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*M. Ray Perryman, Ph.D.*  
*President*

To Whom It May Concern:

It has recently come to my attention that some analysis that my firm performed in 2008 is being cited as part of the campaign concerning the upcoming election regarding the sale of distilled spirits in the City of Frisco. I should first note that any study that is eight years old would be subject to some revision, however, previous estimates based on this study have proven to be accurate (and, in fact, somewhat conservative). Moreover, the specific results for any individual city will differ depending on the situation in nearby locations and other factors unique to the area. Specifically, the study examined a hypothetical situation involving a generic city with a population of 150,000 and an average income level 20% above the state average. According to the US Census Bureau, the state average is \$52,576 while Frisco's is \$112,155, far exceeding the percentage used in the hypothetical model. It is my understanding that proponents of the initiative have used a ratio of the current population of Frisco to 150,000 to approximate the economic impact. While this estimate would not be precise for the reasons noted above, it should be a reasonable approximation of the anticipated effects.

I also understand that opponents of the initiative are claiming that the estimated gains, including \$950,000 in local tax revenues, are inappropriate because the area already permits some types of beverage sales. That assertion is incorrect. The study specifically examined the effects of distilled spirits separate from other types of sales. The cited number relates to the distilled spirits segment only, and, as Frisco does not have any off-premise sales of liquor (package liquor stores), this amount would not be included in the current totals.

It is not my intention to influence anyone's decision on how to vote on this proposition. That is a personal choice that can be based on numerous factors. From an economic perspective, however, my experience in numerous areas suggests that net benefits to the area will be positive, and my prior research indicates that the likely benefits have been reasonably represented by the proponents.

Thank you very much for the opportunity to clarify this issue.

Sincerely,

M. Ray Perryman