

January 5, 2005

Mr. Jeff McCoy
CEO
Van Horn Economic Development Corporation
PO Box 517 - 1801 West Broadway
Van Horn, TX 79855

SUBJECT: City of Van Horn Community Economic/Tourism Development Initiative

Dear Jeff:

AdventGX (hereafter AGX) is pleased to submit this proposal. We are confident that we will be able to provide you with the highest level of expertise and knowledge necessary to implement your project.

The purpose of this document is to provide you with a proposed approach for the implementation of your Community Development Initiative. As per our conversations, included please find a proposed approach for phase one of this project and related deliverables. We have also included a brief outline of an 'unqualified' phase two and phase three scenarios for your reference and so that you can get a perspective about the possible long term project scope. It is important to note that phases two and three will actually be derived, with your guidance and under your control, from phase one deliverables.

As per our previous conversations, the following is our current understanding of your needs in relation to your tourism initiative:

- To develop a comprehensive and sustainable economic development strategy for the City of Van Horn Texas.
- Identify Van Horn's 'Best Developmental Opportunities' given its unique assets coupled with ongoing efforts involving its Main Street revitalization and the tourism development initiatives (Texas Mountain Trail, THC, Blue Horizon, etc.) taking place in West Texas.
- Map community needs and expectations by conducting strategy and policy deployment workshops involving the top three community leadership groups. Identify areas of consensus to support the development of a unified community development vision statement.
- Leverage Van Horn's rich history and implement a Community Identity Creation and Preservation plan as part of a robust Community Brand Development Strategy.
- Integrate an efficient Marketing strategy taking advantage of state and private network of contacts as well as the use of emerging Internet enabled marketing tools
- Identify federal, state, and NGO (Non Governmental Organizations) funding sources - consider commercial sponsorships and public / private ventures

Based on our recent conversations and our understanding of your needs as they relate to your community development initiative, we have prepared the attached proposed approach.

Jeff, we recognize the strategic value of a strong linkage with your community and the possibility of engaging in a long-term relationship. In order to show our commitment to a mutually beneficial relationship, please know that our pricing structure for this project has been adapted to fit a not-for-profit / government engagement class and we plan to leverage our relationship with Texas A&M in order to support your noble initiative.

Additionally, if you had a chance to review our company Web site, you can see that our Board of Directors and our Executive Advisory Board affords us many powerful relationships in Texas and in Washington, D.C. We also have very strong partnerships with various corporations who have recognized that our cause to improve the economies of rural places is important, and vital to our State's economy. Our modus operandi will be to leverage these relationships effectively to ensure the success of our joint initiative.

After actively working on this rural economic development initiative (AdventGX) over the last 1 ½ years, and from my 10 years experience in nature tourism in Texas, I feel compelled to express my optimism and positive outlook about Van Horn's and all of West Texas' prospects. I believe that in your particular case, the opportunities should be measured by two types of ROI, a) in the traditional sense (of Return in Investment), and 2) in a more compelling and rewarding fashion, as a Return on Intervention. It will be easy to derive and measure project financial indicators but, more importantly, the positive outcomes of intellectual and community-wide quality-of-life factors resulting from this endeavor will be long lasting and most rewarding.

We appreciate the opportunity to provide our services and look forward to working with you on this project. Please contact our office or me if you have any questions at my direct line (979 575 6401).

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew N. Skadberg", with a long, sweeping horizontal line extending to the right.

Andrew N. Skadberg
Chief Knowledge Officer

Approach

Overview

In order to establish a project timeline, we based our projections on previous experience with similar project baselines and overall functionality. During our estimation process we took into account the fact that we will have direct and prompt access to the project sponsor (your team) and that as such you also will be our SME (Subject Matter Expert) in matters related to local issues, governance, community needs and resources, thus enabling us to expedite the design and strategy deployment processes (phase one) of this engagement. The financial proposal section of this document applies only to phase one of this project and it is provided as fixed cost inclusive of professional services, travel and project incidentals. The actual work to be performed under phase two and three will be driven and managed by you (or your designated Project Board).

This approach adheres to our standard AdventGX methodology and should serve as the design and implementation framework to be adjusted to comply with your internal guidelines.

Within four weeks of our project kickoff (Jan. 20, 2005) date we will schedule a series of three strategy deployment workshops also referred to as ASD or AdventGX Strategy Deployment with three distinct groups of Van Horn Community leaders. We will ask your support in helping us identify and recruit workshop participants in order to obtain proper stake holder representation. There is more detail below on our ASD process. From this meeting we derive particular needs, wants, expectations, perceived risks, and detailed functional specifications. We will video record the event for documentary purposes.

Our ASD methodology produces a Strategy/Function/Feature Matrix as the primary workshop deliverable. After deriving and documenting the strategy and functional decomposition of the 'economic development solution space', we will rank each strategy component based on value and priorities set by your community leaders. We then assign estimated levels of effort associated with each component. This allows us to adjust strategy components, tactical elements and project functionality in order to meet the determined project timeline as well as to comply with your budget. The ASD Matrix deliverable then becomes the basis for your tourism development plan.

Our standard Strategy Design and Deployment (phase one) includes the following deliverables:

- Design workshop (pre-op tasks, research & facilitation)
- Strategy Matrix (Master Project Specifications with suggested implementation methods, effort estimates, [per component] user prioritization metrics, and integrated risk assessment / recommendations)
- Proposed Plan Implementation timeline(s)
- High-level strategy implementation architecture (solution map)
- Estimated Project Implementation Costs

Project Management – PP9K (ProjectPoint 9000)

PP9K represents the vessel that delivers our strategy development methodology. Via our Web System (PP9K) we keep our customers informed about their project(s) performance and knowledgebase. Project Schedules, Risk Management Plans, and Project Specifications are always available to project stakeholders.

As part of our process we will require that you help us establish a Project Board that in turn will support this project by providing guidance in the form of approval of schedule changes, establishing budgets, verification of policy / business rules and workflow models. Traditionally Project Board members include:

- City of Van Horn - Project Principal/Manager
- Community SME (Subject Matter Expert)
- Project Sponsor Representative
- AdventGX Project Principal/Manager (Andrew Skadberg, Ph.D.)

The following outline contains the actual activities for phase one and provides a *sample unqualified scenario* for phase two in order to illustrate possible project outcomes.

- Follow AdventGX methodology (ASD) and initiate with Strategy Deployment phase (45 days) for \$24,000 (4 person team - including a full-day workshop on-site - AS, CW, SM, JQ) - Van Horn will pay for overnight accommodations and provide a place to work while on-site.
- Prior to the AGX workshop the City of Van Horn will create an Executive Project Board of no more than seven individuals in charge of project reviews, workshop participation, change orders, and overall approval and project governance tasks. A Project Principal (suggestion Jeff McCoy) will be designated as the main team liaison between the board and AGX.
- Have AGX consultant on-site 3 full consecutive days per month (\$2,700 month) including travel expenses (City of Van Horn to provide over night accommodations) starting on month 3 of the project and continuing until project conclusion. Monthly fee to be refunded to City of Van Horn from Economic Development performance revenues attributed to AGX (see next line)
- AGX to receive 17% of all fundraising efforts, grants, sponsorships and special events directly attributed to AGX. Each Funding prospect will be properly filed and sanctioned by the City of Van Horn prior to official prospecting. City of Van Horn will deduct the monthly baseline fees (\$2,700) from commission payments each month that commissions exceed baseline fees.
- AGX will receive participatory fees in order to support and if applicable perform projects as prescribed and authorized by the City of Van Horn Executive Project Board.
- AGX will require \$17,000 US payment before project onset and balance of phase one payment 15 days after phase one. Monthly payments will be due by the end of each month.
- AGX will have authorization to engage any of its associate and alliance members (Texas A&M University, GKG, Westcar Consulting, NASA Mid Continent Technology Transfer Center) as supporters and subcontractors to serve in this project (with fees covered by AGX revenue schedule).
- This project will be auto-renewable on a yearly basis based on performance and community satisfaction

Activity	Calendar Days	Phase Total
Phase One :: ASD :: Strategy Deployment	45	\$27,000
Project Integration Tasks (PP9000)		
Preliminary Research (SWOT :: Strengths, Weaknesses, Opportunities & Threats)		
Workshop Preparation Tasks		
Conduct Workshops (3 separate groups)		
Process Feedback		
Identify Solution Matrix and ASD Deliverables		
ASD Presentation		

Phase Two :: Research/Plan Development/Brand Development		TBD
In-Depth Research (at Regional, and Attraction levels)		
Identify Funding Mechanisms (Sources and Granting Entities)		
Integrate and Submit Funding Requests		
Inventory Community Assets (agriculture, manufacturing, retail, tourism)		
Develop traditional Community Assets		
Develop Tourism Related Assets (by size, potential, quality, dev. Stage)		
Brand Development Tasks		
Phase Two Deliverables & Presentation		

Phase Three :: Implementation Support

AdventGX Project Team (Tentative)

Dr. Andrew Skadberg (Project Principal)

Jose Quintana (Co-Project Principal)

Stan Meador (On-site Project Manager)

Dr. Carson Watt (SME – Workshop Facilitator)

Aristo Setiawan (Lead IT Support)

Bill Smith (SME - Analyst)

Financial Proposal

This first stage will take 45 calendar days to complete at a fixed cost of \$27,000.00 including travel and incidentals. You will be able to use the deliverables and related documentation as the basis of your RFP if you elect to hire a third party consulting firm to develop and implement your initiative. We require a \$17,000.00 payment before project onset.

During our strategy design stage (phase one) we will work with you to match your current financial capabilities and prospect fundraising opportunities with the proper development approach - you will be able to regulate feature sets (remove or add strategic, tactical and functional components) in order to stay within your budget and desired implementation timeline. At any rate, we will work with you to make sure that the City of Van Horn economic outlook can grow at a comfortable rate given your community’s expectations and financial resources.

Professional Services –

Phase One (Strategy Design and Architecting stages). Due to the nature of your project we are extending our Non-for-profit / Government professional fees schedule to your community. As such, our development fees range depending on the amount of expertise of the team members assigned to your project as follows:

- Strategy Architect125.00 / hr
- Analyst85.00 / hr
- Tech Services (QA/QC, Graphics).....75.00 / hr

At the end of this engagement you will receive our Strategy Implementation matrix with estimated phase two development costs, suggested implementation approach, proposed project blueprint and suggested implementation timeline. These deliverables will be used during our formal development process.

Travel –

Included (and expected) in phase one fixed cost. If the need for travel arises for extraordinary travel (outside of your community) we will submit an electronic travel request to your designated project manager and request proper authorization.

Technical Observations

- Project and workshop participants will have access to our Web based project management system, in many cases we will interact with stake holders electronically; AdventGX will issue project email accounts to those individuals that may not have suitable accounts. The customer is expected to provide actual access to computer equipment and communications infrastructure to project participants.
- The customer will provide access to a work area at Van Horn suitable for meetings, workshops and research activities. Access to historic records and artifacts as well as contacts with local resources in support of this project will also be essential to the successful implementation of this project.