

MEMO



To: Ben Allen
Cc: JRA Board Members
From: David Watkins
Date: August 3, 2006
Subject: Status Report on King Edward Project

King Edward Revitalization Company

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The King Edward project is a go! For the record, we officially started work Monday, July 17th. The project is scheduled for completion by mid-2008 at a cost of around \$60 million. The present plans are for an upscale hotel buildout on the bottom 7 floors, with residential on the top 5 floors. The present parking garage will be converted to loft-style office space and the old "power house" located behind the hotel and underneath the swimming pool (which will be removed) will be converted into a gym and spa, operated by Deuce McAllister.

Last month, Clayco (<http://www.claycorp.com>) sent its management team down from St. Louis, along with HRI (<http://www.hrihci.com>) teams from St. Louis and New Orleans. These teams will be working in and out of the building each week for the next 2 weeks to determine exactly what type of equipment and staffing will be necessary for the environmental remediation/selective demolition phase of the project. For the time being, Clayco has been hired SOLELY to supervise this remediation phase. While they will likely bring in a few experienced workers from St. Louis, but will be hiring local contractors to do most of the work in this phase.

The City of Jackson is presently holding around \$750,000 in EDI grant money from HUD, which can only be used on remediation projects for the King Edward. However, those funds can only be spent through a public bidding process. All parties (JRA, the City, HRI) are interested in spending down this funding FIRST. Consequently, we are working through some of the technical issues on bidding with the City for services that will be needed for the project, utilizing the EDI grant funds. We hope to publish bid specifications in the next two weeks (which must run for 3 weeks), study the responses and select the subcontractors within a week after that to recommend to the City for employment.

We expect the remediation phase of the project to last 2-3 months. Additional phase one funding is being secured from a \$2 million loan from MDA, as authorized by the Mississippi Legislature during the past regular session. That money will also be used for remediation costs and other pre-development costs (such as architects, insurance, etc.)

In the meantime, while the remediation work is being done, HRI staff architects are working on the design specs necessary to get bids for the major reconstruction of the King Edward, on a design-build basis. We anticipate asking two local general contractors to bid on the project. Clayco will also be asked to bid, as well as a N.O. contractor with whom HRI has had some good experience. However, It will be 2 or 3 months before the remediation and debris removal process is completed and a final contractor is hired for the actual rehabilitation work. It is expected that whatever general contractor is awarded the contract will subcontract with a significant number of local contractors for various parts of the project.

While we had originally planned a press conference for August 1st, the team decided to delay it a few weeks because I would be out of state for the entire first week of August, taking care of some personal family issues. Next week, however, Clayco will be in Jackson to secure the building and

work on appropriate signage for the project. The week of the 14th, they will return with work crews to begin pumping the water out of the basement (about 8 feet deep!) so that the HRI architects and engineers can inspect that part of the building and make the additional measurements necessary for preparation of the design specifications. (We have previously been unable to inspect the basement because of the flooding from the artesian wells that lie underneath the King Edward.)

All in all, we are pretty much on schedule. Although we don't have the MDA or EDI funds in hand, our team is committed to the process and has been work advancing our own resources and funding at this time, in anticipation of the MDA and EDI funding being available very shortly.

We are very excited about starting work on the project. It's been a long time coming, but we believe it will be worth the wait.

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