



February 26, 2015

Craig Dunlap
Dunlap & Associates
1146 Keyes Avenue
Winter Park, FL 32789

RE: Sports Complex Feasibility Study

Dear Mr. Dunlap:

Johnson Consulting is pleased to submit this proposal to Dunlap & Associates, Inc. as they serve as the Financial Advisor to Pasco County, FL. In this capacity, the County has directed Dunlap to obtain a proposal to provide a market feasibility analysis for the Wiregrass Park site at Wesley Chapel. Johnson Consulting is a proven sports consulting firm with specific expertise in the analysis, planning, and financing of multi-purpose sports complexes, stadiums, arenas, and adjacent mixed-use, hospitality/entertainment elements that may evolve around them. We have or are working very similar projects with the same set of services in Branson, MO; Santa Rosa, CA; Monroe, LA; Champaign, IL; and Lake of the Ozarks, MO. We also have extensive knowledge of the local marketplace, having worked on projects in Miami, Doral, Osceola, Brevard County, and Citrus County.

Our firm is internationally recognized as one of the most comprehensive advisors on development of new sports complex facilities, and has a reputation for quality, integrity, and success among facility owners and operators, developers, and within the sports complex and public finance community. Our firm works extensively in the area of sports complex business planning, tournament programming and development, event programming development, and maximizing economic return from such venues. We also specialize in public-private partnership projects, organizational studies and can comprehensively evaluate the operational strategies to help bring indoor and outdoor sports programming to recommended facilities with the addition of facility development.

We look forward to the opportunity of serving you.

Sincerely yours,

C.H. Johnson Consulting, Inc.

C.H. JOHNSON CONSULTING, INC.

CC: Mike Levinson



UNDERSTANDING OF THE ASSIGNMENT

On behalf of Pasco County, Dunlap and Associates are seeking a qualified consultant to undertake a market feasibility study for a public/private sports complex development at Wiregrass Park in Wesley Chapel, FL. The County wishes to leverage the County-owned land into an asset that will enhance the tourism basis within the County and serve as an economic generator. Further, the County desires to enter into a public-private sports development venture with an experienced and creditworthy private partner that balances risk and rewards to the participating entities. The proposed public-private facility would attract and host youth and adult sports tournaments/ leagues, as well as non-sports recreational events such as tradeshow, consumer shows and festivals to draw visitors year round. The facility will act as a tourism development generator while serving the local needs of Pasco County residents. The study will provide the Client with a best-use analysis, as well as a clear and detailed action plan for both the short-term and long-term growth of the proposed facility.

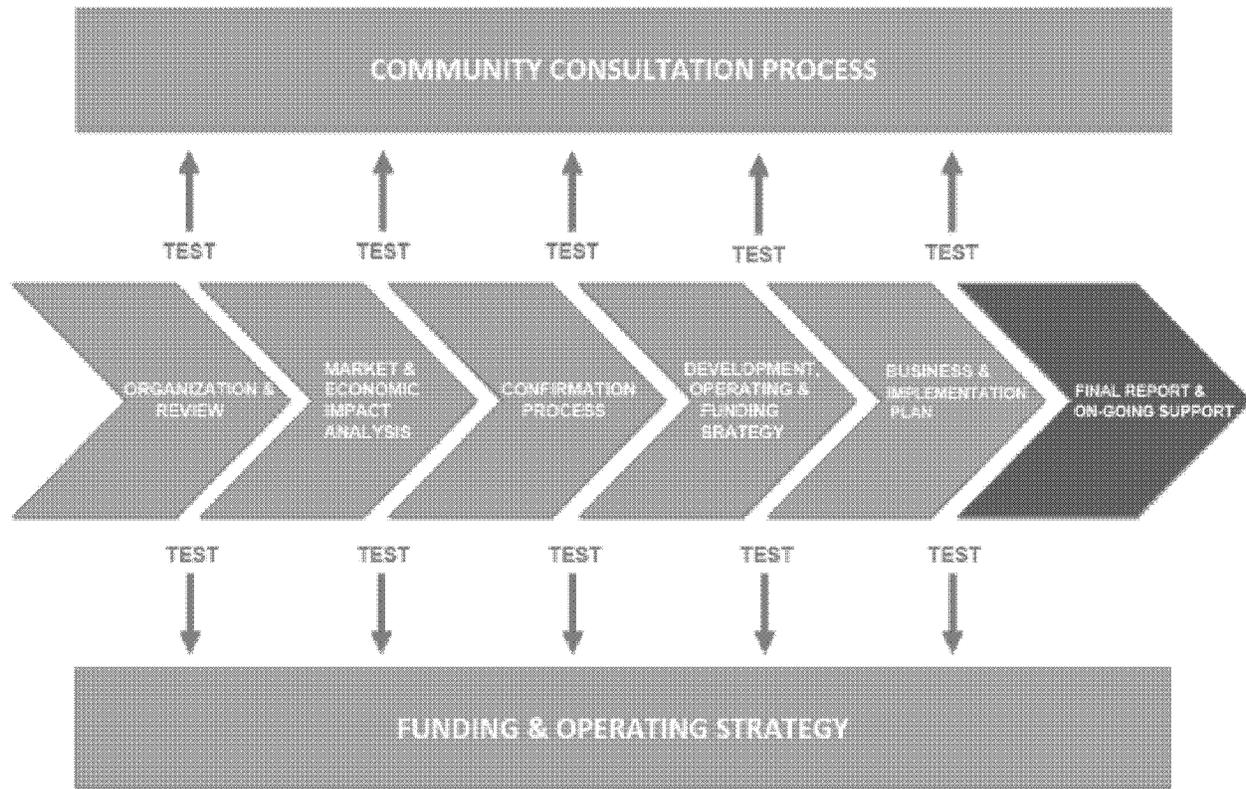
As the Client considers potential development, the following questions need to be addressed:

1. **Market and Needs Assessment:** Do local and regional demographics support such a facility in the marketplace? Which existing and proposed venues will the facility or facilities compete with, or complement? Who will utilize the facility and what are their needs, desires and expectations? What is the overall market potential of the proposed facility? How will the facility impact the surrounding community?
2. **Facility Program, Site, Cost & Development Plan:** What size should the facility be? What are the best sites? What physical attributes should the facility have? What is the facility's optimal configuration to capitalize on the market trends and ensure flexible use of space and increase market share? What site options are most appropriate for this project and what is the broader development potential of its adjacent neighborhood? What are the costs of the proposed facility and what are market-based development priorities? Also, programmatically, what facility elements need to be provided in terms of number and types of surfaces, amenities, locker rooms and revenue generation components?
3. **Operations and financing:** How will the facility operate from a tournament programming, demand and financial perspective, as well as from a management and business-planning standpoint? Will it be a publically or privately owned and operated facility? , and will it optimize the public-private partnership arrangement? How will facility development be funded and what is the potential for non-traditional revenue streams like corporate partnerships, sponsorship and advertising.
4. **Funding:** What funding mechanisms are available for the proposed development, in terms of initial capital construction, as well as ongoing operating support? What is the optimal Public/Private structuring?



Upon completion of the work areas listed above, the Client will have a clear understanding of the risks and rewards of future sports facility development, the type of facilities that should be targeted to generate the greatest return on investment and economic impact for the Client and its residents, the appropriate roles of the private and public sector partners, and the recommended structure of the partnerships.

PROCESS



SCOPE OF WORK

Before any sport facility is built, it is critical to understand how a facility of this nature will perform in the market and if it is financially feasible. It is also important to think about special niche markets a facility should target and who should contribute to the cost of the facility, own the facility, program events and operate the facility, as these factors can affect demand and funding for these types of venues. The Consulting Team will follow a well-developed approach that we have successfully used in conducting similar studies for multi-purpose sports facilities and complexes throughout North America. Our proposed approach will serve the Client well as this project is further considered and advocated for publicly.



PHASE 1 – MARKET NEEDS ASSESSMENT

TASK 1 – PROJECT ORIENTATION AND FIELD WORK

Over an intensive three-day data collection and site analysis work session, the Consulting Team will meet with representatives of the Client and other stakeholders to confirm objectives of the study, develop clear lines of communication, review project methodology, conduct initial fieldwork, and explore the feasibility of developing end uses that attract national/international attendance/use. Among the tasks to be performed during this step are:

- Hold a workshop with Client representatives to discuss the proposed project from both a needs and conceptual planning perspective.
- Gather and analyze background information related to the project, including any prior research or analyses that may have been conducted by, or for, the Client.
- Tour the local area, including key business and commercial corridors, and any potential sites identified.
- Review the Client’s near- and long-term economic development objectives.
- Applicability of the project for state tourism and incentive programs. For example, utilizing tourism development money to fund recommended public improvements.
- Meet with City Parks and Rec and area interest groups and leagues.
- Identify competitive and comparable markets for use in developing case studies regarding innovative facility strategies and development approaches – including Public/Private Partnership structures.
- Work with the Chamber, Convention and Visitors Bureau and sports commissions to discuss their vision and thoughts about potential surrounding uses (e.g. hospital) and proposed uses.
- Identify appropriate contacts and resources necessary to ensure complete review and assessment of issues and specific data.
- Hold various meetings as described in the tasks below.



TASK 2 – ECONOMIC AND DEMOGRAPHIC PROFILE

The Consulting Team will evaluate the economic and demographic characteristics of the market area. This data is very important because in many markets, the local and regional market and its economic clusters provide much of the potential demand. Our analysis will provide a realistic assessment of the market's strengths, weaknesses, opportunities, and threats (SWOT). Among the data to be gathered and analyzed will be:

- Population and demographic trends.
- Income and employment trends, including any major employers expected to enter or leave the market.
- Competitive and complementary venues in the immediate and broader regions.
- Colleges and universities in the area that could utilize the proposed facility.
- Emerging or established business clusters (e.g. hospitals) that would benefit, and/ or benefit from, the facility.
- Transportation and access.
- Hotel supply and growth patterns to interpret the local community's ability to host tournaments.
- Portfolio of facilities, including sports complexes and high school offerings throughout the region, including an inventory of any proposed facilities and those currently under construction. This will assist us in determining whether there are any gaps in the market due to a lack of supply.
- Sports and tourism marketing resources and strategies currently in place.

TASK 3 – COMMUNITY OUTREACH & TENANT/PARTNER ASSESSMENT

Johnson Consulting will work with the client and the other interested parties to identify potential signature events that could be targeted for the sports complex. We will then conduct a series of interviews with organizers of these events to understand their long-term needs, facility requirements, and desired support amenities (entertainment, hotels, transportation, etc.). Some examples might include youth and adult sport tournaments, amateur athletic regional and national events, sports camps and clinics, traveling sports/entertainment interactive exhibits, and Olympic trials. Our first such meeting process will occur in the first week of the analysis when we come to the market to meet with school officials, Parks and Rec staff, league bodies, the Chamber/ CVB and other parties. We can also conduct a citizen web based questionnaire to communicate the project and elicit responses from stakeholders. We have successfully worked with communities across the nation in advancing some of the premier sports complex developments and will apply that experience to foster a strong understanding of the project by the community and highlight clear benefits of the project for local residents, businesses, and general economic development.



TASK 4 – INDUSTRY TRENDS AND COMPARABLE ANALYSIS

In conjunction with Client representatives and other stakeholders, we will select several comparable and competitive markets that may offer innovative ideas with respect to facility development or performance, or general community development. We will then interview facility management and compile statistical data on the size, quality, and performance of these facilities/ markets, including demand and operational information. Case study information on the comparable and competitive facilities will be summarized and analyzed in our report to illustrate best practices to achieve desired outcomes.

The Consulting Team has developed a substantial database of financial and operating data for sports complexes, stadiums, and arenas of all types throughout the U.S. In addition, we have working relationships with numerous sports facility management companies and all sanctioning bodies that will provide us with a comprehensive understanding of what the costs and benefits of a facility will be for your community.

TASK 5 – FACILITIES GAP ANALYSIS AND NICHE IDENTIFICATION

Building on the findings from the preceding tasks, the Consulting Team will inventory the current and proposed array of sports, entertainment, and tourism-related products and attractions in Pasco County, as well the broader region from which potential attendees/users could potentially be drawn. In doing so, we will analyze:

- The depth, quality, pricing structure, and market reach of existing facilities.
- Local and regional league and tournament play.
- Current and historical operations of local facilities in order to assess their demand and financial operating characteristics, their advantages and disadvantages, and their geographic draw, among other factors.

At the conclusion of this analysis, we will evaluate the potential for new sports facilities by type in order to determine if a “gap” exists in the market, and whether the development of publically or privately developed sports facilities could effectively fill the gap.



PHASE 2 – FINANCIAL ANALYSIS

TASK 6 – CONFIRMATION OF PROGRAM

The market analysis will result in confirming the appropriateness of the facility program. Initial discussions have focused on an outdoor complex, and that will be the focus of the study. If, however, the analysis indicates a multi-phased offering over time, we will discuss this with client representatives. Factors to be addressed include:

- Optimum size of the facility components.
- Spectator access and seating.
- Support space, i.e. team rooms, concession areas, parking, locker and dressing rooms, administrative offices, if appropriate.
- Equipment and operations storage.
- Dining, concessions and other retail elements.
- Entrance and lobby areas.
- Parking.
- Adjacent land use opportunities.
- Urban Design.
- Other relevant aspects, including how surrounding land uses can benefit from the facilities.

TASK 7 – DEMAND PROJECTIONS

Based on the market analysis and performance of comparable facilities, the Consulting Team will develop attendance figures for different types of events that would be expected to be held at the proposed facility, including sports events, along with concerts, family shows and other community events. This demand projection will specifically address the following:

- Event days by type of event.
- Number of tournaments/ daily use.
- Attendance by event type.
- Special events.
- Public use.
- Achievable pricing levels.
- Non-Sports demand, including military, educational, religious and fraternal events.



- Total use days.
- Room nights generated.
- Visitor spending.

We will provide demand projections for the proposed facility for a 10-year period, as follows:

- Summarization of demand calendars from three to five comparable, or example, facilities that are of the approximate size of the proposed facility.
- Development of long-range demand projections addressing the number of events, number of event days, number of attendees, and the amount of space required for the various event types.
- Testing of demand projections using two analytical methods:
 - ‘Bottom-up’ approach reflecting current demand, annual repeat events, turned away events, and transfers from other locations, and;
 - ‘Top-down’ approach reflecting analysis of comparable facility demand, relative levels of supply and demand in the overall market, and anticipated future market share.

TASK 8 – OPERATING STRATEGY AND FINANCIAL PROJECTION

Based on our knowledge of sports complex operations and experience with similar facilities, we will develop estimates of income from various sources, including, but not limited to, sponsorships, advertising, concessions, and other non-traditional funding sources. As part of its analysis, the Consulting Team will develop a detailed financial model that considers all factors that will affect the performance of the recommended development.

The feasibility study will include a financial proforma statement for recommended facilities that translates the market demand analysis in the previous tasks into a 10-year projection of revenues, expenses, and net operating income throughout the period of the projections. The Consulting Team will present the financial projection by the following categories (and others specific to this market) of revenues and expenses:



ELEMENTS OF PRO FORMA	
Revenue	Expenses
Ticket Sales	Payroll & Related
Space Rentals	Utilities
Concessions	Repairs & Maintenance
Novelties	Advertising & Marketing
Advertising	Building Security
Parking Revenue	Insurance
Premium Seating	Management Expense
Naming Rights	Reserves for Replacement
Other Revenue	Other Expenses

The analysis will document our recommended approach to delivery of services, such as staffing, food and beverage, parking, and other major line items affecting the operation, thus providing the reader with a clear understanding of how the facility will earn and spend money, fit into the broader operations of the Client or the larger operations of a private developer and what the expected financial picture will be at the end of each year. To the extent that public dollars are to be used to support operations, capital improvements, or other items, these sources will also be considered and integrated into the financial analysis.

As appropriate, we may also offer a specific discussion regarding revenue sources that are available to public and private sports facilities, including benefactor naming rights and other specialized revenue streams, such as advertising, and based on market conditions.

Our analysis will also discuss the pros and cons of public ownership and operation versus public funding of the venue, but operating it with private management or the implications of a completely private development.

TASK 9 – BUSINESS AND PROSPECTUS IMPLEMENTATION PLAN

This task will organize the analysis into a report providing options analysis, based on the above steps. This task will lay out cost benefit analysis for indicated improvements, allowing the design team to focus on the improvements that will make the largest contribution from a community image, impact, and operations perspective. The report will set the stage for deliberations regarding project phasing, negotiations with retailers and event promoters, and other implementation strategies. Ultimately, this report will be a prospectus to attach to a formal RFP (see task #11.)

TASK 10 – FUNDING STRATEGIES

Our team has extensive municipal, not-for-profit finance experience and private sector development experience in Florida and throughout the US. We will use our collective experience to judge what the market and financial models indicate, to help consider how to execute the project. We have identified multiple private sector funding sources and also created operating districts and helped authorities create Tax Increment, Special Assessment and Tourism Development Zones and many other forms of governance. We also have created



special park districts and not-for-profit entities to help fund and operate sports complexes, hotels, conference centers, arenas and real estate development districts.

Drawing on our experiences in recreational markets across the country, and discussions with the Client and other stakeholders, the Consulting Team will recommend potential funding sources for the new sports complex. We will review public initiatives such as tax increment financing, the market's capacity in lodging or meals taxes, etc. In addition, we will explore the joint partnerships whereby the Client and another entity would both contribute to financing cost for shared usage. We will draw upon examples communities that have taken these various approaches. The report will set the stage for developing funding applications, deliberations regarding phasing, planning, and subsequent implementation

For this assignment, Johnson Consulting will outline financing and governance strategies that have been used to help fund large-scale development in other communities, and prepare a discussion of their application to the Sports Village.

PHASE 3 - MANAGEMENT OF RFQ/RFP SOLICITATION FOR DEVELOPER/ MANAGEMENT OPERATORS

TASK 11 – SOLICITATION OF DEVELOPER/OPERATOR

In our experience, when you first begin with a known end user, in this case a sports development and operating company, the feasibility and investment recommendations can sometimes be steered towards that company's financial needs first and not reflect real market conditions. Our goal will be to capture a true and objective picture of the market's potential, and then assist the County to identify sports operating partners who can work within those known market conditions, thus determining the option that best serves the market and can do so in a financially successful way for all parties involved.

Johnson Consulting has been in this industry for over 18 years and has built a significant database of sports complex operators/management companies. We will utilize these contacts to distribute a Request for Qualifications (RFQ) or Request for Proposals (RFP) document for the County. Johnson Consulting will then work with the County to conduct a solicitation process for Pasco County, each envisioned as follows:

- Disseminate RFQ/ RFP.
- Obtain and analyze responses.
- Review analyzed responses with the County.
- Short-list and rank RFQ/ RFP responses.
- Commence negotiations, or proceed to RFQ/ RFP, eliciting more detail on project specifics and deal terms.



(OPTIONAL) PHASE 4 - ECONOMIC AND FISCAL IMPACT ANALYSIS AND FUNDING STRATEGY

TASK 12 – ECONOMIC AND FISCAL IMPACT ANALYSIS

Based on the complex's projected demand schedule and assumptions regarding origin of attendees, as well as the local and regional tax structure, Johnson Consulting will project the economic and fiscal impacts that will accrue in the market as a result of the operations at the sports complex. The analysis will consider direct spending impacts, and indirect and induced impacts, fiscal impacts, and local employment and income impacts based on standard multipliers of direct impacts.

Our Consulting Team will evaluate the business case for the project's development by preparing an economic and fiscal impact analysis, including the benefits from facility development during construction and from annual operations of the proposed sports complex.

The presentation of our economic and fiscal impact analysis will include the following:

- **Baseline Assumptions** - Our model will develop variables for visitor spending, promoter spending, attendee origin, and other information. From our discussions with event managers and collection of secondary data, Johnson Consulting will have the necessary information on event attributes and attendee origin, attendee length of stay, percent of attendees who will likely stay overnight, and other significant variables.
- **Direct Spending Estimates** - The analysis will estimate the direct spending of attendees and promoters for use in the projections.
- **Fiscal Impact Analysis** - The fiscal impact analysis will quantify what the local and state governments will receive from the development of the project. If applicable, we will estimate annual tax dollars returned to the state and local governments as a result of increased business activity and personal income associated with the construction and operation of the complex.
- **Supplier Business Profit** - Leagues, restaurants, hotels and event organizers want to see what this complex will offer in relation to their existing operations. We will quantify what the facility will mean to these types of businesses, if the complex were built.

The economic impact analysis will also include a refined projection of the incremental number of annual room nights generated by the complex's demand, based on event and attendee characteristics and the projected demand schedules. If the Client wishes to have justification for indirect and induced spending we are experienced in using both RIMS and Implan, which are nationally recognized and generally accepted input-output models.



REPORTS AND MEETINGS

The Consulting Team will prepare a fully documented report that summarizes the preceding analysis and addresses the following questions:

1. Does the proposed sports complex make sense for the community?
2. What would be the optimal size and configuration of the facility to best respond to regional and national demand, and capture appropriate market share?
3. If built, how would the facility be operated and what would the demand and financial operating profile be?

We are noted for the clarity, simple sophistication, and quality of our reports. The following are deliverable products that we will provide to Client representatives:

- **Draft Report:** The Draft Report will include fully documented findings and recommendations, and will be accompanied by appropriate graphics and presentation material. Following the issuance of the Draft Report, the Consulting Team will meet with Client representatives to discuss our recommendations and then proceed to develop a site selection analysis, cost estimates and conceptual planning documents that utilize the agreed upon program recommendations.
- **Final Report:** Fully documented Final Report to be provided at the completion of each Phase of the study, addressing all client comments and refinements received throughout the study period.
- **Presentation:** A PowerPoint presentation detailing our findings and recommendations, to be provided following the issuance of our Final Report. We will also be available to explain the study's findings and recommendations to stakeholders, if desired.
- **Public Support:** We will work with client representatives to devise a process for this effort, defining needed materials for use in our facilitation of this process.

We have budgeted for a minimum of three in-person meeting sessions– at kickoff, a midpoint workshop following the issuance the Draft Report, and a final workshop to present the findings and recommendations of the feasibility study. If more trips are required we will submit a work plan and budget for client approval. Our staff may also be in the market to conduct fieldwork at other points during the study process. We will be available for meetings and workshops during these fieldwork trips and via conference calls at other times throughout the study period.



FEE PROPOSAL

We propose to complete the Phases detailed above at the following cost breakdown:

- **Phase 1:** \$15,000
- **Phase 2:** \$15,000
- **Phase 3:** \$5,000

Optional Impact Services

- **Phase 4:** TBD

Johnson Consulting would recommend commencing both Phase 1 & 2 together immediately upon contract execution as both Phases of services would be performed concurrently. We will commence work on the scope upon receipt of a \$10,000 retainer. If you determine that changes to the scope of work are necessary, such as updates or meetings with stakeholders, investment bankers, and rating agencies, then our fees will be billed on an hourly basis. We are prepared to commence work at your request and will complete the project in the time frame stated in this proposal.



SCHEDULE

The schedule below presents the timeframe for which each phase of analysis will be conducted. We anticipate that the study will take 10-12 weeks to be completed.

PROJECT TIMELINE													
Wiregrass Park - Wesley Chapel, FL													
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	On-Going Support
Work Program			CC		CC		CC		CC		CC		
Phase 1 - Market Needs Assessment													
Task 1 - Project Orientation and Field Work	M												
Task 2 - Economic and Demographic Profile													
Task 3 - Community Outreach & Tenant/Partner Assessment													
Task 4 - Industry Trends and Comparable Analysis													
Task 5 - Facilities Gap Analysis and Niche Identification							D/M						
Phase 2 - Financial Analysis													
Task 6 - Confirmation of Program													
Task 7 - Demand Projections													
Task 8 - Operating Strategy and Financial Projection													
Task 9 - Business and Prospectus Implementation Plan													
Task 10 - Funding Strategies													
Phase 3 - Management of RFQ/RFP Solicitation for Developer/Management Operations													
Task 11 - Solicitation of Developer/Operator													D,F,P
Key:													
CC = Conference Calls													
M= Meeting/ Workshop													
P = Presentation													
D = Draft Report													
F = Final Report													



CONTRACTUAL CONDITIONS

Subject to the actual terms and conditions of any subsequent agreement with you, the following conditions are standard policy for Johnson Consulting and are customary for engagements of this type. Should you have any questions concerning any of these conditions, please feel free to contact us.

The findings and recommendations of our research will reflect analyses of primary and secondary sources of information. Estimates and analyses presented in our report will be based on economic trends, market assumptions, and financial data that are subject to variation. Johnson Consulting will use sources that it deems reliable, but will not guarantee their accuracy. Recommendations will be made from information provided by the analyses, internal databases, and from information provided by management.

It is understood in accepting this proposal that neither fees nor payment thereof is contingent upon the findings of the study. Upon receipt of invoices, payment is to be made within 45 days of receipt unless prior arrangements have been made with management. Additionally, all outstanding invoices must be current prior to the release of any draft and final reports.

Johnson Consulting will have no responsibility to update its report for events and circumstances occurring after the date of its report. If you decide not to proceed with the project, or if it appears that the study will result in a finding that the project cannot achieve its required results, Johnson Consulting would, at your request, terminate its work and would only bill you for fees and expenses incurred to that point in time.

If you require us to attend meetings and make presentations beyond the scope of services, Johnson Consulting will charge separately for its actual hours of professional time incurred in preparing for and attending the meetings. Professional time will be billed at Johnson Consulting's standard hourly rates plus travel and incidental expenses. Billing rates are subject to a minimum five percent increase as of January 1, 2016.

Invoices outstanding after 45 days of receipt shall accrue at the interest rate of one percent per month until paid. If we need to bring action to enforce the terms contained in this letter, you will be responsible to pay our reasonable attorney's fees, costs and expenses.

We commit to delivering the highest quality product within the timeframe we have proposed. If you have any questions, please feel free to call me at 312-447-2001.

Thank you for your interest in our firm. We look forward to the opportunity to serve you.



AUTHORIZATION TO PROCEED

Signature: _____

Name: _____

Title: _____

Date: _____

If you wish to wire payments, our wire information is provided below.

Bank:

ABA #:

Acct. #: