECT: AMES CONVENTION & VISITORS BUREAU REQUEST FOR \$6,417 TO FUND ANALYSIS OF HOTEL MARKET AND POTENTIAL FUNDING SOURCES FOR FLAT SPACE PROJECT**

**BACKGROUND:**

As you will recall, the Ames Convention and Visitors Bureau (ACVB), the Ames Chamber of Commerce, the Ames Economic Development Commission, Iowa State University, and the City of Ames have funded two studies over the past twenty-four months regarding the proposed flat space project. The first study involved a market analysis regarding the potential for a mixed-use convention and events center in Ames. The second study focused on potential locations for additional conventional space.

**The ACVB is now requesting that these same entities finance a third study with two phases. The first phase involves a market analysis for a potential hotel adjacent to the convention facilities, and the second phase involves analyzing potential private funding for the flat space project. (See Attachment I)**

**ALTERNATIVES:**

- 1) The City Council can decide to continue its support for upgrading the community's convention facilities by providing \$6,417 towards the third study identified above.
- 2) The City Council can decide to continue its support for upgrading the community's convention facilities by providing some amount, other than \$6,417 requested by the Ames Convention and Visitors Bureau, towards the third study identified above.
- 3) The City Council can deny the request from the Ames Convention and Visitors Bureau for partial funding for the third study identified above.

**MANAGER'S RECOMMENDED ACTION:**

In the past, the City Council has expressed support for updating the community's convention facilities. Prior to making a final decision to proceed with this project, additional pertinent information must be collected. The two phase study being proposed by the ACVB (including the hotel market analysis and the private funding analysis) seems to be an appropriate next step for gathering this needed information.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1 and authorize \$6,417 from the Council Contingency Account for this purpose.

These monies will share funding in the third study related to potential convention space in the community as described above. This recommendation is conditioned on the other four parties specified in the AVCB request letter providing their expected shares to fund this study.

*Smart Choice*

August 22, 2013

Mayor Ann Campbell  
City of Ames  
515 Clark Avenue  
Ames, IA 50010

Honorable Mayor Campbell and Ames City Council,

As you are aware, the Ames Convention and Visitors Bureau in partnership with the Ames Chamber of Commerce, Ames Economic Development, Iowa State University, and the City of Ames, have funded two studies in the past 24 months. The first was a market analysis for a potential mixed-use convention and events center in Ames performed by Convention Sports & Leisure International (CSL). The second was an analysis by RDG Planning & Design (RDG), which took a look at potential locations for the mixed-use convention space in Ames, based on the recommended square footage, and also an estimate of costs associated with construction of a facility. Reviewing potential funding options that have been used elsewhere in Iowa and across the country, we have approached CSL to gather additional information on the feasibility of private funding as part of a project in Ames.

Attached you will find a letter of engagement from CSL outlining additional services. The Bureau would like to precede with phases 1 & 2 and ask the Council to fund 1/6<sup>th</sup> of the fee (not to exceed \$38,500) for the analysis. As with the past studies, the Bureau will cover 50% of the cost. The Chamber & AEDC, University and City each pay 1/3 of the remaining 50%. The phases include a Hotel Market Analysis and Analysis of Potential Funding Sources. This will identify the likelihood and amount of private funding for the convention center project in this market.

If time allows, we would also like the opportunity to give you a quick update on the status of the project at the September 10<sup>th</sup> Council Meeting.

Thank you in advance for your support and interest in this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Cook', written over a horizontal line.

Kevin Cook  
President  
Ames Convention & Visitors Bureau



August 7, 2013

Ms. Julie Weeks  
Director  
Ames Convention and Visitors Bureau  
1601 Golden Aspen Drive, Suite 110  
Ames, Iowa 50010

Dear Ms. Weeks:

This letter sets forth our understanding of the terms and objectives of the engagement of Conventions, Sports & Leisure International (CSLI) to assist the Ames Convention and Visitors Bureau (ACVB) and other relevant stakeholders with various activities related to the development and funding of potential conference center and hotel in Ames. This letter also provides the nature and limitations of the services to be provided and the related fee arrangement.

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### Scope of Services

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This scope of services has been developed to assist the ACVB and other relevant stakeholders in their assessment of the feasibility of hotel development as part of the contemplated convention facility project and in identifying potential funding sources and strategies for the convention facility and potential hotel development. We have structured the associated advisory services into a four-phased approach.

The first phase consists of a market analysis to determine the market potential and supportable size for potential new hotel development in Ames. The second phase involves the Identification of potential public and private funding sources and the development of estimates of the funding potential from each potential source.

The third and fourth phases of work are optional and could be undertaken at your request upon the completion of the first two phases. The third phase of work involves efforts to solicit and evaluate preliminary developer/operator interest in a potential public/private partnership opportunity, along with additional evaluation of market conditions and development/management opportunities for the proposed conference center project and associated hotel. The fourth, and final, phase consists of ongoing assistance with additional detailed planning steps related to project funding and hotel development.

An outline of the four phases of work (with the second phases representing optional services) is presented on the following pages.

## Phase I. Hotel Market Analysis

The purpose of this phase is to analyze the market potential and supportable size for potential new hotel development in Ames to support the operation of a new conference center. Importantly, we will draw upon the extensive research conducted during our 2009 feasibility study throughout this, and subsequent, phases. The specific steps to be conducted as part of this phase are summarized below.

- Initial Planning: The proposed subject asset(s) will be compared/contrasted to other competitive lodging properties in the market. We will meet with current or anticipated ownership/management to discuss future operations and how this relates to the facility's future competitive market posture.
- Lodging Market Analysis: The competitive market for lodging accommodations will be examined. The demand for lodging accommodations will be divided into specific market segments for the purpose of forecasting the demand for transient accommodations. Competitive lodging facilities will be physically inspected and if applicable, selected management interviews will be conducted.
- Regional Economic Analysis: Fieldwork will be conducted for the purpose of identifying and analyzing economic and demographic trends for the region surrounding the proposed subject facility or facilities. These statistics will then be used to relate the general economic health of the area to the future viability of the local lodging industry. If appropriate, key demand generator interviews will be conducted.
- Market Penetration Analysis: Based on information gathered from the competitive lodging facilities, a competitive supply and demand analysis of the market will be undertaken. This information will be used as a basis for a market penetration analysis of the subject and the competitive hotels. The results will be summarized in a forecast of future occupancy and average room rate levels for both the subject property and the competitive market area.
- Performance Analysis: The analysis will include the following key points:
  - A supply side analysis, including the performance of the competitive set, anticipated mix of demand (for the proposed subject hotel or hotels), review of the competitive set of lodging facilities and an analysis of anticipated new additions to competitive supply.
  - A room demand analysis, which includes the largest demand generators for the proposed subject lodging property, major demand generators for the market area, the demand trend within the competitive market and an analysis of the potential growth within the market area.
  - A proposed lodging product analysis including recommendations relative to the type (full-service, limited-service, boutique, etc.), size, scope, brand and quality level of the proposed hotel(s).
  - An overview of the market, including a summary of the market dynamics (i.e., current economic and demographic trends), physical strengths and weaknesses of the proposed subject lodging property, a description of the location and market position of the proposed subject lodging property and investment risks and opportunities.
  - The forecasted occupancy level and average room rate for the subject property or properties.

## **Phase II. Analysis of Potential Funding Sources**

The development of major conference center (and even lodging) facilities throughout the country typically involves some level of public funding. Many communities are willing to provide for such funding given the potential economic and fiscal impacts of the project.

We will identify and summarize financing sources and the extent to which facility development may require funding from external sources to fund project operations, debt service and ongoing capital maintenance of the proposed expansion. The analysis will focus on both financing mechanisms and the project revenue sources that could be used to fund potential facility development and ongoing operations.

Typically, funding for public assembly facilities is tied to the industries that benefit from facility operations. This analysis will focus on numerous sources of revenue for project funding, including both public and private sources. Order-of-magnitude estimates of revenue potential from each viable revenue source will be prepared and potential funding sources will be prioritized. We will also characterize important advantages and disadvantages of several identified potential funding options.

Additionally, potential partnering and funding options, as used by similar communities, will be identified and analyzed including the feasibility of developing the potential space as a joint venture with a future hotel or with another business or civic facility. In the past several years, our project team has been involved with a variety of similar projects around the country that have incorporated creative partnerships with the private sector to assist in defraying facility development costs. Some additional potential private sector funding possibilities for the potential facility development that will be identified and analyzed will include sponsorships, naming rights, franchising, branding, upfront service provider fees (i.e. private management and food & beverage contractors, etc.), and facility component build-outs.

Finally, we will generate a preliminary valuation estimate associated with the sale of naming rights for the convention center. We will evaluate its potential use levels/tenants to identify all assets available for a successful naming rights package, including, but not limited to the following:

- on-site advertising
- broadcast exposure
- editorial media coverage
- publications
- collateral material
- promotional opportunities
- event marketing
- internet
- seating
- ticketing
- merchandising

Based on an evaluation of the existing assets and potential components that could be included in a naming rights package, we will develop the value for each of the potential naming rights assets based on industry standards, valuation techniques and market conditions. We will focus on demographic, location and traffic count characteristics, including estimates of ad impressions via

signage, advertisements, media and other methods. We will identify and analyze naming rights deals from a variety of comparable projects throughout the state and country. The goal of the exercise is to determine the market value of convention center naming rights for interested corporations or donors.

### **Phase III: Initial Private Partnership Planning and Evaluation**

The tasks completed in Phase II will identify and quantify numerous potential public and private funding sources. Given the results of this analysis and the estimated level of private funding that may be required for the project, particularly in the area of potential hotel development, the services comprising Phase III (if pursued) will focus in greater detail on the potential parameters regarding private funding opportunities. The type of assistance that we will provide under Phase III includes, but is not necessarily limited to:

- Assistance in identifying potential private partners, including provision of a proprietary database of more than 1,000 national and regional hotel developers and operators, including those that have entered into comparable public/private partnership transactions/agreements concerning hotel/conference center projects.
- Development of a Request for Expressions of Interest (RFEI) that is designed to preliminarily gauge hotel developer/operator interest in the project. The RFEI will provide a concise summary of the potential project and opportunity and will request brief letters of interest from prospective candidates. We will identify a targeted list of hotel developer/operator candidates from our database, representing the most likely potential partners for the project. We will provide the list and RFEI document to the ACVB and other project stakeholders as appropriate and will coordinate a mailing of the RFEI. The level of response (or lack thereof) will be telling in terms of market timing and the perceived attractiveness of the potential opportunity by the private sector.
- Working with the ACVB and other project stakeholders, as appropriate, we will conduct preliminary telephone discussions with interested partner candidates (as indicated through responses to the RFEI) to obtain information concerning envisioned development and operating models, branded prototypes, initial thoughts concerning capital contributions, site/location issues, deal structuring, key agreement terms and other such items. These initial conversations will be instrumental in providing base information to assist in the development of a formal Request for Proposals (RFP), if pursued under Phase III. At a minimum, it will provide critical information to the ACVB and other project stakeholders concerning the "viability" of potential public/private partnership scenarios.
- Provision of information regarding the structure of public/private partnership hotel/conference center transactions in other comparable communities, including discussion of the strengths and weaknesses of various models.
- Building on the analyses completed as part of the feasibility study completed by CSL in 2009, we will update assumptions related to the hotel/conference center project as the project discussions and planning become more refined and the ultimate "model" becomes crystallized. This could include the development of assumptions regarding market absorption, occupancy, average daily rate, revPAR, hypothetical operating cash flows, preliminary cost-to-build and partner return on investment (ROI) considerations. These ongoing market/financial analyses will be critical in continuing to assess where the

public sector "stands" in terms of the calculated "feasibility gap" with regard to the public/private partnership.

#### **Phase IV: Solicitation, Analysis and Negotiation**

The purpose of Phase IV, if pursued by the ACVB and other project stakeholders, is to undertake additional detailed planning steps, solicit formal proposals from private partner candidates, evaluate proposals, designate a preferred partner, undertake negotiations and assist in the development of various agreements related to development and/or management agreements. Due to the wide variability associated with planning and negotiation work of this nature, we have set a "Base Fee" for this third phase and will provide monthly updates of billable hours incurred against this base fee. It is possible that execution and completion of all tasks associated with this potentially complex Phase IV set of tasks could exceed the Base Fee. We will inform the ACVB monthly of our progress and fees incurred and billed against the Base Fee. The ACVB will have the option to terminate this phase of work at any time and we will only bill you for time and expenses incurred. The specific tasks associated with Phase IV include, but are not necessarily limited to, the following:

- Provision and assessment of actual developer and operator agreements associated with comparable projects throughout the country, including analysis and summary of key terms and revenue/expense and cost sharing provisions.
- Advisory assistance as to advantageous structure alternatives for the transaction, incorporating participation from the public sector, equity participants, hotel operators and other involved parties.
- Building on information obtained during Phase III, we will assist you develop a formal, comprehensive Request for Proposals (RFP) concerning hotel development and/or conference center management opportunities. The RFP will provide a detailed description of the opportunity, the community and potential sites, and the objectives and priorities of the ACVB and other relevant stakeholders, as well as a request for qualifications, relevant experience, demonstration of financial solvency, expected development/management models, performance projections, and funding detail.
- Assistance in the development of a prioritized list of key terms that development and operator agreements should contain to best protect the public sector's interest, financially and economically.
- Assistance in evaluating developer/operator proposals, evaluation of qualifications, as well as analysis of key proposed terms and analysis through a developed matrix of comparative strengths and weaknesses and resulting ROI and project cash flows.
- Assistance in developing a list of follow-up/clarifying questions and evaluation of responses.
- Additional analysis and modeling of estimated hotel and conference center market and financial performance characteristics, given more clarity of the ultimate facility development and operating models considered most likely.
- Assistance in identifying potential financial advisors/underwriters and that will be required for the transaction.
- Work with the legal representative(s) and other officials of the ACVB and other project stakeholders as appropriate in identifying the key structure and terms of a memorandum



of understanding with designated partner, including providing feedback on document drafts.

- Work with the legal representative(s) and other officials of the ACVB and other project stakeholders as appropriate in identifying a structure and key terms for developer and operator agreements with designated partner.
- Attendance of meetings in Ames and participation in regular and as-needed conference calls throughout the process

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### Professional Fees and Expenses

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Total professional fees for this engagement will depend on the number of hours required to complete the services and the skill levels of the assigned personnel. Professional fees and expenses associated with Phases I and II will not exceed \$38,500. Out-of-pocket expenses including travel costs, postage, telephone, report preparation and reproduction will be billed separately.

Following the completion of Phases 1 and II, Phases III and IV could be performed at your express written request. As the number of hours that would be required to complete Phases III and IV of the engagement is not fully defined (due to the uniqueness of transactions of this nature), professional fees will be billed on an hourly basis against a minimum fixed base fee ("Base Fee") of \$20,000. Billable hours by staff member will be tracked and itemized monthly for the ACVB. If the aggregate total of hourly billings and out-of-pocket expenses exceed the Base Fee amount, we will immediately inform the ACVB and, upon the ACVB's express written consent, will bill additional fees on an hourly rate basis.

Hourly rates by CSL staff position are as follows:

|                       |       |
|-----------------------|-------|
| Project Director      | \$325 |
| Project Advisor       | \$305 |
| Project Manager       | \$250 |
| Analyst/Support Staff | \$195 |

Fees and expenses will be billed and are payable on a monthly basis. Should additional work be requested beyond the scope of services detailed herein, professional fees will be billed on an hourly rate basis. Total professional fees for additional services will depend on the number of hours required to complete the services and skill levels of the assigned personnel.

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### Timing

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We are prepared to commence this engagement upon receipt of notice to proceed. We anticipate completing Phases I and II within 12 weeks of project commencement. The timing associated with Phases III and IV (if undertaken) will be dependent on the specific services provided, the timing of meetings and negotiating sessions, and numerous other factors that cannot be determined at this time. We anticipate completing this engagement in full, performing

Ms. Julie Weeks  
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all work as set forth herein. In the event that a decision not to proceed occurs at any point following the initiation of this engagement, we will cease our work and bill you for time incurred on the project at that point in time.

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## Conditions of Work

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**Information and Data.** CSL is entitled to assume, without independent verification, the accuracy of all information and data that the Client provides to CSL. All information and data to be supplied will be complete and accurate to the best of the Client's knowledge. CSL will use information and data furnished by others if CSL in good faith believes such information and data to be reliable; however, CSL shall not be responsible for, and CSL shall provide no assurance regarding, the accuracy of any such information or data. CSL shall be providing advice and recommendations to the Client; however, all decisions in connection with the implementation of such advice and recommendations shall be the Client's responsibility. CSL shall have no responsibility for any decisions made by the Client relating to CSL's services hereunder. CSL shall have no responsibility for any assumptions provided by the Client, which assumptions shall be the Client's responsibility. The reports may include estimates of annual operating results based upon courses of action that the Client expects to take prior to and during the period under analysis. The Client is responsible for representations about its plans and expectations, and for the disclosure of significant information that might affect the estimated results.

**Reports.** Any reports prepared by CSL are valid only when presented in their entirety and only for the purpose stated therein. It is expressly understood that (a) CSL's reports, suggestions, analyses and conclusions, if any, do not, in whole or in part, constitute a fairness or solvency opinion and (b) CSL will not perform any review, audit or other attestation procedures with respect to financial information as defined by the American Institute of Certified Public Accountants and will not issue any opinion, report or other form of assurance with respect to any financial information. There will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Should the Client have any reservations with regard to the estimates, we will discuss them with the Client before the report is issued. Any partially completed work products and drafts presented to the Client are for internal use only.

**Confidentiality.** CSL will preserve the confidential nature of information received from the Client in accordance with CSL's established policies and practices. The Client agrees not to reference CSL's name or any reports, analyses or other documents prepared by CSL, in whole or in part, in any document distributed to third parties without CSL's prior written consent. The Client agrees that any reports, analyses or other documents prepared by CSL will be used only in compliance with these terms, conditions, applicable laws, and regulations.

**Property.** To the extent that CSL utilizes any of its property (including, without limitation, proprietary databases, proprietary information, any hardware or software) in connection with its services, such property shall remain the property of CSL, and the Client shall not acquire any right or interest in such property. CSL shall have ownership (including, without limitation, copyright ownership) and all rights to use and disclose its ideas, concepts, know-how, methods, techniques, processes and skills, and adaptations thereof (including, without limitation, generalized features of the sequence, structure and organization of any works of authorship) in conducting its business, and the Client shall not assert or cause to be asserted against CSL or its personnel any prohibition or restraint from so doing.

**LIMITATION ON WARRANTIES.** THIS IS A CONSULTING SERVICES AGREEMENT. DUE TO THE INHERENT UNCERTAINTY INVOLVED WITH PREDICTING FUTURE EVENTS AND LOCAL/INDUSTRY CONDITIONS, CSL MAKES NO REPRESENTATIONS OR WARRANTIES AS TO

THE FINDINGS OR RECOMMENDATIONS CONTAINED WITHIN ANY OF ITS ANALYSES, INCLUDING ANY ESTIMATES AND DISCLAIMERS, AND CLIENT HEREBY EXPRESSLY WAIVES, ANY AND ALL CLAIMS BASED ON ANY POSSIBLE REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

**LIMITATION ON DAMAGES.** CSL, ITS MEMBERS, PRINCIPALS, DIRECTORS, OFFICERS, EMPLOYEES, PARENT COMPANY AND AFFILIATES SHALL NOT BE LIABLE TO THE CLIENT FOR ANY LOSSES, DAMAGES, CLAIMS, LIABILITIES, COSTS, OR EXPENSES IN ANY WAY ARISING OUT OF OR RELATING TO THIS ENGAGEMENT FOR AN AGGREGATE AMOUNT IN EXCESS OF THE FEES PAID BY THE CLIENT TO CSL FOR ITS SERVICES. IN NO EVENT SHALL CSL, ITS MEMBERS, PRINCIPALS, OR EMPLOYEES BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR EXEMPLARY LOSS, DAMAGE, COST, OR EXPENSE (INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND OPPORTUNITY COSTS). THE PROVISIONS OF THIS LETTER SHALL APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, STATUTE, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE), OR OTHERWISE, AND SHALL SURVIVE THE COMPLETION OR TERMINATION OF THIS ENGAGEMENT.

**Findings and Recommendations.** Any findings and recommendations presented as a part of this engagement will reflect the analysis of primary and secondary information provided by you and other involved parties. Information provided by third parties will not be audited or verified, unless otherwise noted, and will be assumed to be correct. As any projected information provided as a part of this engagement will be based on various trends and assumptions, there will be differences between the information presented and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

**Indemnification.** The Client and its affiliates shall indemnify and hold harmless CSL, its members, principals, directors, officers, employees, parent company and affiliates from and against any and all causes of actions, losses, damages, claims, liabilities, costs, and expenses (including, without limitation, legal fees and expenses) which may be asserted, brought against, paid or incurred by any of them at any time in any way arising out of or relating to CSL's services, except to the extent it is finally judicially determined that such losses have resulted from the willful misconduct of CSL.

**Subsequent Work.** CSL, by reason of the performance of its services, is not required to furnish additional work or services, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question. CSL will have no responsibility to update any report, analysis, or other document relating to its services for any events or circumstances occurring subsequent to the date of such report, analysis, or other document.

**Cooperation.** The Client shall cooperate with CSL in connection with the performance of its services hereunder, including providing CSL with reasonable and timely access to the Client's information, data, and personnel.

**Non-Exclusivity.** Nothing in this Letter shall be construed as precluding or limiting in any way the right of CSL to provide consulting or other services of any kind or nature whatsoever to any person or entity as CSL in its sole discretion deems appropriate.

**Force Majeure.** CSL shall not be liable for any delays or failures to perform its services resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war, or other violence, or any law, order, or requirement of any governmental agency or authority.

**Independent Contractor.** CSL is an independent contractor and not an employee, Agent or partner of Client. CSL is not authorized directly or indirectly to represent to any person that Consultant has the authority to bind the Client to any agreement or course of conduct. However, CSL shall have the right to use subcontractors, as necessary.

**Inconsistencies.** In the event of any conflict or inconsistency between the provisions set forth in this Letter and any other documents, the provisions of this letter shall govern.

**Complete Agreement.** This Letter constitutes the entire agreement between the Client and CSL with respect to the subject matter thereof and hereof, and supersedes all other oral or written representations, understandings, and agreements between the Client and CSL relating to the subject matter thereof and hereof. This Letter cannot be changed, except by written instrument signed by both the Client and CSL. This Letter shall be binding on the Client and CSL, and the Client's and CSL's permitted successors and assigns; however, neither the Client nor CSL may assign this Letter without the prior written consent of the other, except that the Client and CSL may assign this Letter to any successor to all or substantially all of the business or assets of such party.

**Governing Law.** The Letter shall be governed by and construed under the laws of the State of Iowa.

**Counterparts.** This Letter may be executed in counterparts, or by facsimile or telecommunicated counterparts, each of which shall be deemed an original and both of which, when taken together, shall constitute the same agreement.

**Consent and Good Faith Dealings.** The parties hereby covenant, each to the other, that each will deal with the other equitably, and will take into account the reasonable commercial expectations of the other in the exercise of rights and obligations hereunder. When consent or approval is requested for any action, the party from whom approval is sought shall give full and fair consideration to the financial issues raised by the other party and shall act in a fair, timely and non-capricious manner. Unless other indicated specifically in this Letter, consent and approvals shall not be unreasonably withheld, delayed or conditioned.

Ms. Julie Weeks  
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If you are in agreement with the aforementioned, please indicate by signing in the space provided below, and returning this letter to CSL International. If you would like to discuss this letter, please contact Bill Krueger at (612) 294-2003 or bkrueger@cslintl.com.

Very truly yours,

*CSL International*

**CSL International**

The arrangements described above are acceptable to us and set forth the satisfactory basis which to proceed with this engagement.

\_\_\_\_\_  
By:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Date: