

**REVIEW REPORT OF PLANS, SCHEDULE,  
AND CONSTRUCTION-RELATED DOCUMENTS**

Of

**ALADDIN/PLANET HOLLYWOOD RESORT CASINO  
Las Vegas, Nevada**

Prepared For

**Clarity Partners, LP  
100 North Crescent Drive  
Beverly Hills, CA 90210**

Prepared By

**Tishman Construction Corporation of California  
444 South Flower Street, Suite 2500  
Los Angeles, CA 90017**

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## SECTION I - IDENTIFICATION

**Client:** Clarity Partners, LP  
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Beverly Hills, CA 90210  
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**Developers:** Clear Channel Entertainment/Theater Management  
220 West 42<sup>nd</sup> Street, 11<sup>th</sup> Floor  
New York, NY 10036  
Attn: Denise Perry  
Phone: 617.896.0628

Live Nation  
4255 Meridian Parkway  
Aurora, IL 60504  
Attn: John M. Ahrens, National Designer Director  
Phone: 630.566.6223  
Fax: 630.566.6182

**Architect:** Lendall Mains Architect  
3930 E. Patrick Lane, Suite 1  
Las Vegas, NV 89120  
Attn: Lendall Mains (Nevada License # 2275)  
Phone: 702.437.5621  
Fax: 702.437.5623

**General Contractor:** HOWA Construction  
633 West 100 South  
Salt Lake City, Utah 84104  
Attn: Lance Duffield, Project Manager  
Phone: 801.230.2367  
Fax: 702.731.1366

**Project Name:** Planet Hollywood Showroom and Performing Arts Theater (TPA)

**Location:** Aladdin-Planet Hollywood Resort Casino  
3667 Las Vegas Blvd. South  
Las Vegas, NV 89109

**Improvement:**

The Project consists of a new 1553-seat Showroom facility in the Aladdin Resort Casino building shell, interior renovation of the approximately 7200-seat existing Performing Arts Theater (TPA), re-configuration of public areas in the Hotel & Casino, new Restaurants, and phased upgrade of hotel rooms, to be completed by December 31, 2006.

**Date:**

February 24, 2006

## **SECTION II – EXECUTIVE SUMMARY**

This section is intended to provide you with a brief overview of the project. Please read the entire report for further understanding of the project, our comments, our opinions, and recommendations.

### **Development Team**

The Developers of the Showroom, TPA, and Hotel-Casino, Clear Channel Entertainment, Live Nation, and Aladdin/Planet Hollywood Resort Casino, all have substantial experience in live entertainment/theater management and hotel/casino operations and the wherewithal to successfully complete these projects.

The General Contractor of the Planet Hollywood Showroom and TPA, HOWA Construction, has documented experience in the construction of Las Vegas-style projects, such as addition to the Hard Rock Casino and multi-use theaters, the Utah Theater in Salt Lake City.

The Architects, a joint venture of Lendall Mains Architects and Martinez & Johnson, Theater Consultant, also have proven track records for similar type and scale of constructions projects. The permitted set of construction documents for the Showroom are well prepared, which indicates their respective abilities to perform as the Professionals of Record.

### **Completeness of Plans and Specifications**

The permitted set of construction documents for the Showroom were signed by the Professional of Record, Lendall Mains Architect. The Architectural, Structural, Theatrical, Mechanical, Electrical, Plumbing, Fire Protection and Exiting drawings appear to be complete and approved by the City of Las Vegas Building Department. The permitted Structural drawings were not included in the set we received. To date, Tishman has not reviewed any TPA plans, as that project scope of work is currently being developed. We have not reviewed Specifications for either the Showroom or TPA.

In Las Vegas, Tishman reviewed the permitted set of drawings for the Planet Hollywood Hotel and Casino Renovation prepared by Klai Juba Architects, whom have extensive hotel & casino experience. These construction documents, including Interior Design, Structural, Mechanical, Electrical, Plumbing, Audio-Visual, Lighting, and Fire/Life Safety, were professionally prepared and appeared to be complete and approved by the City of Las Vegas Building Department. We did not review any Specifications related to this Project.

### **Quality of the Systems and Materials**

Based upon the documents submitted thus far, it appears that the building systems and materials specified are good and the finishes are appropriate for projects of this type and scope.

### **Scheduled Date of Completion**

Tishman has reviewed various construction schedules submitted by Clear Channel, Live National and Aladdin/Planet Hollywood representatives. Construction is well underway for the Showroom

and Hotel & Casino Renovation, but yet to start for the TPA Renovation. We have spoken with General Contractor HOWA regarding the Showroom and TPA, as well as building executives with Aladdin/Planet Hollywood concerning the Hotel & Casino Renovation.

Tishman has reviewed the construction schedules prepared by HOWA for the Showroom and TPA, which show completion dates of 12/1/06 and 12/8/06, respectively. We have also reviewed the Draft Schedule for the Planet Hollywood Hotel & Casino Project, prepared by General Contractor M. J. Dean Construction, Inc., which shows a scheduled completion date of 12/28/06 for the Phase II Casino. Given sufficient design coordination, project management and manpower throughout the construction process, all 3 projects- Showroom, TPA, Hotel & Casino- can be completed by the end of December 2006, assuming minimal disruption from unforeseen circumstances and/or conditions, such as strikes, disasters and funding.

### **Summary of Construction Costs**

Tishman has reviewed various project budgets, projected cost reports, billings for General Conditions for both the Showroom and TPA, and a 'mesh panel mockup budget' for the TPA. In addition, we have reviewed prior Authorizations to Proceed for the Showroom for the period April 27, 2005 thru January 18, 2006, and Showroom Application and Certificate for Payment #9, for the month of January 2006. The Schedule of Values in Application #9 shows a construction budget of \$16,495,393 for the Showroom, not including General Conditions.

Having discussed the construction budget with HOWA and witnessed the value engineering in progress between the General Contractor and Clear Channel/Live Nation, we believe Showroom construction can be completed within the agreed upon Schedule of Values. Although we currently have insufficient information regarding the scope of work and budget at the TPA, the same project team is working together on this Project, so we believe material selections and value engineering will also occur to maintain the agreed upon budget. Tishman has little or no information regarding the construction budget for the Hotel & Casino Renovation, other than being informed that budget may range between \$150,000,000 - \$200,000,000.

## SECTION III - SCOPE DESCRIPTION

### SITE

<b>Location</b>	The site of the Project is the Aladdin Resort Casino, soon to become Planet Hollywood Resort Casino, located at 3667 Las Vegas Blvd. South in Las Vegas, Nevada 89109.
<b>Zoning</b>	The existing Aladdin Resort Casino facility complies with applicable zoning regulations (unlimited allowable floor area and building height). Zoning plans were reviewed and accepted on January 26, 2006 by Lorna Wojciechoweki.
<b>Shape/Area</b>	Generally unchanged from existing conditions.
<b>Topography</b>	The site is generally flat, unchanged from existing conditions.
<b>Site Access</b>	Pedestrian access to Casino, Restaurants, Entertainment and Hotel via new and improved entrances along Las Vegas Boulevard. Auto valet, taxi and limousine access via upgraded ground level porte-cochere entrance. Parking structure at rear of Hotel and Casino remains unchanged.
<b>Parking:</b>	There are 4,801 parking spaces currently available in the parking structure. The existing parking facilities currently provide sufficient spaces for the Showroom, TPA and expanded Casino/Restaurant facilities.
<b>Site Improvements</b>	Existing conditions to remain generally unchanged, except along Las Vegas Boulevard, where the new pedestrian entrances will provide greater visibility and improved accessibility.
<b>Landscaping</b>	Landscape drawings were not available for review, although we anticipate exterior and interior landscaping to be maintained and improved, as needed.
<b>Irrigation</b>	See Landscaping above.
<b>Site Utilities:</b>	Existing conditions believed to be adequate for new Showroom and Restaurants, as well as renovated TPA, Casino and Hotel rooms. Permitted Construction Documents state "Connect to existing utility and power sources, as needed."

## **ARCHITECTURAL**

### **General**

The construction components shown in the permitted set of plans are an acceptable level of quality.

### **Description**

The Planet Hollywood Showroom is a 1,560 fixed-seat theater for live entertainment to be constructed within the original building shell of the Aladdin Resort Casino. Seating is accommodated on three (3) levels – orchestra (550 seats), parterre (714 seats), and balcony (296 seats) overlooking the stage and orchestra pit. Accounting for wheelchair access and spaces, total seating capacity with wheelchairs is reduced to 1,553 persons. The stage includes the customary trap doors (with trap room below), fire curtain, fly loft, and overhead theater rigging.

Orchestra Level Back of House includes dressing rooms, green room, stage support, offices and storage facilities. The Orchestra Level Front of house includes the theater lobby, bathrooms, ticket office, concession facilities, theater support, and storage. The interior design of the theater and lobby areas was the subject of much discussion between Clear Channel/Live Nation representatives and architects with Martinez & Johnson, theater consultants. During the week of February 13, interior design selections were made by owner's representatives and the design team regarding seating, carpeting, ceiling, paint and wall covering, column covers, fabrics and finishes so that the construction schedule and budget can be maintained. Public restrooms contain ceramic tile floors and wet walls to 4 feet above finished floor.

Included in the Showroom construction is a temporary 27 foot wide by 24 foot high opening on the north elevation for construction access, to be later replaced with a 24 foot wide by 20 foot high coiling steel door (see Authorization to Proceed #15, dated 11/9/05). The ceiling of the theater is composed of multiple hanging acoustical baffles or "ceiling cloud" panels in various shapes. In addition, the ceiling of the audience chamber toward the front of stage is composed of aluminum panels in a basket weave pattern, some of which are perforated and backlit, and removable.

### **Structural**

No Structural drawings were provided to Tishman for our review.



## **MEP**

Much of the existing HVAC system previously provided in the building shell for the Showroom has been demolished to make way for the new HVAC design. New rooftop HVAC equipment and ductwork for the Showroom, including audience chamber, back of house, and lobby areas has been provided, and shall be installed by the Contractor to minimize disruption with other trades. Sufficient mechanical and acoustical details have been provided by the architect and mechanical engineer for noise and vibration control purposes.

Similarly, much of the existing Plumbing system within the Showroom shell will be reworked to accommodate the new bathroom and dressing room locations. Piping will be routed as high as possible and ran tight to the underside of the roof deck, to avoid stage rigging. Adequate construction details have been provided for noise and vibration control purposes.

The Electrical drawings are quite extensive, as one would expect for a showroom/theater. Lighting has been provided for the stage, theater, lobby and retail areas. Suspended and recessed down lights, surface-mounted and recessed wall lights, track fixtures and strip lights, as well as specialized theatrical lighting has been specified. In addition, audio system drawings indicate a scope of work which includes multiple speaker, microphone, paging, volume control, and video camera/projection locations.

The design of the MEP system in the permitted set of construction documents appears to be of acceptable quality level for theatrical and entertainment purposes. The Mechanical drawings were stamped on September 1, 2005 by Benjamin Yeung.

## **Permitting**

Architectural, Structural, MEP, Fire Protection, and Exit Plan drawings have been permitted. The International Building Code- 2000 Edition was used during preparation of the Architectural drawings. The building plans were reviewed and accepted on January 26, 2006 by Gary Eshelby. Application #05-36660 Occupancy: A-1 Construction Type: 1-A, Fully Sprinklered

## SECTION IV – DEVELOPMENT TEAM

**Investor:** Clarity Partners, LP  
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**Developers:** Clear Channel Entertainment/Theater Management  
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Phone: 617.896.0628

Live Nation  
4255 Meridian Parkway  
Aurora, IL 60504  
Attn: John M. Ahrens, National Designer Director  
Phone: 630.566.6223  
Fax: 630.566.6182

**Architect:** Lendall Mains Architect  
3930 E. Patrick Lane, Suite 1  
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Phone: 702.437.5621  
Fax: 702.437.5623

**General Contractor:** HOWA Construction  
633 West 100 South  
Salt Lake City, Utah 84104  
Attn: Lance Duffield, Project Manager  
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## SECTION V – DOCUMENTS

The following documents were utilized in preparing this report.

1. Final Construction Document Set, dated August 5, 2005, for Planet Hollywood Showroom.
2. Permit Set Construction Documents, Phase I Casino, dated 9/21/05 for Planet Hollywood Resort Casino.
3. Permit Set Construction Documents, Phase 2 Casino, dated 11/4/05 for Planet Hollywood Resort Casino.
4. Permit Set Construction Documents, Phase 3 Casino, dated 11/25/05 for Planet Hollywood Resort Casino.
5. Final Issue, Interior Design Drawings by Dougall Design, dated 10/19/05, with Revisions #3 dated 12/23/05.
6. Signed Abbreviated Standard Form of Agreement Between Owner, Clear Channel Entertainment Theatrical, and Architect, Lendall Mains Architect, dated November 2004 (no day), with subsequent Additional Service Requests (ASRs) #1-11 (#9 voided) for Planet Hollywood Showroom and Theater for the Performing Arts.
7. Unsigned Abbreviated Standard Form of Agreement Between Owner, Clear Channel Entertainment Planet Hollywood, LLC, and Architect, Martinez & Johnson Architecture, dated November 2004 (no day) for Planet Hollywood Showroom and Theater for the Performing Arts (TPA).
8. Professional Services Agreement Between Owner, Clear Channel Entertainment-Theater Management and Consultant, Rolf Jensen & Associates, Inc. (RJA) for Fire Protection Consulting Services for the Planet Hollywood Showroom and TPA project.
9. Schedules (3) for the Planet Hollywood Showroom & TPA by HOWA Construction, dated 1/12/06, and for the Hotel & Casino by M. J. Dean Construction (no date).
10. Showroom Application and Certificate for Payment No. 9, for January 2006 from HOWE Construction in an amount of \$1,519,658, dated February 7, 2006.
11. Approved Authorization to Proceed (No. 1-20), from HOWE Construction to Clear Channel Entertainment/Live Nation.

12. Draft Budget Estimate/Projected Cost Reports, dated January 2006, for Planet Hollywood Showroom, TPA, and General Conditions from HOWE Construction.
13. Letter of Intent with Cambridge Architectural Mesh, dated July 18, 2005, and Mesh Panel Mockup Budget for TPA, dated 5/31/06.
14. Billings for General Conditions, Draw #8 and #9.
15. Various computer-generated renderings of proposed projects.
16. Planet Hollywood Showroom Subcontractor Meeting Minutes #14, dated 2/7/06, and Showroom Action Items, dated 2/14/06, both prepared by HOWE Construction.
17. TPA Action Items, dated 2/21/06, prepared by HOWE Construction.
18. Request for Information (RFI) Summary Log (165 total) for Showroom, dated 2/14/06, prepared by HOWA Construction.
19. Summary Log for Submittal Packages (51 total) for Showroom, dated 2/21/06, by HOWA Construction.

## SECTION VI – COST ANALYSIS

Tishman has reviewed Draft Budget Estimate/Projected Cost Reports, dated January 2006, for the Planet Hollywood Showroom, TPA, and General Conditions from HOWE Construction; previously approved Authorizations to Proceed (No.1-20), dated April 27, 2005 through January 18, 2006 from HOWE Construction to Clear Channel/Live Nation; Showroom Application and Certificate for Payment #9 for the month of January 2006 from HOWE Construction in an amount of \$1,519,658, dated February 7, 2006; a “mesh panel mockup budget” for the TPA and Letter of Intent with Cambridge Architectural Mesh, dated July 18, 2005; and Billings for General Conditions, Draw #8 and #9. The Schedule of Values in Application and Certificate for Payment #9 shows a construction budget of \$16,495,393 for the Planet Hollywood Showroom, not including General Conditions.

Having discussed the constructed budget with Lance Duffield, Project Manager with HOWA Construction, and witnessed the value engineering in progress between the General Contractor and Clear Channel/Live Nation project representatives, we believe Planet Hollywood Showroom construction can be completed within the agreed upon Schedule of Values. Although we currently have insufficient information regarding the scope of work and construction budget at the TPA, because the same project team is working together on this Project, we believe material selections and value engineering will also occur at the TPA in order to maintain an agreed upon budget. Tishman has little or no information regarding the construction budget for the Hotel & Casino Renovation, other than being informed that budget may range between \$150,000,000 to \$200,000,000.

At this time, our budget concerns focus on 3 issues:

- 1) Percentage of Completion Although Application and Certificate for Payment #9 shows total construction costs completed to date of 4,192,731, or a little less than 20% of the Contract Value of \$21,100,000 (which includes the Showroom, General Conditions, Preconstruction Services and \$2,887,034 for the TPA), 31% has been billed against the General Conditions. This may be due to the nature of this particular project, but it should be noted that various line items within the General Conditions have been invoiced between 35%-48%, including salaries for jobsite staff, travel, health and living expenses.
- 2) Retainage To date, \$164,322 has retained by Owner from \$4,192,731 construction costs, for a percentage of 3.9%. Standard retainage on a project of this size and scope is 10%. No retainage has been taken out of the General Contractor’s General Conditions.

While the retainage taken to date is less than 4%, there may be reasons for this arrangement. It is unusual for no retainage to be taken from the General Conditions. We recommend a minimum 5% retainage be taken from all future construction costs, including General Conditions.

- 3) Professional Fees The Standard Form of Agreement Between Owner, Clear Channel Entertainment, and Architect, Lendall Mains Architect, totals \$2,123,568.00, which includes the Theater Consultant, Structural Engineer, MEP Engineer, Theater Planner, Acoustical Engineer and Sound System. Using the Contract Value of \$21,100,000 shown in Application and Certificate for Payment #9, dated February 7, 2006, the combined professional services fee amounts to 10% of construction costs. This is not an insignificant percentage or amount.

To date, there have been, at minimum, ten (10) ASRs or Additional Service Requests from Lendall Mains Architect, totaling \$259,100, or 12.2% of the original contract value. This is quite high.

While much if not all of the ASRs are due to Clear Channel/Live Nation's added and/or revised scope of work, ASR #6 for \$101,300, and ASR #8 for \$57,900 seem high (there was no back-up included in the documents we reviewed), and account for more than 60% of the value of all ASRs. Despite more than an additional 12% in design fees, to our knowledge, there have been no change orders to date from the General Contractor, which seems unusual. While the Architect and his Consultants received nothing but praise from the General Contractor and Owner, we remain concerned regarding the substantial design fees to date and potential for future ASRs.

## **SECTION VII – CONSTRUCTION PROGRESS SCHEDULE**

Tishman has reviewed three (3) Schedules- Planet Hollywood Showroom and TPA by HOWA Construction, both dated January 12, 2006; and a third schedule from M.J. Dean Construction for the existing Aladdin Resort Casino, soon to become Planet Hollywood Resort Casino, which includes the hotel tower, no date shown.

Construction is well underway on the Planet Hollywood Showroom, with primary steel beams (W24 x 131, for example) erected to support the orchestra and balcony seating. A large 27 foot wide by 24 foot high opening was created on the North Elevation for construction access purposes, to be later replaced with a 24 foot wide by 20 foot high coiling steel loading door for stage access.

HOWA Construction prepared a Construction Schedule for the Showroom, dated January 12, 2006, which shows a February 24, 2006 Start Date with an estimated Completion Date of December 1, 2006. The structural steel that has been installed in the audience chamber to support the orchestra and balcony seating generally reflects the timing shown in the 1/12/06 Schedule. Therefore, with proper design coordination, construction supervision, and sufficient qualified contractor forces, the Showroom may be completed in December 2006, barring unforeseen circumstances.

HOWA Construction prepared a Construction Schedule for the TPA, dated January 12, 2006, which shows a Start Date of January 23, 2006 and estimated Completion Date of December 8, 2006. To our best knowledge, the TPA has not yet started construction. It is our understanding that the precise scope of work and selection of materials is currently under consideration. The work to be performed in the TPA is a cosmetic remodel. Potential structural modifications considered involve the ‘bouncy’ stairs to upper lobby and replacement of ‘solid’ railing with ‘open’ handrails. Assuming the scope of work remains cosmetic and is determined shortly, and no extensive structural modifications are involved, it is reasonable to believe remodeling of the TPA can be accomplished in December 2006. This work includes the selection and specification of a movable steel mesh to be installed at the rear of the theater to create a more intimate venue. We have spoken with General Contractor HOWA regarding the Showroom and TPA, as well as building executives with Aladdin/Planet Hollywood concerning the Resort Hotel & Casino Renovation. Tishman has reviewed the Draft Schedule for the Planet Hollywood Hotel & Casino Project prepared by General Contractor M. J. Dean Construction, Inc., which shows a scheduled completion date of 10/6//06 for the Phase I Casino, 12/28/06 for the Phase II Casino, and 11/13/06 for the Phase III Casino.

In summary, with sufficient design/engineering coordination, project management/field supervision, and qualified contractor forces throughout the construction process, all 3 projects- Showroom, TPA, Hotel & Casino can be completed by the end of 2006, assuming minimal disruption from unforeseen circumstances and/or conditions, such as strikes, disasters and funding.

