

A NEW VIEW FOR LAREDO



Center Updates

- Open since March 2017
- 80% leased
- New stores – Chick-fil-A / Nautica / 7 For All Mankind / Coach / Adidas /Aerie
- In discussions with additional major retailers
- Merchandise mix – improving
- Sales trending up past several months
- Traffic trending up, but inconsistent
- Logo wall promoting stores to Bridge users and Mexico
- Implemented I-94 Processing
- Developed a Community Room



Challenges/Opportunities/Focus

- Clarified parking message – free parking for shoppers
- Improve the frequency of visits from North Laredo and Nuevo Laredo
- Improving the customer experience – F&B, entertainment, games, Sip and Shop, etc.

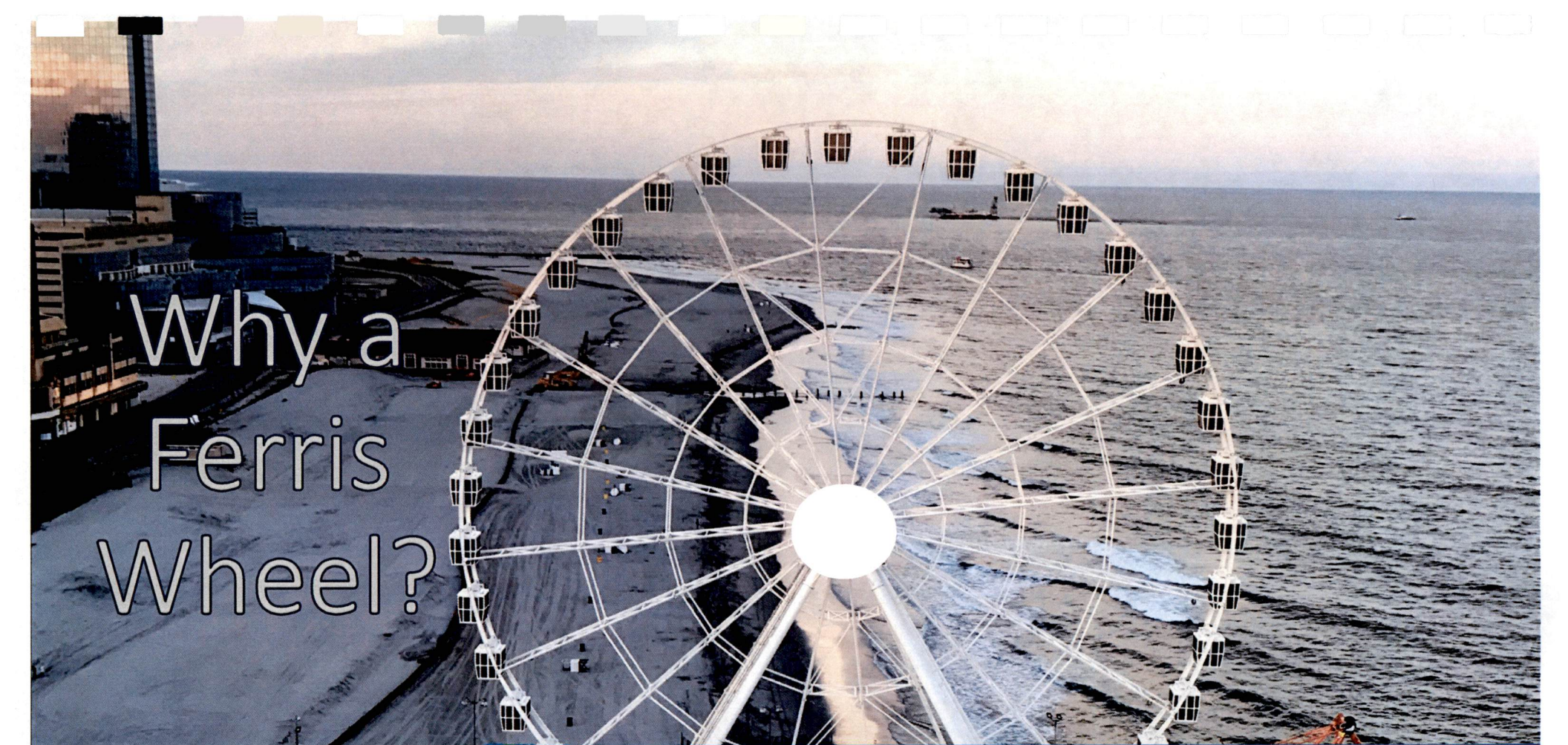


The Wheel

- 148 feet high
- 14 stories tall
- 15 mile visibility
- LED lights – changing colors
- 20 Air-conditioned gondolas, each holding 6 passengers
- Access for disabled
- Plaza with F&B and amenities



Located outside the flood plain, the Ferris Wheel will be easily accessible from downtown via Zaragoza Street, Water Street, and by walking through Level 1 of the shopping center. There is ample parking at the center to meet the needs of families coming to experience the Ferris Wheel.

A large Ferris wheel is under construction on a beach. The wheel's white metal frame is visible, with several passenger cars attached. The beach is sandy and shows signs of construction activity. In the background, the ocean stretches to the horizon under a sunset sky with soft, warm colors. To the left, some buildings and a tall tower are visible, suggesting an urban or resort setting.

Why a Ferris Wheel?

- The size and height of a Ferris Wheel would dramatically transform the city skyline.
- The lights on the Ferris Wheel will serve as a visual beacon to the downtown area.
- Ferris Wheels are family-oriented entertainment with inter-generational appeal.
- Ferris Wheels are popular for young couples, bridal showers and engagement parties, children's birthday parties, school outings, work events, etc.

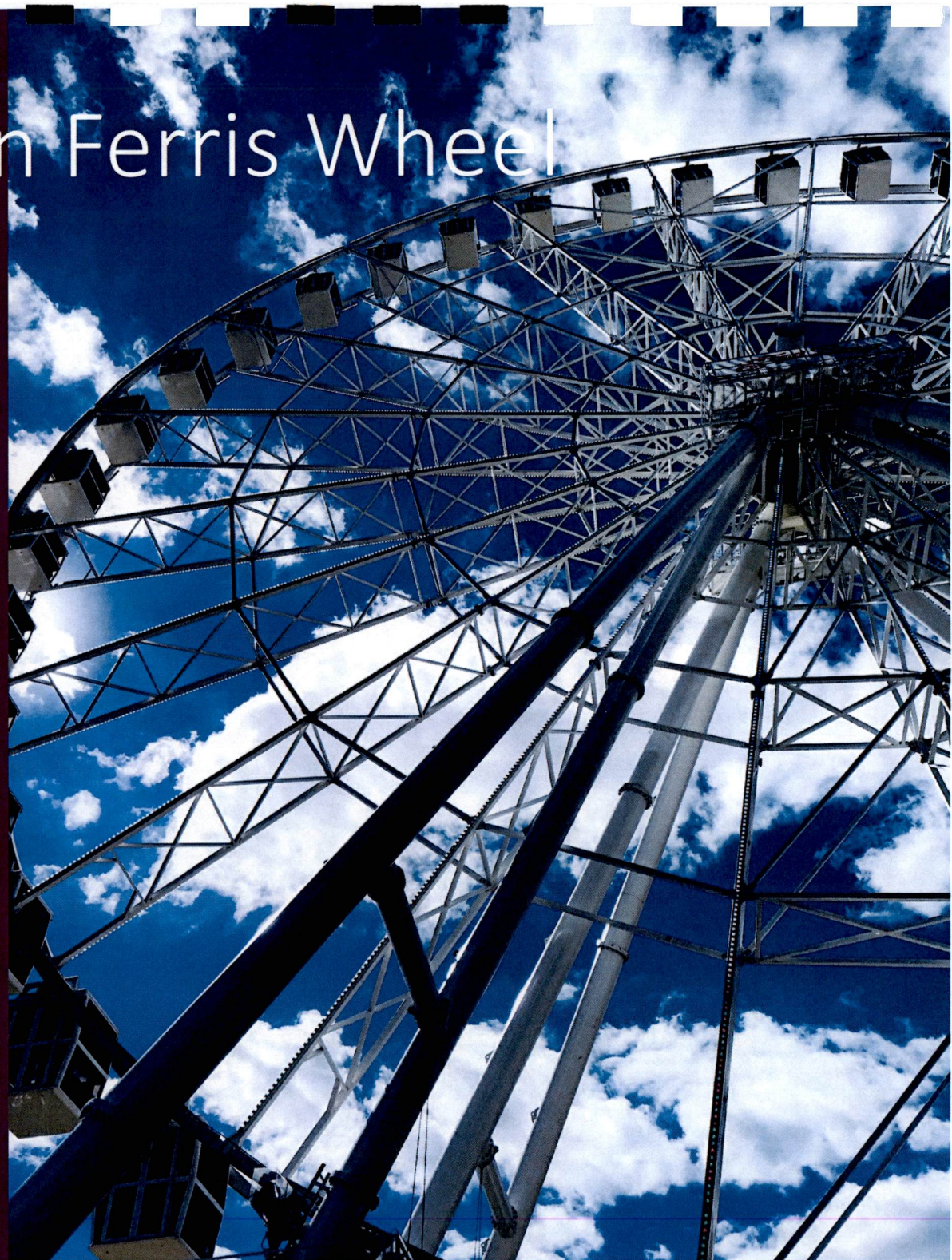
A Downtown Ferris Wheel

The Ferris Wheel will attract riders from all over South Texas, as well as Nuevo Laredo, Monterrey and all points in between.

It will be located close to many downtown businesses, therefore will attract new customers and patrons to downtown stores, hotels, restaurants, bars and office buildings.

The Wheel will brand downtown Laredo as a place of family-oriented recreation.

The Wheel will energize the riverfront with families enjoying the park, picnicking by the river, enjoying a day of fun recreation.



A Downtown Ferris Wheel

The addition of an iconic Ferris Wheel in downtown Laredo complements concerted efforts to position downtown Laredo as a gathering place and hub of economic activity and to stimulate economic development and revitalization in and around the downtown area. A revitalized downtown will provide a healthier tax base benefitting the entire community.



Fun Facts

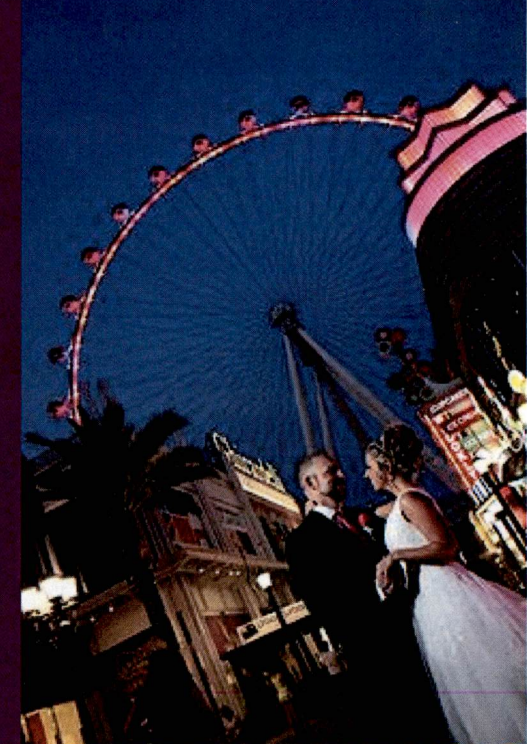


- The new Ferris Wheel at Navy Pier in Chicago welcomed one million riders in its first year of operation.
- The Capital Wheel at National Harbor in Washington D.C. attracts 800,000 riders annually. It has 1.6 million LED lights, fully programmable, with a spectrum of over 16 million colors.
- The world's only solar-powered Ferris Wheel gives riders a panoramic view of the Southern California coastline from more than 130 feet above the Santa Monica Pier.
- Towering 200 feet tall, the Great Smoky Mountain Wheel sits at the foot of the most visited National Park in the United States – Great Smoky Mountain National Park.
- You can soar 175 feet above Niagara Falls in the Niagara Skywheel where you will experience the most spectacular view.

Fun Facts



- George Washington Gale Ferris, Jr. designed a revolving steel observation wheel for the World's Columbian Exposition in Chicago. It debuted on June 21, 1893. The original Ferris Wheel was 264 feet tall, had 36 passenger cars, each holding 60 people, allowing for 2,160 passengers



Ferris Wheel Development Budget

Land	\$ 2,000,000	
Wheel Acquisition	\$ 2,095,369	Giant Wheel Model 45 meter. Air-conditioned gondolas, LED lights
Landlord Costs	\$ 916,265	Plaza, queuing, signage, electric, shipping
Design	\$ 90,000	Architect
Other/Contingency	\$ 74,953	
Total Development Budget	<u>\$ 5,176,587</u>	

Proforma

Ticket Price	\$	5.00
Annual Outlet Traffic		1,600,000
Conversion Rate		15%
Annual Ridership		240,000
Operating Revenues		
Gross Revenues	\$	1,200,000
Net Operating Revenues	\$	1,200,000
Operating Expenses		
Utilities		120,000
Maintenance		50,000
Other Charges		50,000
Marketing		220,000
Labor		165,000
Total Operating Expenses	\$	605,000
Net Operating Income	\$	<u>595,000</u>

Electricity, Internet, Phone Line

Quarterly Inspections, Bulbs, Repairs

Insurance, Ticket Printing, Credit Card Processing

Manager, Ride Supervisor, FT Attendant, PT Attendants



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Proposed Investment/Revenue Sharing Model

Option 1:

- The City and County would each contribute approximately \$795,000 for the purchase and installation of the wheel.
- HGP would contribute \$1,590,000.
- HGP will contribute the land needed for the wheel at no cost.
- HGP will own, operate and insure the wheel. City and County will assume no liability.
- HGP will absorb operating losses, if any. However, operating losses will accrue and be paid out of future year ticket sales less operating expenses prior to the distribution of profits.
- Tickets sales less operating expenses will be split 50% to the City and County (collectively), and 50% to HGP until such time as the City and County have received a return of their original investment. After the City and County has received a return of their original investment, ticket sales less operating expenses will be split 20% to the City and County and 80% to HGP.
- HGP will be responsible for all marketing and sales of sponsorships and advertising for the Wheel. The expenses for this activity will not be included as an operating expense for the purpose of calculating distributions. The City and County will receive 20% of the net proceeds from any sponsorship.

Option 2:

- HGP will contribute the entire cost of the Ferris wheel.
- HGP will contribute the land needed for the wheel.
- HGP will own, operate and insure the wheel. City and County will assume no liability.
- The City and County will each make an annual contribution of \$375,000 (\$750,000 in total) for three years.
- Both the City and County will receive 10,000 tickets annually to be distributed at their discretion.

THE FERRIS WHEEL AT THE OUTLET SHOPPES AT LAREDO FAQS/INFORMATION SHEET - DEVELOPMENT



How will the Wheel benefit the citizens of Laredo?

A Ferris Wheel located in downtown Laredo will be a significant tourist attraction for Laredo. It will energize the riverfront, give locals and visitors an extra reason to come downtown and dwell longer downtown, boost occupancy at downtown hotels, and increase restaurant sales. The addition of an iconic Ferris Wheel coincides with concerted efforts to position downtown Laredo as a hub of economic activity and to stimulate economic development and revitalization in and around the downtown area.

Who is paying for the Ferris Wheel?

It is proposed that the Ferris Wheel will be a joint venture between Horizon Group Properties – the developer and owner of The Outlet Shoppes at Laredo – the City of Laredo and Webb County.

Will the Ferris Wheel be a tourist draw?

The Ferris Wheel will be an additional draw for tourists visiting the area. It will attract riders from all over South Texas, as well as Nuevo Laredo, Monterrey and all points in between. The additional foot traffic downtown will also benefit local downtown businesses, hotels and restaurants.

Why are you locating the Ferris Wheel adjacent to the shopping center?

The Ferris Wheel will be located outside the flood plain, with easy access to downtown, parking and The Outlet Shoppes.



Do other cities have Ferris Wheels like this one?

Cities such as Chicago, IL, Washington, DC, Santa Monica, CA, Niagara Falls, NY and Pigeon Forge, TN have all enjoyed significant success with the addition of a Ferris Wheel to their cities.

Are there other border cities in Texas with this type of attraction?

The city of Laredo will be the only border city in Texas to have this unique attraction.

How long will it take to develop the Ferris Wheel?

The customized Ferris Wheel is being manufactured in Italy and we expect from the time we make a full commitment to the attraction opening its doors will be approximately eight months.

Are there projections of the tax benefits from the wheel?

The city and the country will receive economic benefits through sales taxes and property taxes. We also believe that the Ferris Wheel will have a positive impact on the overall business environment in Laredo and therefore the city - and by extension the taxpayers - will benefit.

How far will you be able to see from the top of the Ferris Wheel?

The 148-foot tall Ferris Wheel with its lights, motion and color, soars above the rooftop of The Outlet Shoppes at Laredo, and will be highly visible from Nuevo Laredo, and the two international bridges. Riders will be able to see approximately 15 miles, well into Nuevo Laredo, far north Laredo and well beyond the Juarez-Lincoln International Bridge.

THE FERRIS WHEEL AT THE OUTLET SHOPPES AT LAREDO FAQS/INFORMATION SHEET - CONSUMER



Where will the Ferris Wheel be located?

The Ferris wheel will be located at The Outlet Shoppes at Laredo, on the west side of the shopping center. It can be accessed via Level 1 of the shopping center, in between Stone & Stein and Nike. The Ferris Wheel entrance can also be accessed from Water Street.

How big is the Ferris Wheel?

The Ferris Wheel will soar 148 feet high, and will have 20 air-conditioned gondolas, each carrying 6 people. The Ferris Wheel will be full of color, lights and movement, creating a magnet to downtown with stunning views of Mexico from inside the gondolas.

How much will the Ferris Wheel cost to ride?

We anticipate that a ride on the Ferris Wheel will be \$5 per person; free for children ages 2 and under (accompanied by an adult). Discount pricing will be available for groups of 25 or more. There is also discount pricing for seniors and military with a valid ID.

How can I buy tickets?

Tickets can be purchased at Stone & Stein and Johnny Rockets located at The Outlet Shoppes at Laredo. Additional ticket locations will be added in the future.

What will the operating hours be for the Ferris Wheel?

The Ferris Wheel will operate 10 am – 11 pm Monday through Saturday, and 12 noon – 8 pm Sundays. Operating hours subject to change due to holidays and special events.



How long is the ride?

In general, the ride will last 10 minutes, but will vary depending on how many people are getting into the gondolas.

Are tickets good for a specific time, or for the entire day?

Tickets are good for one admission during operating hours (not unlimited rides per day). The tickets are not timed, so you can experience The Ferris Wheel at your convenience. The tickets will expire months from the date of purchase.

Is there food at the shopping center for before and after my Ferris Wheel ride?

Dining options prior to, and following your Ferris Wheel ride include Stone & Stein, Johnny Rockets, Marble Slab, Auntie Anne's/Cinnabon, Taco Palenque, and China Express, all located inside The Outlet Shoppes at Laredo.

Are concessions available?

Yes, there will be concession stands around The Ferris Wheel.

Where can I park, and how much will it cost?

Complimentary parking is available in the surface parking lots to the east of the shopping center, accessible via Water Street and Santa Maria Avenue. Covered parking is also available for \$2 per hour underneath the shopping center and can be accessed via Water Street on the west side of the shopping center, near the Ferris Wheel.



Is the Ferris Wheel wheelchair accessible?

Yes, some of the gondolas are wheelchair accessible.

Can I bring a stroller onto the Ferris Wheel?

Strollers are not permitted on the gondolas, but we do have stroller parking close to the Ferris Wheel. We are not liable for any damaged or stolen items.

Can I host a party on The Ferris Wheel?

Yes, please contact the management office at The Outlet Shoppes at Laredo at 956.625.5353 for assistance and information.

Does the Ferris Wheel ever shut down due to bad weather?

The Ferris Wheel is air-conditioned and will operate in most weather conditions. Only extreme weather may cause the attraction to temporarily shut down.

How much is the project going to cost?

The entire project will cost approximately \$5 million. That includes the land, the acquisition of the wheel, design, installation and management.