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January 19, 2007

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Aaron F. Broussard, Parish President
Parish of Jefferson
1221 Elmwood Park Blvd.
Suite 1002
Jefferson, LA 70123

RE: Louisiana Studio Plex
Infrastructure Initiative

Mr. Broussard:

Thanks for your confidence in Gibbs Construction and the opportunity to provide you and the Louisiana Studio Plex project with current and updated construction cost budgeting. We have reviewed the preliminary construction budget and project information provided, and done some additional research of our own on sound studio requirements to confirm our assumptions and prepare our budget. We provide some explanation of the assumptions and clarifications included in our budget preparation for your use.

We hope this outline budget provides you with the required construction cost information to use in the updating and preparation of the projects revised financial Pro Forma. We will be happy to explain further the information contained herein if there are any questions, or modify our budget opinion if the review of the information indicates some of our assumptions are contrary to any of the anticipated project requirements or expectations.

Current Market

We preface that this budget is representative of construction costs in today's Post Katrina marketplace. The information provided to us indicates the financial feasibility study was published in March of 2005 and the construction budget was established close to 24 months ago. National construction inflation from that time until January of 2007 has been approximately 33% overall. Construction inflation was 18% in 2005 and approximately 15% in 2006 due to major raw material cost escalation and labor inflation. The Gulf South construction market was also impacted by Katrina and Rita increasing our inflation by as much as 10% more because of regional labor premiums, local material premiums, and now insurance rates are adding to these price pressures. Until the last quarter of 2006, pricing was highly volatile and somewhat unpredictable. Spikes in the cost of oil, steel, copper and cement have somewhat subsided, but the prices are now elevated between 24% and 30% from your March 2005 budget time frame, and currently subject to 3-4% per quarter average increases. The above commodities are major components of basic construction building materials and components, and occasionally have

periodic volatile spikes in pricing. This concern over future spikes is still influencing future pricing contingencies by subcontractors and suppliers.

Our budget reflects pricing in today's dollars. The 12-15% per year overall cost escalation is still predicted on the national level for construction project costs in 2007. If the project will be 12 months in financing or development, we suggest a cost escalation contingency of 12% for construction cost inflation be carried in your budget on top of the base budget we suggest.

Capacity

Contractor personnel, equipment and material availability as well as management and bonding capacity for commercial work have also been in short supply over the past 16 months and contributed to the 2005/2006 Gulf Coast construction inflation. We see this becoming less of an issue in the coming year, but existing local manpower and capacity will still be at full utilization commanding premium costs. The ability to bring in significant labor from outside the area is still not feasible due to lack of affordable housing. This situation is very similar to the Gulf Coast of Alabama and Florida panhandle construction market immediately after Hurricane Ivan. Construction volume was limited by manpower availability in commuting range of construction sites and contributed to premium construction costs in the area during 2004 and 2005.

Building Scope

We prepared our budget for the building identified in the Louisiana Studio Plex package as the (two) new construction sound stages (B1). They are 15,000 square feet each warehouse type buildings, with 40 foot interior ceiling heights. These two sound stages are budgeted with features of the described Buildings B1 and B2 of the Vancouver Film Studios information sheet included with the Louisiana Studio Plex Infrastructure Initiative March 2005 report we received. The buildings feature loading dock space and are large open warehouse type facilities. The primary features are outlined in the following sections.

Our budget outline is as follows:

<u>Division 1</u>	\$460,800
General Conditions, Project Supervision, Temporary Facilities, Construction Bond and Insurance	
<u>Division 2</u>	\$725,000
<u>Sitework</u>	
Excavation	
Fill	
Site Utilities, Water, Sewer, Gas, Fire Hydrant, Storm Drainage	
15000 sq.ft. of Parking Lot. Concrete, Asphalt Paving,	
Pile Driving (Approximately 480 – 70' composite piles)	

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<u>Division 3</u>	\$950,000
<u>Concrete</u> - Pile Caps, Footings, Slab, Reinforcing Steel, <u>Slab</u> - 2' Elevated 6" reinforced concrete slab <u>Tilt-up Walls</u> – 6" – 40' tall concrete perimeter walls	
<u>Division 4</u>	\$195,000
<u>Masonry</u> – Interior concrete block wall separating sound stage with perimeter support space construction. (Utility rooms – power closets, directors closet and restrooms.)	
<u>Division 5</u>	\$823,000
<u>Structural Steel</u> – Building steel frame and roof structure to support lighting equipment grid, 40 lb. sq. ft. loads indicated for sound stage requirements. This also includes support for roof top HVAC Equipment , and lighting grid structure.	
<u>Division 7</u>	\$498,000
<u>Insulation / Roofing</u> We include a light weight concrete roof and deck system, with sprayed on "acoustic" insulation under the roof with an EPDM roof system.	
<u>Division 8</u>	\$165,000
<u>Doors/Windows</u> – Acoustic Doors / Frames We provide for 2 large acoustic insulated warehouse doors for access to the sound stage by large equipment, with acoustic doors at the interior control and utility spaces.	
<u>Division 9</u>	\$145,000
<u>Finishes</u> – Painting / Floors / Ceilings Floor finishes and acoustic ceilings in the control and utility space and interior painting of the walls provided for in the budget.	
<u>Division 15</u>	\$1,645,500
<u>Mechanical</u> – Plumbing / Sprinkler / Air Conditioning The air conditioning requirements for a sound stage are approximately 4 times those of a typical use building of this size. The heat load generated by lighting and equipment requires tremendous cooling and air movement capacity. Additionally the equipment must be designed and located to provide acoustical isolation and performance to cool the stage while not interrupting the performance. We have provided a budget for an economical duct work system to minimize noise while providing the approximately 1 ton / 100 sq. ft. of cooling capacity required.	
<u>Division 16</u>	\$1,490,000
<u>Electrical</u> The electrical program information and our research indicate to provide for 40 watts / sq. ft. of building power. We have provided this amount with the associated transformers and	

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480V power distribution throughout the sound stage, as well as required building lighting and convenience outlet requirements. Our research, and the program provides for (8)-200 amp cam lock centers and (8)-400 amp cam lock centers for powering the lighting and dimming equipment typically brought into a sound stage by production companies. We do have included a budget of \$300,000 for light bar equipment on the overhead lighting grid with the associated control wiring typically provided in a sound stage environment. This control wiring would terminate the lighting director room with the cam lock power connections for the lighting and dimmer control connections.

This budget outline represents a construction cost of \$7,100,000 for the 30,000 sq. ft. sound stages. This is \$215.00 sq. ft. This represents an approximate 48% increase over the March 2005 construction budget.

As this project is over 40% HVAC and electrical, this is not entirely unexpected. The costs for copper and steel are major components of the HVAC and electrical construction cost elements. We have seen projects with 75% increases in HVAC and electrical costs in the 16 months since Katrina's impact. There are alternatives to the design assumptions and scope provided for in this sound stage budget, but we believe we have provided for the appropriate elements to build an appropriately functioning and marketable facility. There is no extra scope provided, but we have budgeted what we understand to be the expected facility requirements and the minimum requirements to be a useful sound stage facility.

We hope this meets your requirements, and we are prepared to answer any questions and explain our assumptions. We wish you success in the development of this project, and hope to be a part of it.

Sincerely,



Robert Wooderson
Gibbs Construction, L.L.C.