

MINUTES OF THE MEETING
OF THE BOARD-ADMINISTRATION COMMITTEE
OF THE BOARD OF TRUSTEES
OF OHIO UNIVERSITY

ATHLETIC CLUB, COLUMBUS, OHIO
NOVEMBER 22, 1982

All members were present, namely Dean Jeffers, Chairman, G, Kenner Bush and Milton J. Taylor, President Charles J. Ping also was present.

The Committee reviewed the attached draft statement of the Innovation Center and Research Park Authority and approved the establishment of The Authority subject to action of the full Board at its next meeting.

Two suggestions for revision were offered in the course of the meeting: (1) The initial terms should be staggered; (2) There should be a limit to the consecutive terms an outside member could serve.

Recommendation 1 results in the addition of this sentence to Section 2: The initial appointments shall be for staggered terms. This is incorporated in the statement attached following the draft statement.

Recommendation 2 will be implemented by designating initial terms as being for 3, 4 and 5 years respectively.

These minutes were prepared from notes submitted by President Ping.



Robert E. Mahn
Secretary to the Board

INNOVATION CENTER AND RESEARCH PARK AUTHORITY

1. MEMBERSHIP. The Innovation and Research Park Authority shall consist of three full-time members of the Ohio University faculty or staff, three persons from outside the full-time staff of Ohio University, and the President of the University as ex-officio member and Chairman of The Authority.
2. APPOINTMENT AND TERM OF OFFICE. Members of The Innovation Center and Research Park Authority shall be nominated by the President of the University and approved by action of the Board of Trustees for a term of 5 years, and may be reappointed to one or more additional terms.
3. MEETINGS. The Innovation Center and Research Park Authority will normally meet three times a year but as frequently as the need for a meeting arises.
4. PROCEEDINGS. The Chairman of The Innovation Center and Research Park Authority will designate a member, or he may designate a non-member, to prepare appropriate records and reports.

5. RESPONSIBILITIES. Specific responsibilities of The Innovation Center and Research Park Authority shall include, but not be limited to, those that follow, with others being added as experience and need dictates:

- A. Policies and Practices to govern the Innovation Center and Research Park's development and operation.
- B. Criteria and guidelines for occupancy.
- C. The review of specific requests for inclusion in the Innovation Center and Research Park.
- D. The development and approval of budgets and appointment of principal officers.

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OHIO UNIVERSITY
ATHENS, OHIO 45701

BOARD OF TRUSTEES

November 9, 1982

To: G. Kenner Bush, Chairman of the Board; Fritz J. Russ, Chairman of the Budget, Finance and Physical Plant Committee; Committee members Priscilla D'Angelo, Dean Jeffers and William Rohr; Dr. Ping; Mr. Kennard

From: Robert E. Mahn, Secretary to the Board



Re: Meeting of Committee

The Committee will meet at the Athletic Club in Columbus on Monday, November 22 at noon. Purpose of the meeting is to hear proposals by two developers for East State Street land development.

This is the schedule:

Noon - committee lunch and briefing
1:00 - presentation #1
2:00 - presentation #2
3:00 - committee discussion

Notes: Mr. Rohr will be unable to attend. Mr. Jeffers is due back in his office on November 11 and we will know then whether he can attend. Others listed above will attend.

OHIO UNIVERSITY
MINUTES OF THE BUDGET, FINANCE
AND PHYSICAL PLANT COMMITTEE
MEETING NOVEMBER 22, 1982

The Budget, Finance and Physical Plant Committee convened at 12:00 Noon November 22, 1982 at The Athletic Club, Columbus, Ohio. Those in attendance were Mr. Bush, Mr. Russ, Mrs. D'Angelo, Mr. Jeffers, Dr. Ping, Mr. Geiger and Mr. Kennard. Mr. Jerry Murnane from the Department of Public Works joined the meeting at approximately 1:00 P.M.

Mr. Kennard advised the committee of the recent developments that have occurred concerning the development of the East State Street property; i.e. advertising for letters of intent from potential developers in national newspapers in August; the receipt of three letters of intent, which were from CBL & Associates, Inc., who are the managers of the current mall, CDP/Ohio and Newport Development Corporation; our request for the three developers to submit preliminary plans or proposals for development of the property by October 30, 1982, and that one of the developers, CBL & Associates, Inc. had withdrawn their interest in developing the property. The purpose of the meeting was for the two developers to present their proposals and hopefully select one of them to start negotiations for obtaining a lease for the development of the property. Mr. Kennard stated that the developers had submitted written proposals to the University, but there were not sufficient copies for each committee member. However, copies could be made available if the committee so desired. Instead, staff had summarized the contents of the proposals and the summary would be given to the committee following the presentations.

Mr. Kennard advised the committee that the proposal from Newport Development Corporation was very brief. They were proposing three department stores, a hardware store and a discount store without naming any stores. Their proposed financial arrangement with the University was vague. The proposed arrangement was 10% of sales without any definition or indication of sales.

Mr. Kennard advised the committee that the proposal from CDP/Ohio proposes Lazarus, Belks and Kroger Savon Stores as major tenants plus various small shops. Their proposed financial arrangement with the University is a ground rent of \$75,000 per year plus an over-ride percentage on sales for Lazarus, Belks and Kroger Savon. Details of the proposed financial arrangements would be given to the committee following the presentations.

Presentation By CDP/Ohio

Mr. Robert M. Stutz, President of CDP/Ohio introduced the team he had put in place to develop the property if selected. People associated with the project are Richard J. Solve of R. J. Solve & Associates; Mark G. Feinknoph of the architecture firm Feinknoph Macioce Schappa who would be in charge of design; John P. O'Connor of O'Connor Company who would be in charge of construction; and John J. Chester of the law firm Chester, Hoffman & Wilcox who would be in charge of legal matters.

Mr. Stutz stated they propose a joint venture by CDP/Ohio and R. J. Solve and Associates. Both are Columbus based developers and are Ohio partnerships. Mr. Stutz went over the site plan reflecting where they propose to locate Lazarus, Belks, Kroger Savon and sundry shops. He stated that he had contacted representatives of the major stores and they were definitely interested provided the rental rates were reasonable. Mr. Stutz stated that about 10 to 12 feet of fill dirt was required on the site which would cost about \$600,000.

Mr. Stutz informed the committee that their financial proposal was:

1. Base or Ground Rent \$75,000/Year.
2. Share 50-50 in the over-ride percentage of sales for Lazarus, Belks and Krogers. The percentages of over-ride on sales to be divided are:
 - A. Lazarus 2½% On Sales Over \$16,000,000
 - B. Belks 2½% On Sales Over \$ 9,000,000
 - C. Krogers 1¼% On Sales Over \$21,853,440

Mr. Solve stated that all projects involving his firm are kept and managed. They do not build and sell. He shared pictures of other developments in the Columbus area such as The Dublin Plaza, and Olde Sawmill Square.

Mr. Feinknoph gave a brief presentation on his background and examples of his firm's accomplishments.

Mr. O'Connor stated that he could not add much more to what had already been said other than timing was critical. He had to start moving fill dirt soon and that he hoped that some of the stores would be ready in October 1983.

Mr. Chester stated that most of their leases were standard in form and left a sample with Dr. Ping.

In answer to a question from staff concerning sales information contained in the proposal, the team distributed the attached Basis Of Analysis - Additional Lease Income.

Presentation By Newport Development Corporation

Mr. Robert S. Winterhalter, President of Newport Development Corporation made brief statements about his company, stating that he obtained his experience with The John W. Galbreath Co.

Mr. Winterhalter stated that he had not put a team together for development of the property. If his company was selected as the preferred developer, he proposes to develop the property in stages. He could see a major grocery store to provide competition with the existing stores in the area and maybe a major department store or two and maybe a hardware store. He felt that a regional mall was not feasible at this time and that we should upgrade what we have with the current mall.

Mr. Winterhalter stated that his proposal for financial consideration to the University was 10% of sales less mortgage or debt service expense.

When asked what he thought the amount of mortgage or debt on the project might be, Mr. Winterhalter responded \$2 to \$5 million for each phase.

When asked how many acres he was considering, he responded about twelve acres for the first phase and twelve acres for the second phase. Beyond that he could not comment.

Mr. Winterhalter was asked what happened after the project was completed, would his firm manage or sell their interests? Mr. Winterhalter stated he was not sure. However, his firm was capable of managing the property.

Following the presentations, Mr. Kennard distributed a summary of the proposals and financial data applicable to the current mall and financial data contained in the CDP proposal. Mr. Kennard again stated that no financial data was available in the Newport proposal. The summary of proposals and financial data are attached.

It was the opinion of the committee that the CDP/Ohio firm had done their homework on the project, had put a team together to start the project, had the interests of Lazarus, Belks and Krogers, they would manage the project after completion rather than sell, and some members were aware of some of the projects that Solve & Associates had been involved with and liked them. The committee selected CDP/Ohio as the preferred developer to enter into lease negotiations in accordance with the Board's Resolution No. 1982-652.

Dr. Ping stated that we should establish some guidelines for negotiating the financial aspects of the lease.

Mr. Russ questioned the financial effect of Krogers moving from the current mall to the proposed site. Mr. Kennard responded that the current lease provides for Krogers to pay as rent to the University an over-ride of 1% on sales in excess of \$6,000,000. For last year this amounted to about \$85,000 in rent to the University. CDP/Ohio proposal provides for Kroger to pay an over-ride to be shared equally between CDP/Ohio and the University 1½% on sales (or .625% for the University) in excess of \$21,850,000. Kroger sales last year amounted to approximately \$15,000,000. Therefore, under the worst situation the University could lose as much as \$85,000 from Krogers.

Mr. Kennard further stated that Krogers wants to expand their store. We have been approached by Krogers concerning the expansion of their existing store to the east on property they currently lease. The proposal, in effect, calls for the University to finance the expansion by freezing the current rent and raising the over-ride on sales to \$19,000,000.

Mr. Kennard stated that in his opinion the current Kroger lease with the current manager, CBL & Associates; the financial impact on the University; and Krogers apparent interest in the new development may be an obstacle in the negotiations with CDP/Ohio.

It was the consensus of the committee that the administration should emphasize or maximize the ground rent. If need be, a trade-off could be made on the percentage over-ride on sales and perhaps lease less acreage.

Dr. Ping advised the committee that the accounting firm Peat, Marwick, Mitchell & Co. had made a proposal to Mr. Kennard and himself for doing an audit of the total University financial report. The senior partner in charge of all non-profit audits from the New York office and a partner from the Columbus office presented the proposal. As for the cost of the audit, it would approximate the current fees for the Residence and Dining Halls Audit, which Peat, Marwick, Mitchell & Co. currently performs, plus the fees paid to the Auditor of State, who would not perform the audit provided we engage Peat, Marwick, Mitchell & Co. Other universities are moving toward outside auditors with the approval of the Auditor of State.

Dr. Ping stated that he and Mr. Kennard liked the proposal and that he would probably be asking the committee to recommend to the Board that we engage Peat, Marwick, Mitchell & Co. to perform the audit at the January Board meeting.

There being no further business the committee adjourned at approximately 4:15 P.M.

William L. Kennard
Served As Secretary

EAST STATE STREET LAND LEASE
DEVELOPMENT PLAN PROPOSALS PARCEL 2A AND 3

CDP OHIO AND R.J. SOLOVE AND ASSOCIATES

NEWPORT DEVELOPMENT CORPORATION

1. Preliminary Site Plan

A. Provisions for roads, streets, sewers, water lines and other utilities

Yes

None Included

B. Provisions to accomodate the easement to the Columbus and Southern Ohio Electric Company

Yes

None Included

C. Tentative description, location, square footage plans for facility development and parking

24.6 Acres (12.4 of parcel 2A and 12.2 of parcel 3)

Drawing shows 3 department stores in parcel 2A and a hardware and discount store in parcel 3

272,600 sq. ft. of building space including 16,000 sq. ft. for future buildings

Department store (Lazarus) 80,000 sq. ft.
Department store (Belk-Simpson) 45,000 sq. ft.
Supermarket (Kroger) 45,600 sq. ft. (in parcel 3)
Small shops 86,000 sq. ft.

Parking spaces 1,531 sq. ft.

2. Arrangements for interium and long-term insurance

Letters of arrangements from both Liberty Mutual and Richard H. Moore Agency, Inc.

None - Except they state that they are qualified to undertake a major retail project including insurance

3. Arrangements for financing the development

A. Details

Letter of intent from the Huntington Mortgage Company for construction and interium financing - 10 to 12 million dollars up to 5 years (Huntington also interested in arranging permanent financing). Letter of interest in permanent financing-School Employees Retire. System

They have received a pension fund first mortgage commitment letter from the North America Mortgage Company for the development, however the first phase ideally will be financed by the issuance of industrial revenue bonds

B. Financial responsibility of developer

List of various banks and personal references

None - Except they state that they are qualified to undertake a major retail project including financial strength

C. Independent certified audited financial statement

None

None

EAST STATE STREET LAND LEASE
DEVELOPMENT PLAN PROPOSALS PARCEL 2A AND 3
CONTINUED

CDP OHIO AND R.J. SOLOVE AND ASSOCIATES

NEWPORT DEVELOPMENT CORPORATION

4. Plans for Tenants

A. Anchor Tenants

Lazarus-Federated Department Store
(80,000 sq. ft.)
Belk-Simpson Department Store (45,000 sq. ft.)
Kroger Savon Supermarket (45,600 sq. ft.)
Included were:
Letters of interest from both Kroger and
Belk-Simpson
Letter to Federated Department Store thank-
ing them for telephoning William Kennard
of their interest

They state they are in serious discussion
with one major department store and three
additional department stores

Will only reveal names of stores after
being named preferred developer, they
state that negotiations are sensitive

B. Smaller tenants

No specifics, just a listing of the various
type shops that would be included (86,000
sq. ft. + 16,000 sq. ft. for future buildings)

None - are proposing only a 4 store
complex (see anchor tenants)
(preliminary site plan shows 5
stores)

5. Financial compensation to Ohio University and
term of the lease requested

A. Compensation

Annual net minimum ground rent \$75,000

An amount equivalent to 10% of sales

Percentage rents - Anchor tenants

Lazarus 50% of 2½% of all gross sales in
excess of \$16,000,000

Belk-Simpson 50% of 2½% of all gross sales
in excess of \$9,000,000

Kroger 50% of 1½% of all gross sales in
excess of \$21,853,440

Percentage rents - smaller tenants 50% of
excess over base rent

See attached schedule for estimated sales

B. Terms

40 years with provisions to renew for an
additional 40-year term

40 years with provisions to renew for
an additional 40-year term

October 27, 1982

UNIVERSITY PLAZA
ATHENS, OHIO

R. J. SOLOVE & ASSOC.
CPD Development

Additional Lease Income						
		year 1	year 2	year 3	year 4	year 5
1	Total Gross Sales:					
2	Lazarus	\$8,000,000.	\$8,800,000.	\$9,680,000.	\$10,648,000.	\$11,712,800.
3	Belks	4,500,000.	4,950,000.	5,445,000.	5,989,500.	6,588,450
4	Kroger Savon	20,487,600.	24,585,120.	29,502,144.	35,402,573.	42,483,087
5						
6						
7	Sales subject to percentage rent:					
8	Lazarus	---	---	---	---	---
9	Belks	---	---	---	---	---
10	Kroger Savon	---	2,731,680.	7,648,704.	13,549,133.	20,629,647.
11						
12	Additional Rent Payable*:	---	34,146.	95,609.	169,364.	257,871.
13						
14	Additional Rent from Shops:					
15	86,000 sq.ft., Excess over Base Rent	---	73,100.	153,510.	241,961.	339,257.
16						
17	Additional Rent from Outlots:					
18	4 parcels, Excess over Base Rent	---	2,400.	4,872.	7,418.	10,041.
19						
20	Total Additional Rent (total of lines 12,15 & 18):	---	109,646.	253,991.	418,743.	607,169.
21						
22	ADDITIONAL LEASE INCOME					
23	to Ohio University (50% of line 20):	---	\$ 54,823.	\$ 126,996.	\$ 209,372.	\$ 303,585.
24						
25						
26						
27						
28						
29						
30						
31						

*The over-ride percentage for Lazarus, Belks and Kroger respectively are 2½%, 2½% and 1½%.

Additional Lease Income						
		year 6	year 7	year 8	year 9	year 10
1	Total Gross Sales:					
2	Lazarus	\$12,298,440	\$12,913,362	\$13,559,030	\$14,236,982	\$14,948,831
3	Belks	6,917,872	7,263,766	7,626,954	8,008,302	8,408,717
4	Kroger Savon	46,731,396	51,404,536	56,544,989	62,199,488	68,419,437
5						
6						
7	Sales subject to percentage rent:					
8	Lazarus	---	---	---	---	---
9	Belks	---	---	---	---	---
10	Kroger Savon	24,877,956	29,551,096	34,691,549	40,346,048	46,565,997
11						
12	Additional Rent Payable*:	310,974	369,389	433,644	504,326	582,075
13						
14	Additional Rent from Shops:					
15	86,000 sq.ft., Excess over Base Rent	446,283	564,011	693,512	835,963	992,660
16						
17	Additional Rent from Outlots:					
18	4 parcels, Excess over Base Rent	12,742	15,524	18,390	21,342	24,382
19						
20	Total Additional Rent (total of lines 12, 15 & 18):	769,999	948,924	1,145,546	1,361,631	1,599,117
21						
22	ADDITIONAL LEASE INCOME					
23	to Ohio University (50% of line 20):	\$ 385,000	\$ 474,462	\$ 572,773	\$ 680,816	\$ 799,559
24						
25						
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30						
31						

*The over-ride percentage for Lazarus, Belks and Kroger respectively are 2½%, 2½% and 1½%.

October 27, 1982

UNIVERSITY PLAZA
ATHENS, OHIO

R. J. SOLOVE & ASSOC.
CPD Development

Additional Lease Income						
		year 11	year 12	year 13	year 14	year 15
1	Total Gross Sales:					
2	Lazarus	\$15,696,272	\$16,481,086.	\$17,305,140.	\$18,170,397.	\$19,078,917.
3	Belks	8,829,153	9,270,611.	9,734,141	10,220,848.	10,731,891.
4	Kroger Savon	75,261,381	82,787,519.	91,066,271	100,172,898.	110,190,188.
5						
6						
7	Sales subject to percentage rent:					
8	Lazarus	---	481,086.	1,305,140.	2,170,397.	3,078,911.
9	Belks	---	270,611.	734,141.	1,220,848.	1,731,891.
10	Kroger Savon	53,407,941	60,934,079.	69,212,831.	78,319,458.	88,336,748.
11						
12	Additional Rent Payable*:	667,599	780,468.	916,143.	1,063,774.	1,224,480.
13						
14	Additional Rent from Shops:					
15	86,000 sq.ft., Excess over Base Rent	1,165,026	1,354,628.	1,563,191.	1,792,610.	2,044,971.
16						
17	Additional Rent from Outlots:					
18	4 parcels, Excess over Base Rent	27,513	30,739.	34,061.	37,483.	41,007.
19						
20	Total Additional Rent (total of lines 12, 15 & 18):	1,860,138.	2,165,835.	2,513,395.	2,893,867.	3,310,458.
21						
22	ADDITIONAL LEASE INCOME					
23	to Ohio University (50% of line 20):	\$ 930,069.	\$1,082,918.	\$1,256,698.	\$1,446,934.	\$1,655,229.
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31						

*The over-ride percentage for Lazarus, Belks and Kroger respectively are 2½%, 2½% and 1½%.

Additional Lease Income						
		year 16	year 17	year 18	year 19	year 20
1	Total Gross Sales:					
2	Lazarus	\$20,032,863	\$21,034,506.	\$22,086,231.	\$23,190,543.	\$24,350,070.
3	Belks	11,268,485	11,831,910.	12,423,505.	13,044,680.	13,696,914.
4	Kroger Savon	121,209,206	133,330,127.	146,663,140.	161,329,454.	177,462,399.
5						
6						
7	Sales subject to percentage rent:					
8	Lazarus	4,032,863	5,034,506.	6,086,231.	7,190,543.	8,350,070.
9	Belks	2,268,485	2,831,910.	3,423,505.	4,044,680.	4,696,914.
10	Kroger Savon	99,355,766	111,476,687.	124,809,700.	139,476,014.	155,608,959.
11						
12	Additional Rent Payable*:	1,399,481	1,590,119.	1,797,865.	2,024,331.	2,271,287.
13						
14	Additional Rent from Shops:					
15	86,000 sq.ft., Excess over Base Rent	2,322,568	2,627,925.	2,963,818.	3,333,300.	3,739,730.
16						
17	Additional Rent from Outlots:					
18	4 parcels, Excess over Base Rent	44,637	48,377.	52,228.	56,195.	60,280.
19						
20	Total Additional Rent (total of lines 12, 15 & 18):	3,766,686	4,266,421.	4,813,911.	5,413,826.	6,071,297.
21						
22	ADDITIONAL LEASE INCOME					
23	to Ohio University (50% of line 20):	\$1,883,343	\$2,133,211.	\$2,406,959.	\$2,706,913.	\$3,035,649.
24						
25						
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29						
30						
31						

*The over-ride percentage for Lazarus, Belks and Kroger respectively are 2½%, 2½% and 1½%.

EAST STATE STREET
FINANCIAL DATA

1. Athens (Current) Mall

Land Value (As Of 3/17/70) Appraisal)

\$14,988.77 Per Acre X 15.827 Acres = \$237,227

Income Received

<u>Year</u>	<u>Amount</u>	<u>Percent Return</u>
1973-74	\$ 4,167	1.8
1974-75	10,000	4.2
1975-76	10,000	4.2
1976-77	54,000	22.8
1977-78	117,471	49.5
1978-79	139,559	58.8
1979-80	147,279	62.1
1980-81	166,137	70.0
1981-82	168,449	71.0

2. CDP Proposal

Land Value (As Of 10/7/82 Appraisal)

Parcel 2A 12.4 Acres	\$ 620,000
Parcel 3 \$33,000.00 Per Acre X 12.2 Acres =	<u>402,600</u>
	<u>\$1,022,600</u>

Estimated Income

<u>Year</u>	<u>Amount</u>	<u>Percent Return</u>
1	\$ 75,000	7.3
2	129,823	12.7
3	201,996	19.8
4	284,372	27.8
5	378,585	37.0
6	460,000	45.0

3. Athens (Current) Mall

Sales Increases

	<u>Kroger</u>		<u>Murphy</u>	
	<u>Amount</u>	<u>Percent Increase</u>	<u>Amount</u>	<u>Percent Increase</u>
Ending 10/31/77	\$10,127,330	-	\$ -	-
78	11,978,727	18.3	3,988,577	-
79	12,367,689	3.2	4,310,378	8.1
80	14,139,409	14.3	4,922,860	14.2
81	14,626,446	3.4	5,828,703	18.4

R. J. SOLOVE & ASSOCIATES
CPD DEVELOPMENT

UNIVERSITY PLAZA

Athens, Ohio

Basis of Analysis

Additional Lease Income

The Economic Analysis for the projection for Additional Lease Income, which is attached hereto and is a part of our presentation to Ohio University for the development of University Plaza, was derived using the following National Industry Statistics, and our own personal experiences with the specific retail chains.

DETERMINATION OF FIRST YEAR GROSS SALES AND COMPOUNDING FUTURE GROWTH:

I. The Kroger Company

In reference to the October 14, 1982 letter regarding Kroger's interest in this new development, it is apparent that the Director of Real Estate sees a lot of similarity between the potential of this new Kroger "Savon" type store and their existing Kroger Savon in Westerville, Ohio. Listed below is a comparison of factual data regarding both stores.

1. Westerville Plaza Kroger Savon: 56,160 sq.ft.
2. University Plaza Kroger Savon: 45,528 sq.ft.
3. Westerville Savon 1982 Sales per week (avg.):
Breakdown:
 food: \$404,000. 79.53%
 gen'l merchandise 93,000. 18.31%
 pharmacy 11,000. 2.17%
4. Westerville Savon Trade Area Population: 38,000
5. University Plaza Savon Trade Area Population 57,000
6. Typical food (only) purchases per capita in a Kroger Savon-type store (Ohio): \$23.00
7. University Plaza Trade Area Population total food sales: \$1,000,000./week
\$52,000,000./year
8. In a "Wet" city, beer and wine sales are typically 5% of sales
9. Kroger Company's share of the Columbus Market (approx.)

1982	40%
1972	17%

10. Original Westerville Plaza Kroger:
 1977 12,000 square feet
 \$35,000. to \$40,000. sales per week
 Closed upon opening of new Westerville Plaza Savon
11. If the Westerville Plaza Savon was "Wet", as the University Plaza Savon will be, the Westerville Plaza Savon's 1982 Sales would have been:
 Current food sales \$404,000.00
 Gen'l. Merchandise 93,000.00
 Pharmacy 11,000.00
 \$508,000.00 or 95% of Sales
 Therefore 5% = 26,737.00
 \$534,737.00 1982 Avg. Sales/wk.

12a. Average per capita purchases in Kroger Savon-type store:

Food only: \$23.00 or 75% of Sales
Therefore, General Merchandise and Pharmacy,
or 20% = 6.13
Beer and Wine
or 5% = 1.53
\$30.66 Total Per Capita

b. Westerville Plaza Savon's Trade Area Market Share, in the 5th. year of occupancy, 1982:

Sales/week ÷ Per Capita Expenditures = number of Savon Customers
\$534,737. ÷ \$30.66 = 17,441 customers

Number of Savon Customer ÷ Trade Area Population = Market Share
17,441 ÷ 38,000 = 45.9%

13. University Plaza Trade Area Population Total Market Sales:

Food only: \$52,000,000., or 75% of Sales
Therefore, General Merchandise and Pharmacy
or 20% = \$13,866,667.
Beer and Wine,
or 5% = \$ 3,466,667.
Total Market Sales: \$69,333,333. 100%

14. Estimate first year Sales in the new University Plaza Savon (In reference to the Westerville Plaza Savon's sales history listed below)

15. Projected First Year University Plaza Savon Market Share:

\$20,487,600. ÷ 69,333,333 = 29.5%

16. Westerville Plaza Savon's Sales Growth:

		<u>% Increase</u>
(Old location 1976 - 1977	\$ 2,080,000.)	
New, first year 1977-1978	\$10,314,027.	495.9%
1978-1979	18,507,496.	79.4%
1979-1980	23,074,007.	24.7%
1980-1981	24,712,683.	7.1%
1981-1982	26,535,417.	7.4%

17. Conclusion:

The Economic Proforma included in our presentation projects a growth rate per year of 20% for the first five (5) years, and 10% thereafter. In reference to #16 above, sales initially increased in the first two years over 120%. Furthermore, Kroger has stated in October 14, 1982 letter, that they have "a very substantial sales base presently in the community".

We have chosen a conservative approach to our economic projections, using a 30% market share, and the above stated growth rate.

II. Federated Department Stores, Lazarus:
Belks Department Stores:

Please find attached a two page excerpt from the shopping center industry's statistical reference guide "The Dollars and Cents of Shopping Centers". We have estimated the first year gross sales for each of the above captioned stores at \$100. per square foot. We have chosen a conservative growth factor of 10% for the first five years, and 5% thereafter.

D. Detailed Tenant Information Tables for
U.S. Community Shopping Centers

General Merchandise and Food

"THE DOLLARS AND CENTS OF SHOPPING CENTERS"

TENANT CLASSIFICATION		NO. IN SAMPLE	GLA IN SQ FT	SALES PER SQ FT
			MEDIAN LOWER UPPER DECILE—DECILE	MEDIAN TOP TEN TOP TWO PERCENT—PERCENT
General Merchandise	JR. DEPARTMENT STORE A02	101	37,500 10,512--79,955	60.49 103.62---139.87
	NATIONAL CHAIN	62	41,754 11,016--85,539	60.49 97.45---152.43
	LOCAL CHAIN	29	30,000 5,350--67,116	64.09 110.30---132.69
	INDEPENDENT	10	24,775 7,500--67,952	39.99 92.24---112.72
General Merchandise	VARIETY STORE A03	84	15,780 4,735--34,425	37.90 73.32---107.40
	NATIONAL CHAIN	65	18,876 9,363--44,540	35.99 72.00---108.69
	LOCAL CHAIN	10	7,979 2,100--17,475	34.92 54.39---88.67
	INDEPENDENT	9	4,000 2,407--9,351	61.06 70.85---76.77
General Merchandise	DISCOUNT DEPT. STORE A04	45	64,726 11,625-100,000	62.98 80.77---98.01
	NATIONAL CHAIN	42	68,652 12,528-100,000	62.98 80.84---98.12
	LOCAL CHAIN	3		
	INDEPENDENT	0		
General Merchandise	SHOWROOM/CATALOG STORE A05	26	5,900 3,200--12,612	180.51 410.75---524.15
	NATIONAL CHAIN	22	5,670 4,000--8,674	153.13 366.50---515.30
	LOCAL CHAIN	3		
	INDEPENDENT	1		
Food	SUPERMARKET B01	156	22,384 14,000--30,969	200.93 321.89---381.58
	NATIONAL CHAIN	105	23,232 14,818--31,009	201.78 309.57---371.97
	LOCAL CHAIN	40	21,110 11,150--27,817	194.53 314.00---350.62
	INDEPENDENT	11	20,250 8,250--31,447	189.07 321.67---370.65
Food	CONVENIENCE MARKET B02	7	2,400 2,000--2,983	95.64 126.00---129.94
	NATIONAL CHAIN	4	2,200 2,000--2,400	100.13
	LOCAL CHAIN	2		
	INDEPENDENT	1		

RATE OF PERCENTAGE RENT	TOTAL RENT PER SQ FT	COMMON AREA CHARGES PER SQ FT	TOTAL CHARGES PER SQ FT	TENANT CLASS
MEDIAN LOWER UPPER DECILE—DECILE	MEDIAN TOP TEN TOP TWO PERCENT—PERCENT	MEDIAN TOP TEN TOP TWO PERCENT—PERCENT	MEDIAN TOP TEN TOP TWO PERCENT—PERCENT	
2.75 2.00---3.20	1.75 3.28---4.64	.12 .49---.74	1.93 3.79---5.15	A02
2.50 2.00---3.00	1.68 2.68---3.25	.10 .48---.63	1.90 2.86---3.74	
3.00 1.75---4.00	1.99 4.10---6.31	.17 .64---.76	2.11 4.79---8.72	
3.00 1.48---4.30	1.55 2.57---3.83	.12 .23---.27	1.76 2.57---3.90	
4.00 2.50---5.00	1.86 3.00---5.01	.12 .73---.80	2.01 3.83---6.19	A03
4.00 2.50---5.00	1.71 2.63---2.99	.10 .70---.76	1.90 2.84---3.83	
4.00 4.00---5.30	2.19 4.47---5.47	.22 .52---.72	2.75 6.16---6.99	
7.00 5.50---7.15	3.05 4.97---5.11	.28 .82---.84	4.35 5.26---6.06	
1.50 1.00---2.80	1.76 2.79---3.09	.11 .35---.66	1.90 3.24---3.78	A04
1.50 1.00---2.90	1.80 2.83---3.11	.11 .36---.66	1.91 3.30---3.81	
2.00 1.67---2.00	2.36 4.45---5.19	.13 .44---.62	2.42 4.98---5.87	A05
2.00 1.70---2.00	2.25 4.63---5.22	.13 .47---.63	2.35 5.12---5.94	
1.00 1.00---1.50	2.25 3.84---5.33	.13 .35---.69	2.47 4.50---7.18	B01
1.00 1.00---1.50	2.19 3.82---4.82	.12 .26---.45	2.42 4.31---5.03	
1.50 .45---2.00	2.50 4.04---5.78	.18 .67---.76	2.90 5.03---8.09	
1.50 1.00---2.00	2.27 3.47---8.24	.12 .25---.31	2.23 3.58---8.44	
2.50 2.00---3.30	2.60 3.57---3.71		2.78 4.10---4.16	B02
2.25 2.00---2.80	3.05 3.65---3.73		3.42 4.13---4.16	