Triumph Gulf Coast, Inc. Trust Fund
Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education; encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.

- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.
- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity):

Name of Entity/Organization: Escambia County Board of County Commissioners

Background of Applicant Individual/Entity/Organization: Local Government Agency

(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number: 59-6000598

Contact Information:

Primary Contact Information: Amy Lovoy

Title: Assistant County Administrator

Mailing Address: 221 S. Palafox Place

Pensacola, FL 32502

Phone: 850-595-3936

Email: allovoy@myescambia.com

Website: myescambia.com

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

Pensacola Arena Development Partners (PADP) - Public Private Partnership

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast: $25 million

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

☐ Yes ☒ No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

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(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

Escambia County is in good financial standing. Please go to http://www.escambiaclerk.com/clerk/coc_cafr.aspx to view financial reports for Escambia County.

(If additional space is needed, please attach a Word document with your entire answer.)

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

☐ Yes ☒ No

If yes, please identify the entity or individual that field for bankruptcy and the date of filing.

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(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. *See*, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

- ☐ Ad valorem tax rate reduction within disproportionately affected counties;
- ☐ Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- ☒ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- ☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- ☐ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- ☐ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- ☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

   (If additional space is needed, please attach a Word document with your entire answer.)

4. Describe data or information available to demonstrate the viability of the proposed project or program.

   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

   (If additional space is needed, please attach a Word document with your entire answer.)

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

   (If additional space is needed, please attach a Word document with your entire answer.)

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

   (If additional space is needed, please attach a Word document with your entire answer.)

7. Describe how the deliverables for the proposed project or program will be measured.

   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

   (If additional space is needed, please attach a Word document with your entire answer.)

Priorities

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

   - [x] Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
   - [ ] Increase household income in the disproportionately affected counties above national average household income.
   - [x] Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.

- [x] Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- [x] Benefit the environment, in addition to the economy.
- [x] Provide outcome measures.
- [ ] Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- [x] Are recommended by the board of county commissioners of the county in which the project or program will be located.
- [x] Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

2. Please explain how the proposed project meets the priorities identified above.

Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

(If additional space is needed, please attach a Word document with your entire answer.)

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

$\boxed{\text{Escambia}}$ Santa Rosa Okaloosa Walton Bay Gulf Franklin Wakulla

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

[x] Yes [ ] No

If yes, list all Counties that apply: Escambia County

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

[x] Yes [ ] No

**Please attach proof of recommendation(s) from each County identified.

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?
   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.
   (If additional space is needed, please attach a Word document with your entire answer.)

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:
   A. Provide the schedule of upcoming meetings for the group for a period of at least six months.
   B. State whether that group can hold special meetings, and if so, upon how many days' notice.

   Please see the attached Escambia County Board of County Commissioners Schedule.
   (If additional space is needed, please attach a Word document with your entire answer.)

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.
   Please see the attached Downtown Sports Complex and Event Venue Scope of Work.
   (If additional space is needed, please attach a Word document with your entire answer.)

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.
   Escambia County is requesting $25 million allocated over a period of 5 years.
   (If additional space is needed, please attach a Word document with your entire answer.)

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)
   The requested allocation of $25 million represents approximately 31% of the estimated $80 million project.
   (If additional space is needed, please attach a Word document with your entire answer.)

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.
   The Crossroads Study estimates 560-660 new jobs will be created supporting information technology, tourism, and hospitality. (If additional space is needed, please attach a Word document with your entire answer.)

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.
   ☒ Yes ☐ No
   The requested allocation represents 31% of the total project cost, with the remaining funds provided by PADP.
   (If additional space is needed, please attach a Word document with your entire answer.)

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

   A. Project/Program Costs:

   Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	$ 52.8 million
Reconstruction	$
Design & Engineering	$ 3 million
Land Acquisition	$ County Owned
Land Improvement	$ 1.2 million
Equipment	$ 7 million
Supplies	$ 1 million
Salaries	$

Other (specify) $ 15 million (fees/interest)

Total Project Costs: $ 80 million

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

City/County $__________

Private Sources $ 55 million

Other (e.g., grants, etc.) $__________

Total Other Funding $ 55 million

Total Amount Requested: $ 25 million

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

The requested funding will be utilized to construct the public infrastructure components of the development, the Field House and Event Center. Remaining design/construction costs will be paid by PADP. Escambia County will reimburse PADP over a fixed period at a fixed rate to be determined in the Final Agreement between Escambia County and PADP. Escambia County and PADP are awaiting notification from Triumph before entering into an Interim Agreement. If Escambia County successfully secures Triumph funding, a Final Agreement will be entered into. At that time, PADP will provide the necessary captial to design and construct the project. Design should commence within 90 days of the Final Agreement.

(If additional space is needed, please attach a Word document with your entire answer.)

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

[x] Yes [ ] No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

[x] Yes [ ] No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

[x] Yes [ ] No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

[x] Yes [ ] No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

A. Is the infrastructure owned by the public?

☒ Yes ☐ No

B. Is the infrastructure for public use or does it predominately benefit the public?

☒ Yes ☐ No

C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?

☐ Yes ☒ No

D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

(If additional space is needed, please attach a Word document with your entire answer.)

E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:

- Economic recovery,
- Economic Diversification,
- Enhancement of the disproportionately affected counties,
- Enhancement of a Targeted Industry.

Please see the attached Downtown Sports Complex and Event Venue Scope of Work.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

A. Is this project an expansion of existing infrastructure project?

☐ Yes ☒ No

B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.

Design/Permitting is estimated at 6 months. Construction is estimated at 16 months. The facility is estimted to open December 2019.

(If additional space is needed, please attach a Word document with your entire answer.)

C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

201 E Gregory St, Pensacola, FL 32502

(If additional space is needed, please attach a Word document with your entire answer.)

D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

PADP will be responsible for maintenance and upkeep for the duration of the lease period.

Escambia County will assume maintenance and upkeep when the lease with PADP expires.

(If additional space is needed, please attach a Word document with your entire answer.)

E. What permits are necessary for the infrastructure project?

City of Pensacola Building Permit.

(If additional space is needed, please attach a Word document with your entire answer.)

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

Permits have not been secured. Permitting schedule is dependent on permitting agencies.

(If additional space is needed, please attach a Word document with your entire answer.)

F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

The property is currently zoned Site Specific Development. The future land use is designated Redevelopment. This development appears to conform to the FLU.

(If additional space is needed, please attach a Word document with your entire answer.)

G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline

☐ Yes ☒ No

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(If additional space is needed, please attach a Word document with your entire answer.)

H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☒ Yes ☐ No

PADP is contributing $55 million to the project to be paid back by Escambia County at a fixed rate over a fixed period of time to be determined in the Final Agreement with PADP.

(If additional space is needed, please attach a Word document with your entire answer.)

I. Provide any additional information or attachments to be considered for this proposal.

N/A

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(If additional space is needed, please attach a Word document with your entire answer.)

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: Escambia County Board of County Commissioners

Name and Title of Authorized Representative: Amy Lovoy, Assistant County Administrator

Representative Signature: Amy Lovoy Digitally signed by Amy Lovoy DN: cn=Amy Lovoy, o, ou, email=amy_lovoy@myescambia.com, c=US Date: 2018.02.26 08:25:56 -06'00'

Signature Date:

10/13/2017 FINAL

Board of County Commissioners • Escambia County, Florida

February 23, 2018

Florida Triumph Gulf Coast, Inc.
P.O. Box 12007
Tallahassee, FL 32317

Dear Board Members,

At our regularly scheduled board meeting on October 19, 2017, the Escambia County Board of County Commissioners unanimously selected five priority TRIUMPH projects to recommend to you for your review and consideration for funding (see attachment of BCC Minutes). The five priority projects are:

- Center for Dynamic Ocean Technologies, Port of Pensacola, Warehouse 4
- Downtown Sports Complex
- Beulah Interstate Interchange Connector
- OLF8/OLFX Land Swap
- Escambia County School Board Workforce Program

These five projects represent transformational opportunities for new jobs, economic diversification, and economic improvement for the citizens of Escambia County and Northwest Florida. Each of the project pre-applications have been submitted to you under separate cover. Please let me know if additional information is needed for any of these great projects.

Sincerely,

Jeff Bergosh, Chairman
Escambia County Board of County Commissioners

III. FOR DISCUSSION – Continued

5. Emergency Compensation

   Motion made by Commissioner Bergosh, seconded by Commissioner Barry, and approved 4-0, with Commissioner May absent, approving and authorizing the Chairman to sign the Resolution [R2017-130] authorizing the County Administrator to provide emergency compensation to the unclassified, exempt employees who worked during a declared State of Local Emergency for Hurricane Nate, establishing straight-time compensation rates, and providing an option for employees who prefer to receive compensatory time in lieu of monetary payment (FEMA has approved Category B “Emergency Protective Measures” for reimbursement of this event under the Public Assistance Program at 75 percent federal funding).

6. TRIUMPH Projects

   Motion made by Commissioner Robinson, seconded by Commissioner Bergosh, and carried 4-0, with Commissioner May absent, approving to move forward the Center for Dynamic Ocean Technologies, Port of Pensacola, Warehouse 4, Downtown Sports Complex in concept only, Beulah Interchange Connector, OLF8/OLF-X Land Swap, and the School Board Workforce Program, relative to the recommendation that the Board take the following action concerning TRIUMPH Projects, based on the discussion at the Committee of the Whole Workshop on October 12, 2017:

   A. Select one or more priority projects to be submitted to TRIUMPH Gulf Coast, Inc., by the first deadline of November 15, 2017;

   B. Authorize staff to submit pre-applications for the selected projects; and

   C. Authorize the Chairman to sign a letter of recommendation for the selected projects and pre-applications.

   Speaker(s):

   Deborah Douma

2018 MEETING SCHEDULE
BOARD OF COUNTY COMMISSIONERS/COMMITTEE OF THE WHOLE WORKSHOPS

MEETING	DATE	TIME	NRM DEPT DEADLINE 9:00 A.M.	CAR DEADLINE 9:00 A.M.	C/W DEADLINE 9:00 A.M.
BCC	JAN. 04, 2018	5:30 P.M.	DEC 14	DEC. 18, 2017	
C/W	JAN. 11, 2018	9:00 A.M.	JAN 04		JAN. 05, 2018
BCC	JAN. 18, 2018	5:30 P.M.	JAN 04	JAN. 08, 2018	
BCC	FEB. 01, 2018	5:30 P.M.	JAN 18	JAN. 22, 2018	
C/W* (Tuesday)	FEB. 06, 2018	9:00 A.M.	JAN 30		JAN. 31, 2018
BCC	FEB. 15, 2018	5:30 P.M.	FEB 01	FEB. 05, 2018	
BCC	MAR. 01, 2018	5:30 P.M.	FEB 14	FEB.16, 2018	
C/W	MAR. 08, 2018	9:00 A.M.	MAR 01		MAR. 02, 2018
BCC	MAR. 15, 2018	5:30 P.M	MAR 01	MAR. 05, 2018	
BCC	APR. 05, 2018	5:30 P.M.	MAR 21	MAR. 23, 2018	
C/W	APR.12, 2018	9:00 A.M	APR 05		APR. 6, 2018
BCC* (Tuesday)	APR.17, 2018	5:30 P.M.	APR 02	APR. 04, 2018	
BCC	MAY 03, 2018	5:30 P.M.	APR 19	APR. 23, 2018	
C/W	MAY 10, 2018	9:00 A.M.	MAY 03		MAY 4, 2018
BCC	MAY 17, 2018	5:30 P.M.	MAY 03	MAY 07, 2018	
BCC	JUN. 07, 2018	5:30 P.M.	MAY 23	MAY 25, 2018	
C/W	JUN. 14, 2018	9:00 A.M.	JUN 07		JUN. 08, 2018
BCC	JUN. 21, 2018	5:30 P.M.	JUN 07	JUN. 11, 2018	
BCC	JUL. 05, 2018	5:30 P.M.	JUN 21	JUN. 25, 2018	
BUDGET COW	JUL. 10, 2018	9:00 A.M.	JUN 29		JUL. 02, 2018
BUDGET COW	JUL. 11, 2018	9:00 A.M.	JUN 29		JUL. 02, 2018
C/W	JUL. 12, 2018	9:00 A.M.	JUL 05		JUL. 06, 2018
BCC	JUL. 19, 2018	5:30 P.M.	JUL 05	JUL. 09, 2018	
BCC	AUG. 02, 2018	5:30 P.M.	JUL 19	JUL. 23, 2018	
C/W	AUG. 09, 2018	9:00 A.M.	AUG 02		AUG. 03, 2018
BCC	AUG. 16, 2018	5:30 P.M.	AUG 02	AUG. 06, 2018	
BCC	SEPT. 06, 2018	5:30 P.M.	AUG 23	AUG. 27, 2018	
C/W	SEPT. 13, 2018	9:00 A.M.	SEP 06		SEPT. 07, 2018
BCC	SEPT. 20, 2018	5:30 P.M.	SEP 06	SEPT. 10, 2018	
BCC	OCT. 04, 2018	5:30 P.M.	SEP 20	SEPT. 24, 2018	
C/W	OCT. 11, 2018	9:00 A.M.	OCT 04		OCT. 05, 2018
BCC	OCT. 18, 2018	5:30 P.M.	OCT 04	OCT. 08, 2018	
BCC	NOV. 01, 2018	5:30 P.M.	OCT 18	OCT. 22, 2018	
C/W	NOV. 08, 2018	9:00 A.M.	NOV 01		NOV. 02, 2018
BCC* (Tuesday Installation)	NOV. 20, 2018	9:00 A.M.	N/A		
BCC* (Tuesday)	NOV. 20, 2018	5:30 P.M.	NOV 05	NOV. 07,2018	
BCC	DEC. 06, 2018	5:30 P.M.	NOV 20	NOV. 26, 2018	
COW	DEC. 13, 2018	9:00 A.M.	DEC 06		DEC. 07, 2018
BCC+	JAN. 10, 2019	5:30 P.M.	DEC 06	DEC. 10, 2018	

NOTE: 9:00 A.M. – AGENDA REVIEW WORK SESSIONS HELD ON REGULAR BCC MEETING DATES.
4:30 P.M. – PUBLIC FORUM HELD BEFORE ALL REGULAR BCC MEETINGS.
ALL BCC AND C/W MEETINGS WILL BE HELD IN BOARD CHAMBERS, ROOM 100, 221 PLAFOX PLACE.
*THESE MEETINGS WERE SCHEDULED ON A TUESDAY DUE TO VARIOUS SCHEDULING CONFLICTS.
+THIS MEETING IS NOT SCHEDULED IN THE USUAL SEQUENCE OF REGULAR BCC MEETINGS ON THE FIRST AND THIRD THURSDAY, DUE TO THE NEW YEAR HOLIDAY ON JANUARY 1, 2019.

NRM Revised: January 2018

Office of the City Council

City of Pensacola

America's First Settlement
Established 1559

January 9, 2018

To the Triumph Gulf Coast, Inc. Board,

The Pensacola City Council, on behalf of the City of Pensacola supports the full funding requested for any proposal brought forth by the Escambia County Board of County Commissioners that would address the need for a sports, culture and entertainment complex or improvements to existing facilities that would meet the needs of and benefit the citizens of Pensacola and Escambia County.

The City of Pensacola recognizes a potential opportunity for a Public – Private partnership that would address unmet needs while providing for a mechanism for strong economic development and growth that would be truly transformational to Escambia County and the City of Pensacola.

Through a study conducted by Crossroads Consulting of Tampa, it is believed that the market in the Pensacola area is conducive to a project that would meet the needs of improved indoor facilities to address the rapid growth in youth indoor sporting events while providing an opportunity for private endeavors such as hotels, restaurants and other entertainment options. It is further believed that the need exists for additional conference space to address the needs of those wishing to hold conferences in our area.

While the City does not endorse any specific project, it is supportive of Escambia County's submittal of a proposal that will address the mutually held desire to meet the needs of our community while affording an opportunity for substantial economic growth and development.

It is with these thoughts in mind that the Pensacola City Council supports the Triumph Fund submittal request of the Escambia County Board of County Commissioners.

Sincerely,

Gerald C. Wingate

Gerald C. Wingate
President
Pensacola City Council

222 West Main Street P.O.Box 12910 Pensacola, Florida 32521 Telephone (850) 435-1609
www.cityofpensacola.com

ESCAMBIA COUNTY TOURIST DEVELOPMENT COUNCIL

December 6th 2017

To the Triumph Gulf Coast, Inc. Board,

Escambia County Tourist Development Council (TDC) supports the full funding requested by Escambia County for the proposed sports, culture and entertainment complex being proposed within a Public Private Proposal (P3).

The Tourist Development Advisory Council was created in accordance with Florida Statutes through County Ordinance 77-34, later revised by County Ordinance 89-7 to be known as the Tourist Development Council. The Ordinance provides that prior to making recommendations to the County Commission; the Council shall review each proposal for expenditure of funds to determine that the expenditure complies with the tourist development plan of the Ordinance.

The current Bay Center is over thirty years old. We believe the addition of a new modern multi–purpose event center will operate without a subsidy from the County and will provide new opportunities for our sport, entertainment and convention business.

The attachment of a Community Ice Facility to the overall project will enhance the quality of life for our citizens and provide an opportunity for our youth and adult hockey community to grow and develop as well as allowing Pensacola to enter the hockey and skating sport tourism business.

We strongly believe this project has the potential to transform our sports tourism as well as the conference meeting space market more than any other initiative in the history of Escambia County. In fact, we collectively as a community began several years ago to research the benefits of such a facility, gathering community support and raising from the community stakeholders a partial ($43,000) of the $100,000 capital needed to fund a feasibility study on the economic and other impacts of such a facility.

That study - completed in January of 2016 by Crossroads Consulting of Tampa - concluded that a robust market exists for an indoor sports facility in Escambia County because of a number of factors:

- Lack of existing indoor facilities.
- The rapid growth of youth indoor sports tournaments and clinics - volleyball, basketball, gymnastics, martial arts, dancing, cheerleading and others.
- The compatibility with existing hotel capacity, restaurants, entertainment options and the beaches - all of which add to the marketing value to families and organizations looking for tournament venues.

The study concluded that such a field house facility would have a tremendous economic impact on the area:

- $25 million a year in direct spending
- 50,000 room nights a year for area hotels
- 450 direct and indirect jobs created
- Additional retail, entertainment and office space created

ESCAMBIA COUNTY TOURIST DEVELOPMENT COUNCIL

We strongly believe these economic impacts are indeed transformational and we urge the Triumph Gulf Coast, Inc. board to fully fund the request.

With warmest regards,

Tourism Development Council

Shirley Cronley

Shirley Cronley
Vice Chair

CC: Escambia County BOCC
County Administrator Jack Brown

December 7, 2017

To the Triumph Gulf Coast, Inc. Board,

As the designated destination marketing organization for Escambia County the role of Visit Pensacola is to support the community vision of tourism by serving as the central body responsible for the building of tourism as an economic engine for our community. We support the full funding requested by Escambia County for the proposed sports, culture and entertainment complex being proposed within a Public Private Proposal (P3).

Tourism represents a major economic engine to Escambia Country, bringing over 2,000,000 visitors annually and over $787,000,000 in corresponding spending to our community. One of the key elements to our Destination 2020 visioning plan is the diversification of the tourism offerings and we are always looking for experiences in our community that extend beyond our beautiful beaches.

We believe the proposed project has the potential to further diversify our destination offerings by providing a venue to attract a sports audience that we currently are not able to host with current facilities. In addition this space can be used for small to medium sized meetings & conferences, another audience that we do not currently have the facilities to host. The proposed annual impact of the estimated 158 events would bring over 59,000 attendees, generate over $5.9 million in direct spending and support 110 jobs.

As such, we strongly believe that the proposed project meets the criteria Triumph Gulf Coast wants to see in submitted projects and urge you to fully fund this request.

Sincerely,

Jason Nicholson
Chairman of the Board

Steve Hayes
President

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850.434.1234
fax:
850.432.8211
1401 E.Gregory St.
Pensacola, FL 32502
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PENSACOLA SPORTS™
event management
sports tourism
foundation

P: 850.434.2800 | F: 850.432.4237
info@pensacolasports.org | pensacolasports.org
101 West Main Street, Pensacola, Florida 32502

To the Triumph Gulf Coast, Inc. board,

Pensacola Sports strongly supports the full funding requested by Escambia County for the sports, culture and entertainment complex being proposed.

Founded in 1955, Pensacola Sports has a long history of promoting sporting events and healthy lifestyles to enhance the quality of life in the region. We believe improving the quality of life of our citizens has a direct impact on our economy and on attracting new businesses to our community.

We believe this project has the potential to transform our sports tourism market more than any other initiative in our 62 years of existence. In fact, we began several years ago to research the benefits of such a facility, gathering community support to fund a feasibility study on the economic and other impacts of such a facility.

That study – completed in January of 2016 by Crossroads Consulting of Tampa – concluded that a robust market exists for an indoor sports facility in Escambia County because of a number of factors:

- Lack of existing indoor facilities
- The rapid growth of youth indoor sports tournaments and clinics – volleyball, basketball, gymnastics, martial arts, dancing, cheerleading and others.
- The compatibility with existing hotel capacity, restaurants, entertainment options and the beaches – all of which add to the marketing value to families and organizations looking for tournament venues.

The study concluded that such a field house facility would have a tremendous economic impact on the area:

- $25 million a year in direct spending
- 50,000 room nights a year for area hotels
- 450 direct and indirect jobs created
- Additional retail, entertainment and office space created

We believe these economic impacts are indeed transformational and we urge the Triumph Gulf Coast, Inc. board to fully fund the request.

Sincerely,

Jehan Clark
Board Chair
Pensacola Sports

Ray Palmer
President
Pensacola Sports

PENSACOLA ESTD 1955 SPORTS

December 5, 2017

To: Triumph Funds Application Committee
Escambia County Board of County Commissioners
Pensacola Arena Development Partners
International Coliseum Company

From: Greg Harris, Owner and President
Pensacola Ice Flyers Professional Hockey Club

Re: Letter of Endorsement

My name is Greg Harris and I am the majority owner of the Pensacola Ice Flyers playing in the Southern Professional Hockey League (SPHL). We are extremely excited about the possibility of a new sports complex, arena and ice rink coming to Escambia County.

In my six years of owning the professional hockey team in Pensacola, we have taken great strides to impact Escambia County. This new facility proposed by the Pensacola Arena Development Partners and International Coliseum Company would not only assist us as the pro team to further impact the community, but it would impact the entire local and regional communities, sports industry and tourism industry immensely.

This project presents vast growth opportunities and employment opportunities in Escambia County that would affect long-term benefits for residents and local businesses. We would fully utilize a project such as this to further contribute to the benefits realized locally and regionally.

I would like to thank the Triumph Fund Application Committee, Escambia County Board of County Commissioners, Pensacola Arena Development Partners and International Coliseum Company for the interest in Escambia County. We, as the Pensacola Ice Flyers Professional Hockey Club, would like to present our endorsement of the proposed project for a new sports complex, arena and ice rink.

Sincerely,

Greg Harris

Greg Harris
Owner, Pensacola Ice Flyers

201 E. GREGORY STREET-REAR • PENSACOLA, FL 32502
CORPORATE OFFICE: 850-466-3111 • CORPORATE FAX: 866-886-5641

To: Triumph Fund Board of Directors

Escambia County Board of County Commissioners

International Coliseums Company and Pensacola Arena Development Group

From: Jonathan Garcia/Chairman-Emerald Coast Ice Hockey League Board

RE: LETTER OF ENDORSEMENT

On behalf of the Emerald Coast Ice Hockey League (ECIHL), we have studied the proposed project for Escambia County and strongly recommend the project be approved for the following reason;

Our non-profit organization was formed in 2009 to continue the tradition of adult recreational ice hockey that started in 1996. In addition to serving local adult hockey, the ECIHL has made its mission "to provide a positive atmosphere targeting active duty military, veterans, and civilians in the area to help maintain a healthy lifestyle playing a sport unique to the area …." (http://www.ecihl.com/page/show/1260129-welcome-to-ecihl). Believing in the ECIHL mission statement, our organization has been provided grants from both local businesses and Fortune 500 companies such as Amgen and Jacobs as a show of support for our country's active duty and retired military personnel. With the help of these businesses the ECIHL has been able to serve over 800 hockey enthusiasts over the past 8 years ranging from new players to retired professional players to include a 5 time Stanley Cup winner/Hall of Famer. The unique variety of skill in the ECIHL has added a unique flavor to the adult ice hockey experience that is normally reserved for expensive "dream" camps.

The current Bay Center is 35 years old and is a multi-use, energy NON-efficient building that frequently leaves our active duty and veteran players with limited ice time. Therefore, we feel the proposal of an amateur fieldhouse with a new arena and year round practice ice rink demonstrates the Pensacola community's commitment to the needs of hundreds of service/community members within a 200 mile radius.

Thank you for your time, attention and ongoing support for the ECIHL mission.

December 4, 2017

To: Triumph Fund Board of Directors

Escambia County Board of County Commissioners

International Coliseums Company and Pensacola Arena Development Group

From: Northwest Florida Hockey League

Pensacola Junior Ice Flyers – Youth Ice Hockey Non-Profit Organization

LETTER OF ENDORSEMENT for Pensacola Amateur Hockey Association

On behalf of the NFHL/Jr Ice Flyers Youth Hockey Organization, we have reviewed the proposed project for Escambia County and strongly recommend this amazing opportunity be supported and approved for our community and our youth, with the expansion of Ice here in Pensacola. Pensacola is and has been a Hockey town. Hockey is a way of life here and has been for over 20 years.

Our organization has been around since 1996, (with a small window of non-function when the Ice Pilots left town) and we have grown to a program that includes participants from all over the Panhandle and Alabama. Our league consists of boys and girls ages 4-18. Our league volume has seen double digit growth almost every year, and this season we sit at 120+ members with 60+ Learn to Play participants, with 20+ still on a waiting list. Each season we take part in the USA Hockey annual "Try Hockey for Free Day" which raises awareness of youth hockey and grows league volume, insuring sustainable longevity. Each year our THFF numbers are some of, if not the highest, in the entire state of Florida. For instance, in 2015/2016 our THFF event accounted for 25% of the state of Florida THFF total volume. Because of our continued success, in 2016 we received a grant from our USA Hockey regional affiliate, Statewide Amateur Hockey of Florida. We are confident that with a full time sheet of ice, we could triple of youth program membership within 2-3 seasons. Our families commit considerable amounts of time and money to play competitive hockey, as we always need to travel. The closest rink is over 3 hours away in Pelham, AL, just south of Birmingham. This proposal brings a full-time ice rink to Pensacola that will allow us to grow, host regional and international tournaments as well as not having to leave our state just to skate. The Ice Flyers SPHL team is just a portion of the ice usage here in Pensacola. The Community uses the ice. Between the Figure Skating Club, the Junior Ice Flyers, and the Adult League, we have the ice scheduled from 5pm to midnight almost every night. Public skating has become very popular and sometimes even sells out.

The current Bay Center is 33 years old and is a multi-use, non-energy efficient building that must change its flooring and set up throughout the winter and our kids end up with no or limited ice time. We are not opposed to Basketball coming to PNS, but we don't believe that 1 facility can accommodate all those that use the Bay Center now AND Basketball. We are limited to having ice usage from late October thru March. Because of this, our season is much shorter than most. The ice is removed multiple times during our season due to Bay Center events. We struggle to get our players 35 ice touches (hours) per season. The minimum recommendation from USA Hockey is 50-60 ice touches per season for 8U players and 200+ ice touches for 18U players. It is extremely difficult to field competitive hockey teams with so few touches here.

The combination of an amateur sport fieldhouse, a new arena and a practice ice rink that is open year-round is a huge benefit to our kids, our quality of life, our ability to host and show off our great city as well as provide the much-needed ice time to grow the skills of our players to become more competitive. In our travels to Nashville, Atlanta, Birmingham, Lafayette, Tampa, etc. we are always asked "When can we come play a tournament in Pensacola?" Everyone wants to come to the beautiful white sandy beaches for a weekend of hockey. Just this weekend Dec 2-3 we hosted a Jamboree of 30 games with over 100 players that came from Jacksonville, Baton Rouge, Lafayette, and Biloxi. Each player brought parents and siblings that stayed in hotels scattered about the downtown area and at the beach, ate in Pensacola restaurants, bought groceries/gas. Having a new updated arena would provide endless positives for all, and a second phase practice sheet of ice would provide the opportunity to grow these tournaments in considerable numbers, as hosting on one sheet is tough logistically. The potential for year-round ice would increase the number of tournaments we could host (putting heads in beds), year-round Skating clinics, summer sessions, etc.

Right now, almost all our 120+ kids go to other parts of the country for week long clinics to "Keep their Skating legs." Every year, we are contacted by many families who are looking to relocate and have Pensacola on their short list of choices. Once they learn of the challenges we face with our limited ice availability, it causes them to reconsider moving here. We also have families move away from here so their kids can play competitive hockey. A new arena with a fieldhouse and practice rink will bring many new sports opportunities to our already great county which has produced multiple high-level athletes. With new arenas and rinks going up all over the southeast, if Pensacola does not take advantage of this opportunity, other southern cities will and they will be the ones to reap the financial and community rewards.

Respectfully,

Serena Sisco, NFHL Board of Directors President

Bryan Lacasse, NFHL Board of Directors Vice President

November 29th 2017

To Mr. Patel and whom it may concern,

From: Graham Tutt,
President and League Commissioner,
ACTION Indoor Soccer

Reference: Men's Professional Indoor Soccer franchise coming to the Pensacola area.

Dear Mr. Patel and to whom it may concern.

I hope you and all are well.

It has come to light that that a new indoor arena facility is on the drawing board for the near future in the Pensacola area. If so we, ACTION Indoor Soccer, LLC, a professional men's indoor soccer league, is most interested in housing a Pensacola men's professional indoor soccer franchise at the new facility. We believe given the tremendous soccer market of players and fan interest the franchise will be well supported in various aspects.

A Pensacola businessman and long time soccer leader called, Mr. Thane Taylor, has shown great interest in heading up the franchise as the owner or group owner.

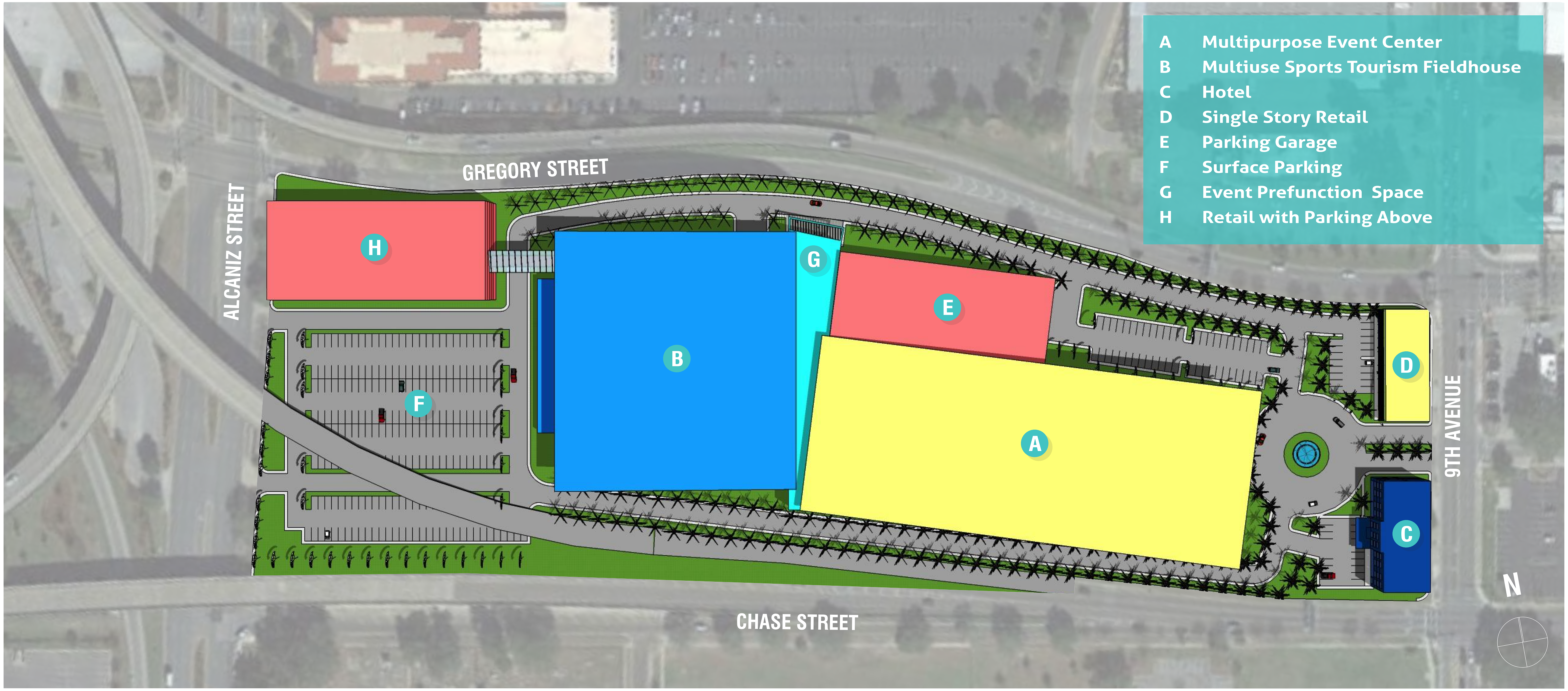
Thane speaks on behalf of our league and is our go to point man in Pensacola.

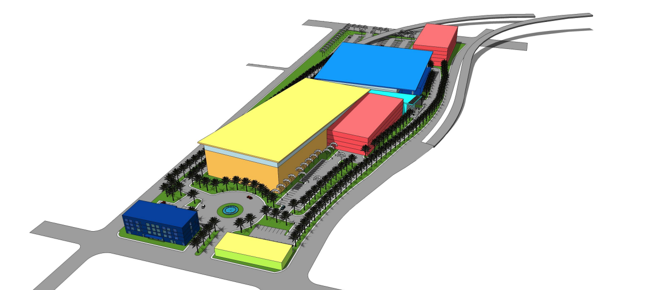
If I can be of any further assistance please don't hesitate to contact me.

My Best,

Graham.

Graham Tutt
League Commissioner and President
ACTION Indoor Soccer, LLC
404 702 8059
ACTIONProIndoorSoccer.com
ACTIONIndoorSoccer.Graham@gmail.com





Bird's Eye View from NE

Entry View Facing Roundabout

North Drive View

Escambia County Sport and Activity Center

Pensacola, FL

orcutt|winslow
ARCHITECTURE PLANNING INTERIOR DESIGN

PROJECT NUMBER
2017_118
DATE OF ISSUE
10.03.2017
PROJECT PHASE
CONCEPTUAL DESIGN

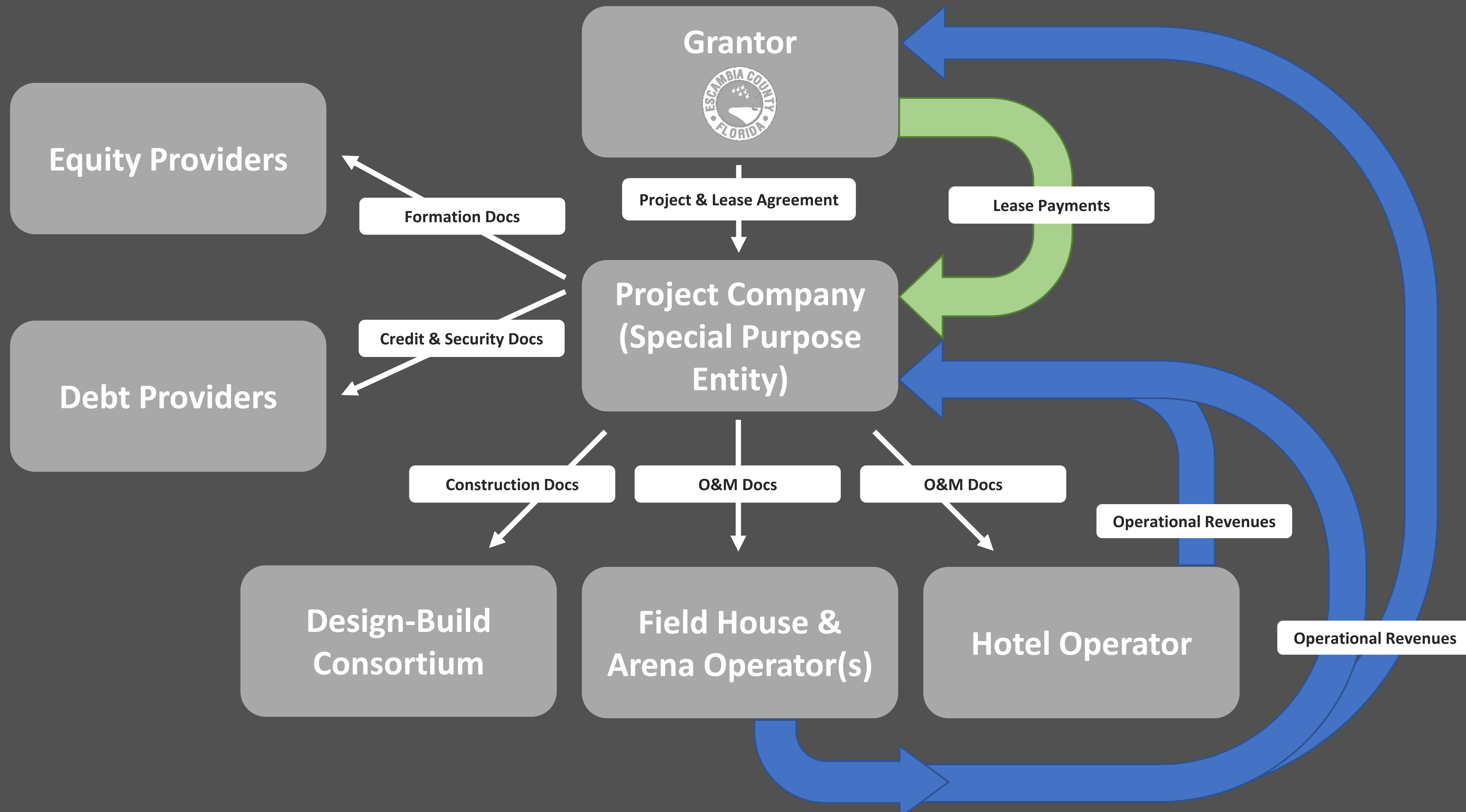
Prefunction Entry View

Escambia County Sport and Activity Center
Pensacola, FL

orcutt|winslow
ARCHITECTURE PLANNING INTERIOR DESIGN

PROJECT NUMBER
2017_118
DATE OF ISSUE
10.03.2017
PROJECT PHASE
CONCEPTUAL DESIGN

PROPOSED LEASE STRUCTURE: FLOW CHART



Downtown Sports Complex and Event Venue Scope of Work

Eligibility

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

The Downtown Pensacola Sports Complex and Event Venue is a Public Private Partnership between Escambia County and Pensacola Arena Development Partners (PADP). PADP has proposed to design, build, finance, operate and maintain a sports tourism and event center mixed-use development located within Escambia County, Florida. The proposed development would be comprised of a sports tourism field house of approximately 100,000 square feet; a multipurpose event and conference center with seating capacity of approximately 8,000; a community ice rink facility for youth hockey and sports tourism activities; a Sports Museum inside the facility; and associated private development including a hotel with approximately 120 rooms, mixed-use retail, office space, and associated parking.

Escambia County received an unsolicited proposal from PADP to establish a Public-Private Partnership to develop a multi-use sports tourism venue along with a multi-use event venue. Pursuant to Florida Statute 255.065 Public-Private Partnerships, Escambia County solicited Letters of Interest from private entities. The Escambia County Board of County Commissioners approved moving forward with the PADP proposal. Escambia County is currently drafting an Interim Agreement with PADP. Escambia County and PADP believe this unique project will provide a significant surge in new economic growth and provide for an enhanced quality of life for the residents of Escambia County.

Specifically, the proposed events center development will replace an aging and costly Bay Center facility that was constructed some thirty years ago. The new facility will operate more efficiently and be designed to provide for a wide range of entertainment options that the current facility cannot. This facility will become the new home for the Pensacola Ice Flyers Hockey Team who have been a staple in the community for twenty-five years. In addition, it is anticipated that the new events center may also become home to a NBA Development League ("G League") basketball team.

The sports tourism field house project grew out of a feasibility study undertaken by a third-party firm, Crossroads Consulting Services ("Crossroads"), on behalf of Escambia County and Pensacola Sports Association. The study was updated in February 2018 at the request of Visit Pensacola. The study found a significant deficiency within the region for sports tourism related activities and recommended the development of a field house which would accommodate multiple sports and provide significant economic benefits for the City of Pensacola and Escambia County.

The Crossroads Study indicates that Escambia County could expect to realize more than $30 million in economic impact each year from sports tourism and conferences. In addition, the study estimates some 560 new jobs would be created and more than 59,000 hotel night stays would be expected annually.

Studies of similar facilities completed in other markets show that the multipurpose events center project will bring to the County an estimated additional $12 million to $15 million of annual economic growth. When one takes into account the direct and indirect hotel, restaurant, retail and office developments that accompany such a project, the impact to the community will be significant and provide employment opportunities to many of those in need.

Escambia County and PADP understand the need for long term financial sustainability for these facilities. Under the current Public Private Partnership scenario, PADP will provide all construction capital, management, operation and life cycle maintenance. Escambia County will provide annual lease payments to PADP over the lease period for the public facilities until the debt is paid at which point the facility will revert to the County. Revenue will be generated from event and venue fees and Escambia County bed tax to repay PADP and pay for future facility operations, maintenance, and capital improvements.

Escambia County and PADP understand the need for long term environmental sustainability for these facilities as well. The Downtown Sports Complex and Event Venue is intended to be designed and constructed as a LEED certified facility. Design will include an energy analysis to properly size mechanical and electrical infrastructure and evaluate alternative energy supplemental options, such as solar. This could help turn the project into a cleaner and more resilient community shelter in the event of a disaster. The development will also utilize Escambia County's Low Impact Design Manual to reduce impervious surfaces to adequately retain and treat stormwater runoff thereby improving water quality in Pensacola Bay.

The master planned development will be pedestrian friendly, stressing walkability from Pensacola's downtown core and throughout the development site. The design and layout will focus on achieving a district that combines modern office, residential, dining, shopping and entertainment options within the district. This concept will not only reduce the individual need for motorized transportation within the entertainment district, and from the district to downtown, but will promote alternative methods of sharing transportation. Elements of the design include bike parking, a preferred waiting area, and a dedicated pick up and drop off area for Uber, Lyft and taxi services. Parking will include dedicated electric vehicle charging stations in preferred locations to promote EV usage. Smart city infrastructure will be incorporated to promote sustainability and connectivity. The goal is to create a compelling and highly-sustainable sports, technology, entertainment, business, cultural and education district that will connect to the downtown core of the City of Pensacola and accelerate growth and development throughout the region.

The uniqueness of the master planned development, with its primary focus on a sports tourism field house and multi-use event and conference center, will enhance the "cluster impact" concept when combined with a conference center hotel, restaurants and assorted retail and commercial development.

The sport and entertainment venues, with their investment in energy efficiency, connectivity and sustainability, will serve as the catalysts that spur the growth of multiple enterprises that cluster and mature together.

Recently, the Pensacola Bay Center served as an evacuation center for Hurricane Irma evacuees. The new facility will be designed and utilized as an evacuation center for natural and manmade disasters capable of supporting critical operations and shelter for 5,000 people or more for a minimum of two weeks.

This project provides diversification within the county as it develops public infrastructure for sports tourism as identified through the Crossroads Study. The proposed project will activate more public property and as such provide much needed property, sales and hotel occupancy taxes to the City of Pensacola and Escambia County.

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

In 2015, Crossroads Consulting Services ("Crossroads") was retained by Escambia County to assess the viability of developing new sports facilities to meet the current and future demands of local residents and organizations and estimate potential economic and fiscal impacts associated with such facilities. This original Crossroads study pertained only to a new indoor sports facility, which is referred to as the field house. In February 2018, at the request of Visit Pensacola, Crossroads released the results of its expanded study of the estimated economic impact of adding a convention center or meeting space to the field house.

The two Crossroads studies estimate that the sports tourism field house and event/conference venue will generate aggregate estimated direct spending in the range of $30.8 million to $35.9 million per year, indirect spending in the range of $16 million to $18.6 million, and ongoing jobs in the range of 560 to 660. The studies also anticipate approximately 65,000 hotel room nights.

These projections reflect incremental growth, revenue, and job opportunities.

The addition of a new multi-use event and conference center will replace an aging thirty-year-old Bay Center facility which operates inefficiently and requires an annual operational subsidy of $1.2M-$1.7M from Escambia County. The new facility will operate more efficiently and provide a conference venue that currently does not exist in Escambia County.

4. Describe data or information available to demonstrate the viability of the proposed project or program.

As referenced in the tables below, the Crossroads Study completed in January 2016 and updated in February 2018 indicates a minimum of $30.8 million in direct spending, 560 new jobs, and $3.1 million in tax revenue will be generated annually from the development of the field house and event center.

Estimated Annual Economic / Fiscal Benefits From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Direct Spending	$30.8 million - $35.9 million
Total Spending	$46.9 million - $54.6 million
Total Jobs	560 - 660
Total Earnings	$15.7 million - $18.3 million
Total Tax Revenues	$3.1 million - $4.8 million

Crossroads
CONSULTING SERVICES

Estimated Annual Event Activity From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Events	192 - 231
Event Days	285 - 343
Attendee Days	281,500 – 329,400
Room Nights Per Year	59,300 – 69,100

Crossroads
CONSULTING SERVICES

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

Long term impacts will be measured by three factors:

1) Direct spending resulting from the Downtown Sports Complex and Event Venue
2) Number of jobs created
3) Tax revenue generated

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

Escambia County and PADP understand the need for long term financial sustainability for these facilities. Under the current Public Private Partnership scenario, PADP will provide all construction capital, management, operation and life cycle maintenance. Escambia County will provide annual lease payments to PADP over the lease period for the public facilities until the debt is paid at which point the facility will revert to the County. Revenue will be generated from event and venue fees and Escambia County bed tax to repay PADP and pay for future facility operations, maintenance, and capital improvements.

7. Describe how the deliverables for the proposed project or program will be measured.

Deliverables will measured by four factors:

1) Certificate of occupancy
2) Number of jobs created
3) Direct spending resulting from the Downtown Sports Complex and Event Venue
4) Tax revenue generated

Priorities

2. Please explain how the proposed project meets the priorities identified above.

1) **<u>Generate maximum estimated economic benefits….</u>**

In 2015, Crossroads Consulting Services ("Crossroads") was retained by Escambia County to assess the viability of developing new sports facilities to meet the current and future demands of local residents and organizations and estimate potential economic and fiscal impacts associated with such facilities. This original Crossroads study pertained only to a new indoor sports facility, which is referred to as the field house. In February 2018, at the request of Visit Pensacola, Crossroads released the results of its expanded study of the estimated economic impact of adding a convention center or meeting space to the field house.

The two Crossroads studies estimate that the sports tourism field house and event/conference venue will generate aggregate estimated direct spending in the range of $30.8 million to $35.9 million per year, indirect spending in the range of $16 million to $18.6 million, and ongoing jobs in the range of 560 to 660. The studies also anticipate approximately 65,000 hotel room nights.

With respect to estimating the economic impact of the arena facility, the following two projects provide an appropriate basis for interpolation:

1. 4,300 seat events center in Racine, Wisconsin. NBA G-League tenant (2016)[1]

   Direct Spending Generated - $7,400,000 annually

   Indirect and Induced Spending Generated - $5,600,000 annually

   Total New Jobs Generated – 250

2. 6,500 seat arena/events center and community ice rink in Allen, Texas (2015)[2]

   Direct, Indirect and Induced Spending Generated - $13,000,000 annually

   Total New Jobs Generated – 265

These projections reflect incremental growth, revenue and job opportunities.

The addition of a new multi-use event and conference center will replace an aging thirty-year-old Bay Center facility which operates inefficiently and requires an annual operational subsidy of $1.2M-$1.7M from Escambia County. The new facility will operate more efficiently and provide a conference venue that currently does not exist in Escambia County.

2) <u>Leverage or further enhance key regional assets….</u>

The field house and event venue will complement University of West Florida's Innovation Network Center at the Downtown Technology Campus, a priority project of the Escambia County Board of County Commissioners. UWF has submitted this project to Triumph which, if funded, will construct a new multi-story facility that will serve as the center of operation to strategically support emerging high-tech industry sectors in cybersecurity and advanced manufacturing to include intelligent systems and robotics. The facility will be a catalyst for the co-location of partner companies, startups and future growth in the high-tech industry in the region.

The Downtown Sports Complex development project will work closely with the University of West Florida as well as local school districts to provide opportunities for students. The inclusion of smart city infrastructure will highlight the field house and event venue as a hotspot for technology conferences, research exhibitions and support for the growth of IT and cybersecurity industry and UWF programs. The partnership is a key part of establishing an innovation center for UWF students to engage through apprenticeships, internships and other programs.

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[1] Source: Hunden Strategic Partners:

[2] Source: Texas Economic Development Corporation

Other opportunities include part time employment for students in the sport, entertainment, hospitality and restaurant business; new facilities to promote athletic practices and competitions, graduations/convocations and industry Career Fairs, Science and Art Fairs, etc.

3) <u>Partner with local government to provide funds….</u>

Escambia County and PADP are entering into a Public Private Partnership to develop the sports tourism field house and multi-use event and convention center. The County will own the site on which the project will be constructed, will have the opportunity to control programming at the facilities, and will be a true partner in any supplemental development of the site including with respect to any income generated. Escambia County is contributing the land and the $25 million Triumph request to the project.

4) <u>Benefit the environment…</u>

Escambia County and PADP understand the need for long term environmental sustainability for these facilities. The Downtown Sports Complex and Event Venue is intended to be designed and constructed as a LEED certified facility. Design will include an energy analysis to properly size mechanical and electrical infrastructure and evaluate alternative energy supplemental options, such as solar. This could help turn the project into a cleaner and more resilient community shelter in the event of a disaster. The development will also utilize Escambia County's Low Impact Design Manual to reduce impervious surfaces to adequately retain and treat stormwater runoff to improve the water quality of Pensacola Bay.

The master planned development will be pedestrian friendly, stressing walkability from Pensacola's downtown core and throughout the development site. The design and layout will focus on achieving a district that combines modern office, residential, dining, shopping and entertainment options. This concept will not only reduce the individual need for motorized transportation within the entertainment district, and from the district to downtown, but will promote alternative methods of sharing transportation. Elements of the design include bike parking, a preferred waiting area, and a dedicated pick up and drop off area for Uber, Lyft and taxi services. Parking will include dedicated electric vehicle charging stations in preferred locations to promote EV usage. Smart city infrastructure will be incorporated to promote sustainability and connectivity. The goal is to create a compelling and highly-sustainable sports, technology, entertainment, business, cultural and education district that will connect to the downtown core of the City of Pensacola and accelerate growth and development throughout the region.

5) <u>Provide outcome measures.</u>

Measurable outcomes from the Downtown Sports Complex and Event Venue development project will be recognizable. Specifically, annual occupancy rates in hotels, number of revenue producing events in the event and convention center, sport tourism tournaments, camps and clinics, operational efficiency of both facilities and future commercial development within the designated development district are all measurable outcomes for the Escambia County project. PADP will work with Escambia County to track growth in tax revenue, including sales tax, property tax and other corporate taxes. Escambia County will closely monitor wage growth, including areas where workers reside, hours worked and income levels.

With Visit Pensacola, the County will monitor hotel room stays, tourism spending and any changes to direct or indirect consumption. Pensacola Sports will also assist in the programing and has the capability to collect data from many sporting activities as to the number of participants, approximate rooms nights generated and other related measurable outcomes.

6) <u>Are recommended by the board of county commissioners…</u>

The Escambia County Board of Commissioners unanimously endorsed the Downtown Sports Complex and Event Venue project at their Regular Board Meeting on October 5, 2017. Please see the attached letter of support.

7) <u>Partner with convention and visitors bureaus…</u>

The project has been endorsed by Visit Pensacola, Pensacola Sports and the Pensacola Direct Marketing Organization ("DMO"). Please see the attached letters of support.

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

1) **<u>Are considered transformational for the future of the Northwest Florida region.</u>**
   The Project will be transformational for the region in that it will produce several hundred new jobs, will spur economic development, and will generate tax revenue. The project will be flexible as to use and configuration, meaning that, in addition to serving as a sports arena, the facility can be easily transitioned to serve as a conference center, exhibition hall, or concert venue, among others. We believe that these measures will serve as a model for Northwest Florida regional development.
2) **<u>May be consummated quickly and efficiently.</u>**
   Escambia County is currently drafting the Interim Agreement with PADP. Under the current schedule, the project will be completed in December 2019, in time for basketball and hockey season.
3) **<u>Promote net-new jobs in the private sector with an income above regional average household income.</u>**
   The Crossroads Study estimates between 560-660 new jobs will be created. Total spending is estimated at $46.9 million to $54.6 million annually.
4) **<u>Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.</u>**
5) **<u>Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.</u>**
   The project has always been anticipated to offer jobs in information technology and financial services, as would be anticipated with any significant infrastructure development and investment, particularly one where the experience of the attendee/viewer is so important to the project's success. Escambia County and PADP will work to engage with UWF and other institutions to develop an innovation center and to provide for training and apprenticeships in technology, smart infrastructure and smart building applications to students and residents. More fundamentally, the team will design and integrate smart city infrastructure and

technologies for energy efficiency, sustainability and resiliency, connectivity, mobility, wireless broadband and Internet of Things-based solutions.

6) **<u>Promote industry cluster impact for unique targeted industries.</u>**
The uniqueness of the master planned development with its primary focus on a sports tourism field house and multi-use event and conference center will enhance the "cluster impact" concept when combined with a conference center hotel, restaurants and assorted retail and commercial development. Specifically, through the nature of the sports tourism district, particularly with the smart infrastructure components PADP contemplates, business and entertainment industries will see a grouping of like projects that will enhance each other, including but not limited to, hospitality, technology, sustainability, restaurants, retail, office, residential and commercial. We will explore new partnership models to connect this overall development into a unique digital experience to bring in consumers, e-gaming events, and others.

7) **<u>Create net-new jobs with wages above national average wage (e.g., similar to EFI QTI program, measured on graduated scale).</u>**
The Crossroads studies anticipate creation of approximately 600 new, ongoing jobs in a range of industries (in addition to upfront design and construction jobs). It is certain that some of these jobs, such as those in restaurant, retail and hospitality, will start at below national average wages. However, because this is structured as a long-term infrastructure project, Escambia County and PADP are committed to the long-term success of the entire development and to making a lasting, positive economic impact on Escambia County and Pensacola. Numerous high-paying jobs from companies that directly support the central purpose of the project (e.g. engineering, technology, marketing, facility management) are anticipated. It is also anticipated a technology-focused cluster impact resulting from PADP's relationship with Panasonic, its creating of an innovation center with institutions such as UWF and the access to modern, sustainable, connected meeting, conference and recreational facilities.
8) **<u>Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).</u>**
9) **<u>Provide a wider regional impact versus solely local impact.</u>**
The motivation for the project, as underscored by the initial Crossroads Study, is a significant deficiency in the region for indoor sports facilities. This need is regional, not just local, and will be directly addressed by the project. The project will also directly address the need, identified in the second Crossroads Study, to supply large convention and meeting space. These are direct responses to an identified regional need, but there are other more indirect regional impacts that will result from the PADP partnership. The Downtown Sports Complex and Event Venue should complement the UWF Innovation Network Center proposed for the Downtown Technology Campus, which would draw students, interns, apprentices and employees from the entire region. The project partners are committed to create a compelling and highly-sustainable sports, technology, entertainment, business, cultural and education district that will connect to the downtown core of the City of Pensacola and accelerate growth and development throughout the region.
10) **<u>Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.</u>**

Part of the motivation of this project is to replace the struggling Pensacola Bay Center, which has been losing the County at least $1.2M/year in operations and is not fit for the current demands of the market. PADP intends to align with UWF's existing innovation center and expand the scope of their activities and zone of impact. PADP will draw from best practices across the U.S., including Hunt's successful development and long-term partnership with numerous public sector partners and Panasonics development of smart city/building infrastructure.

11) **Enhance research and innovative technologies in the region.**
As noted above, PADP intends to advance an innovation center concept with UWF as well as to create a high-tech hub that will attract innovative companies and employees from across the region and beyond. Hunt is one of the most credible, well-regarded developers in the U.S., and is a leader in creative implementation of infrastructure projects through P3 delivery. This partnership will harness the innovation and experiences of these groups as well as ICC, CORE, VenuWorks, Structure Parking Solutions and others to make the project a locus of technology, research and innovation.

12) **Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.**
The Innovation Center discussed above is not dissimilar to a Center of Excellence, and we believe that the smart, connected, internet of things concepts brought by the team will generate widespread interest throughout the region and beyond. Though smart infrastructure is frequently discussed at public levels, there are very few areas in the U.S. that are undertaking it in a meaningful way. This project presents an opportunity for Pensacola and Escambia County to be an early mover in this space.

13) **Create a unique asset in the region that can be leveraged for regional growth of targeted industries.**
The project arose directly out of an identified regional need for indoor sports facilities, large, modern meeting spaces and innovative, sustainable development. The structure of the project is unique in the region, in that it is a long-term public-private partnership with County ownership of the land throughout the term and the facilities upon conclusion of the underlying improvements lease. The facilities will be unique with respect to their flexibility for sports, meetings, convention center, concerts, etc. and with respect to the ease and efficiency of switching between such uses (e.g. from hockey to basketball). Panasonic's potential involvement in the project means that it will be unique in the region as a smart infrastructure project with connected design and integrated smart city infrastructure. Unique in the region, the project will include technologies for energy efficiency, sustainability and resiliency, connectivity, mobility, wireless broadband and Internet of Things-based solutions.

14) **Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.**
The project is structured as a long-term public-private partnership. Though certain material funding is anticipated from Triumph, the majority of debt/equity will be structured, arranged and invested by Hunt or its affiliates. The financing plan for the project includes long-term, low cost, fixed price tax exempt debt, thereby eliminating the risk of interest rate fluctuations or the need to refinance. The project is structured as a P3, meaning that no payment is made by the County on its lease obligations until after the project is delivered in accordance with County-

approved design and construction specifications. In formulating these specifications, the County and PADP are focused on the long-term success and viability of the project. Further, Hunt is anticipating investing equity in the project to cover most of the potential operating losses on such a facility. Hunt will not earn a return on the project unless it operates as projected, and is fit for purpose. PADP is comprised of numerous local and regional companies with long-term interests in Escambia County and Pensacola. These partners view this project as an opportunity to make a material, positive, ongoing impact on their community and, as with Hunt and CORE, will not benefit from the project unless it is successful in delivering the goals that have been outlined in this application.

The County serve as beneficial owner of the project. This structure permits the financing team the ability to utilize the issuance of tax-exempt Certificates of Participation, that represent a security interest in rent payments due by the County under the Project Lease. In order for this financing structure to be most effective, PADP's finance team will develop the optimal structure and work with all parties involved to allow for the lowest possible lease cost to the County.

15) Leverage funding from other government and private entity sources.

The long-term debt for the project will be raised based on a lease obligation between the County and PADP. Depending on the availability of Triumph funds and other potential subsidies, grants or credits, this lease is anticipated to be in the range of $2M-$4M annually, representing a significant, fixed ongoing commitment from the County for the project. Hunt will provide any equity required by the project, which amounts are anticipated to be required as a result of the potential for operating losses on the project. PADP will also include a private hotel developer, which will invest its own equity, and raise debt, to fund the construction and operation of a 120 room full service hotel adjacent to the multi-use arena and field house facilities. The Crossroads studies have identified the requirement of such a hotel to realize the benefits of the proposed convention/meeting hall space.

Hunt has also proposed to serve as Master Developer for any future development of the site. In this role, Hunt would expect to invest or source material equity commitments for future development.

16) Provide local investment and spending.

As discussed above, the project is estimated to generate, on average, $50 million of direct and indirect spending in the County. PADP is planning to invest in site infrastructure and smart building/energy technologies to attract outside companies to the area, and further drive investment and spending.

17) Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.

Letters of support from the City of Pensacola, Pensacola Sports, Visit Pensacola and the Pensacola Tourist Development Council are attached. The support of the County has progressed the project through initial procurement and assisted with site identification and project structure. The lease between PADP and the County for the project would represent significant, material public support for the project.

With respect to the private sector, PADP is comprised of several substantial private sector companies, led by Hunt and CORE. Panasonic is partnering with PADP to integrate smart infrastructure solutions in to the project. The project will be supported by a privately funded national chain full service hotel that will make a long-term commitment to the project. These discussions have not been concluded but are progressing well. Additionally, the project has received letters of support from the Pensacola Ice Flyers and the Pensacola Ice Flyers Youth Hockey Association.

18) <u>Provide clear performance metrics over duration of project or program.</u>

The County will measure tangible economic effect of the project through measurements of job growth, tax revenue, consumption and population growth. The Pensacola Tourist Development Council will track growth figures such as hotel room stays and direct/indirect spending related to tourist events and meetings/conventions at the multi-use facility.

19) <u>Include deliverables-based payment system dependent upon achievement of interim performance metrics.</u>

Under the Public Private Partnership proposed, no payment will be made by the County to PADP until after completion of the project according to the County's specifications. Escambia County will ensure performance metrics are being met as outlined in the Agreement with Triumph and the Final Agreement with PADP. PADP will closely monitor construction progress on behalf of the equity and debt investors, releasing funds to CORE upon verification of completion of the required scope of construction. CORE, in turn, will manage the designers and sub-contractors of the project and will take ultimate responsibility for completing the project on-time and on-budget.

20) <u>Provide capacity building support for regional economic growth.</u>

As noted above, the incorporation of Panasonic's breadth of smart, sustainable, infrastructure of things applications including connected workspaces, high density WIFI, electronic vehicle charging stations, etc. is anticipated to form a technology core that will attract workers and companies to the area.

21) <u>Are environmentally conscious and business focused.</u>

Escambia County and PADP understand the need for long term environmental sustainability for these facilities. The Downtown Sports Complex and Event Venue is intended to be designed and constructed as a LEED certified facility. Design will include an energy analysis to properly size mechanical and electrical infrastructure and evaluate alternative energy supplemental options, such as solar. This could help turn the project into a cleaner and more resilient energy community shelter in the event of a disaster. The development will also utilize Escambia County's Low Impact Design Manual to reduce impervious surfaces to adequately retain and treat stormwater runoff to improve the water quality of Pensacola Bay.

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22) **<u>Include Applicant and selected partners/vendors located in Northwest Florida</u>**
Escambia County and Pensacola Arena Development Partners (PADP) are entering into a Public Private Partnership. PADP is made up of representatives from Northwest Florida.

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

Escambia County is currently drafting an Interim Agreement with Pensacola Arena Development Partners (PADP). Upon Notice of Award from Triumph, a Final Agreement between Escambia County and PADP will be developed and executed. The Grant Agreement between Escambia County and Triumph will have to be reviewed and approved by the Escambia County Attorney before being presented to the Escambia County Board of County Commissioners for approval.

2. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

It is estimated contract negotiations will take two months. Design/permitting is estimated to take six months. Construction is estimated at 16 months. Under the current schedule, it is estimated the facility will be open December 2019. Milestones include:

1) Executed Final Agreement
2) 60% Design Plan Approval
3) 100% Design Plan Approval
4) Permit Approval
5) Substantial Completion of Construction
6) Final Completion of Construction
7) Certificate of Occupancy
8) Opening

Addendum for Infrastructure Proposals

D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

Key Market Findings – Sports Tourism Study

- Sports tourism is a growing niche regionally and nationally
- New facilities have been developed to accommodate this specific market segment
- Pensacola is an established sports tourism destination
- Large portion of tournament activity has been outdoor sports based on the current supply of facilities in the County
- Extensive supply of baseball/softball diamonds and multi-purpose fields in the region
- Region lacks an indoor facility with a critical mass of courts for tournament activity
- Foley, Alabama and Panama City Beach are both contemplating development of a multi-court indoor facility further indicating a gap in regional supply
- Survey of indoor and outdoor sporting event promoters indicated they are limited by the existing supply of facilities and date availability
- National Governing Bodies (NGB), sanctioning and leadership organizations in the U.S. expressed interest in hosting event activity in Escambia County

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E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
o Economic recovery,
o Economic Diversification,
o Enhancement of the disproportionately affected counties,
o Enhancement of a Targeted Industry.

As referenced in the tables below, the Crossroads Study completed in January 2016 and updated in February 2018 indicates a minimum of $30.8 million in direct spending, 560 new jobs, and $3.1 million in tax revenue will be generated annually from the development of the field house and event center.

Estimated Annual Economic / Fiscal Benefits From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Direct Spending	$30.8 million - $35.9 million
Total Spending	$46.9 million - $54.6 million
Total Jobs	560 - 660
Total Earnings	$15.7 million - $18.3 million
Total Tax Revenues	$3.1 million - $4.8 million

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Estimated Annual Event Activity From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Events	192 - 231
Event Days	285 - 343
Attendee Days	281,500 – 329,400
Room Nights Per Year	59,300 – 69,100

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Market and Economic Impact Analysis for a Potential New Meeting Facility in Pensacola

Status Update
February 2018

Crossroads
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Presentation Overview

- Project Background
- Work Plan
- Summary of Key Findings
- Questions and Discussion

Project Background

- Crossroads Consulting completed a Community Recreation and Sports Tourism Needs and Facility Feasibility Study in February 2016 that assessed the overall viability of enhancing existing assets and/or developing new sports facilities in Escambia County
  - Results yielded a high level of demand for a new indoor sports facility
- Visit Pensacola retained Crossroads in 2017 to assess the specific market and economic factors associated with the potential demand for a new meeting facility in conjunction with the recommended space in the sports study

Key Market Findings – Sports Tourism Study

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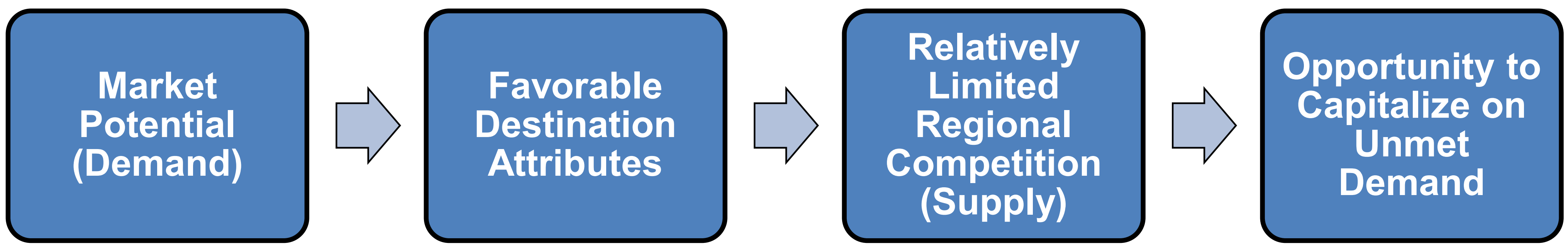
Market Research Indicated Demand for Both New Construction and Enhancements to Existing Facilities

Facility Recommendation	Priority
Indoor Sports Facility	High
8-12 Diamond Baseball/Softball Complex	Moderate
Enhance Existing Multi-Purpose Fields	Moderate
Convert or Add Artificial Turf Multi-Purpose Fields	Moderate

- These potential projects would allow Escambia County to better accommodate local sports participants' needs, expand existing tournaments and attract new events
- New indoor sports facility is considered a high priority
  - Gap in local/regional supply and ability to attract out-of-town attendees during non-peak months

A New Indoor Sports Facility Presents an Opportunity to Capitalize on Unmet Demand



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Preliminary Program Summary – New Indoor Sports Facility

Category	Space	Estimated SF Total
Enclosed Space Summary	Main Activity Area	86,200
	Ancillary Space	8,500
	Support Space	10,800
Net Area – Enclosed Space		**105,500**
	Circulation, Structure	15,800
Gross Area – Enclosed Space		**121,300**
Required Site Area	**14 Acres**	

A New Indoor Sports Facility is Estimated to Generate Significant Activity to Escambia County

Category	Range
Tournament Attendee Days	222,000 – 255,000
Room Nights Per Year	44,500 – 51,100
Direct Economic Impact	$25 Million - $28 Million
Total Jobs	450 - 520
Total Annual Tax Revenues	$2.6 Million - $3.0 Million

Work Plan - New Meeting Facility in Pensacola

Market Analysis

- Local Market Conditions
- Key Industry Trends
- Competitive Supply of Area Facilities
- Potential User and Key Stakeholder Input
- Market Demand Assessment
- Building Program Recommendations

Economic / Fiscal Impact Analysis

- Potential Uses/ Activity Levels
- Economic/Fiscal Benefits
  - Spending
  - Jobs
  - Earnings
  - Tax Revenues

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Competitive Supply – Local Meeting Facilities

- Several local facilities offer alternate locations for conventions, tradeshows, conferences, meetings, social functions and other events in Pensacola

Local Facility	Meeting Space
Pensacola Bay Center	12,000 SF
University of West Florida Conference Center and Ballroom	16,000 SF
Skopelos at New World	25,000 SF

- In addition, the Hilton Pensacola Beach Gulf Front and Pensacola Grand Hotel offer 17,000 SF and 8,800 SF respectively
- Pensacola Bay Center is not well-suited to meet regional and national meeting planner needs
  - Core competency is in hosting live entertainment
  - Several challenges to attracting meeting planners including facility's age, configuration, physical condition, and lack of desired patron amenities

Competitive Supply – Regional Facilities

- Multiple regional facilities compete for conventions, conferences, tradeshows, and meetings

Profiled Regional Meeting Facilities - Building Program Attributes					
Facility	Location	Exhibit Hall SF	Ballroom SF	Meeting Room SF	Total Function SF
Mobile Convention Center	Mobile, AL	100,000	15,500	25,860	141,360
Foley Events Center	Foley, AL				90,000
Donald Tucker Civic Center (FSU)	Tallahassee, FL	35,000		16,000	51,000
Sandestin Golf & Beach Resort	Miramar Beach, FL	12,600	28,760	7,640	49,000
Grand Hotel Marriott Resort, Golf Club and Spa	Point Clear, AL		14,750	19,310	34,060
University of South Alabama Mitchell Center	Mobile, AL	18,080		11,150	29,230
Emerald Coast Convention Center	Fort Walton Beach, FL		21,000	4,500	25,500
Renaissance Mobile Riverview Plaza Hotel	Mobile, AL		14,840	10,370	25,210
Sheraton Bay Point Resort	Panama City Beach, FL		19,440	4,490	23,930
Perdido Beach Resort	Orange Beach, AL	7,990	8,380	5,900	22,270
Boardwalk Beach Resort Hotel & Convention Center	Panama City Beach, FL		15,000	5,000	20,000
Rainwater Conference Center	Valdosta, GA		11,100	8,000	19,100
Orange Beach Event Center at the Wharf	Orange Beach, AL	18,000			18,000
Average		**31,900**	**16,500**	**10,700**	**42,200**
Median		**18,040**	**15,000**	**8,000**	**25,500**

Notes: Facilities are sorted in descending order by Total Function SF.
Total Function SF excludes pre-function, concourse, outdoor and lobby spaces.
Sources: Individual facilities; secondary research.

- Additional new facilities are under construction or in the planning stages
  - Gulf State Park in Gulf Shores – 350-room Hilton hotel, ballroom space for 1,500 people and meeting facilities for 1,000 people
  - Panama City Beach - development in planning stages to include a 310-room hotel and approximately 41,000 SF of convention space

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Summary of Historical Meeting Activity in Pensacola

- Sports events and military reunions averaged the most contracted rooms from FY 2015 to FY 2017
- Association business accounted for an average of 16 events and 2,000 contracted rooms during the last three fiscal years

Visit Pensacola Contracted Rooms by Event Type (FY 2015 - FY 2017)

Event Type	FY 2015	FY 2016	FY 2017	Three-Year Average
Contracted Rooms				
Sports	12,100	4,800	4,600	7,200
Military Reunions	7,200	5,800	4,800	5,900
Family Reunion	2,400	2,200	3,500	2,700
Religious	4,600	1,200	1,200	2,300
Wedding	3,300	1,700	1,400	2,100
Association	1,200	1,800	2,900	2,000
Educational	1,700	1,900	1,400	1,600
All Other	8,400	7,900	7,100	6,660
Total	**40,900**	**27,300**	**26,900**	**31,700**
Events				
Sports	15	16	5	12
Military Reunions	39	35	30	35
Family Reunion	28	29	45	34
Religious	10	8	7	8
Wedding	43	26	16	28
Association	23	21	9	18
Educational	14	19	15	16
All Other	33	46	50	40
Total	**205**	**200**	**177**	**194**
Average Number of Contracted Rooms per Event				
Sports	810	300	920	600
Military Reunions	180	170	160	170
Family Reunion	90	80	80	80
Religious	460	150	170	280
Wedding	80	70	90	70
Association	50	90	320	110
Educational	120	100	90	100
All Other	250	170	140	170

Notes: All Other includes event types with less than 1,500 average Contracted Rooms.
Sorted in descending order by Three-Year Average of Contracted Rooms (excluding All Other)
Fiscal Year represents June through May.

Source: Visit Pensacola.

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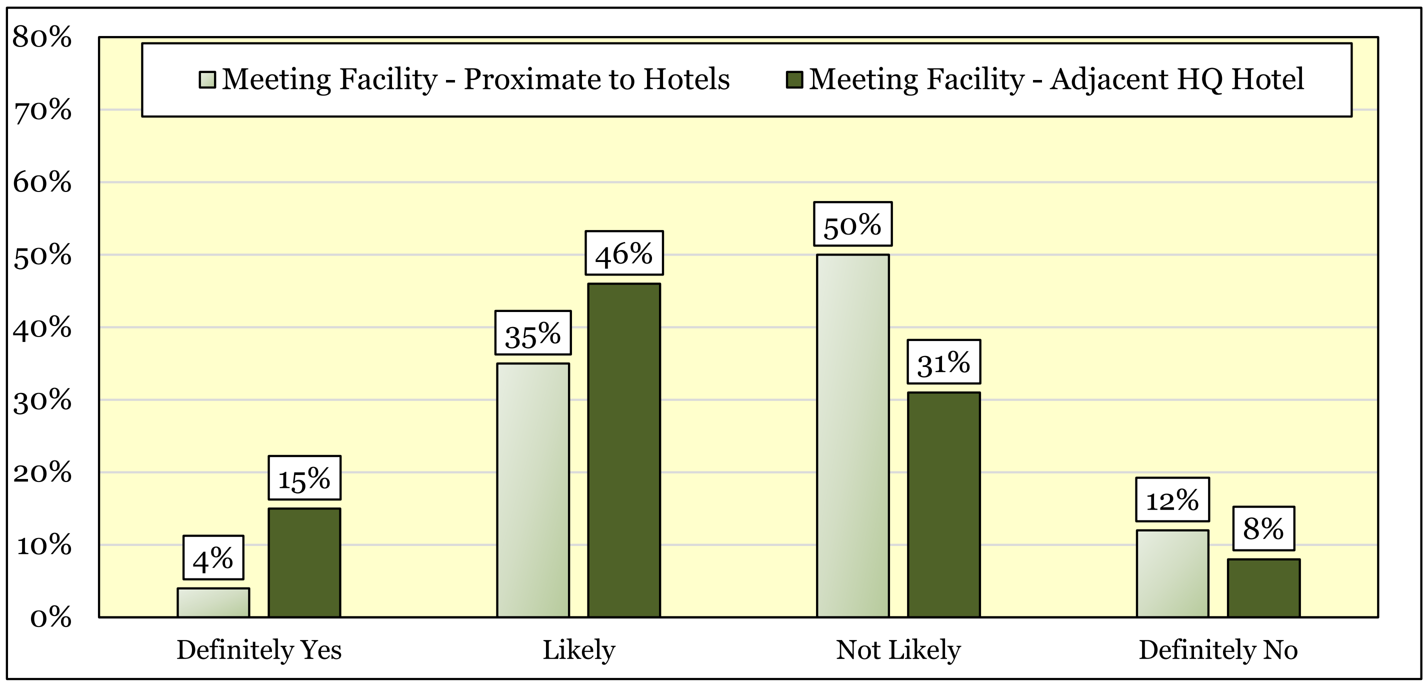
Summary of Lost Business

- Visit Pensacola tracks lost business including events that are too large for area facilities
- Data was analyzed for 27 events that could potentially have occurred from 2012 to 2018
- In aggregate, these events were estimated to account for 43,000 attendees and 62,400 room nights
  - Includes the Isagenix 2018 Celebration – potential of 15,000 attendees and 24,000 room nights
- Most common reasons cited for not coming to Pensacola include:
  - Not enough total square footage available
  - Not enough total meeting space under one roof
  - Not enough room space in a single hotel
  - Not enough breakout rooms

Summary of Potential User Input

- Electronic surveys were distributed to associations, meeting planners, conference organizers, and major corporations that hold events in Florida and the Southeast region
- 61% responded "Definitely Yes" and "Likely" if a new meeting facility was built with an adjacent headquarters hotel compared to only 39% if a new meeting facility was built proximate to hotel

Likelihood of Hosting Events in Pensacola – Meeting Facility With and Without an Adjacent HQ Hotel



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Summary of Potential User Input (cont'd)

- Climate and outdoor activities were noted as Pensacola's major strengths
- Distance from major airport, lack of membership base in the area, size/type of facility, and attendees not interested in area were cited as major weaknesses
- Conventions/conferences were the most common event type to be hosted at a new meeting facility which is positive as these event types typically generate overnight room nights and economic impact
- Most survey respondents (61%) represent national events
- Total event length averaged 5.1 days including 3.6 event days and 1.5 move-in/move-out days
- On average, survey respondents estimated that their events attract approximately 2,800 delegates and 3,100 total attendees including exhibitors and spouses/other travel party members.
  - The median number of delegates is 900 and total attendees is 1,000.

Summary of Potential User Input (cont'd)

- On average, groups required 65,000 SF of exhibit space, 17,000 SF of meeting space and 10,000 SF of banquet space
- 68% indicated they were *not* willing to use more than one facility to host their event
- Respondents estimated 66% of attendees would stay overnight in hotel/motel
- Maximum price per room, per night averaged $183 with an average of 1.6 persons per room
- 89% utilize full-service hotels and the remaining 11% utilize limited service property
- 74% indicated walking 2 to 3 blocks from the meeting facility to amenities is an acceptable distance
- Proximity to a hotel/motel, cost/value, and proximity to entertainment/ restaurants ranked as the most important destination attributes to attract their event

Summary of Stakeholder Observations

- Input was also derived from discussions with representatives from Visit Pensacola, Pensacola Sports, hoteliers, facility managers, civic organizations and potential users
- Demand exists for a new facility to host conventions, conferences, meetings and social functions
  - Currently multiple events are held outside of Pensacola due to size and date issues
- Local venues are too small to host medium to large simultaneous meetings and lack sufficient parking and amenities desired by meeting planners and attendees
- Pensacola Bay Center lacks modern amenities and has inferior meeting space
- Local hotels with meeting space have limited date availability making it difficult to attract new events
  - New meeting facility could relieve this constraint and increase market opportunities
- Hotels on Pensacola Beach are too far from downtown amenities and difficult to access
- New meeting space should be multi-purpose, have adequate parking and be capable of hosting multiple event types with divisible, flexible space
- Live streaming, video conferencing, and virtual demonstration capability were noted as key technology elements to be included in any new facility

Summary of Stakeholder Observations (cont'd)

- Any new meeting facility should be located within walking distance to a hotel and other amenities such as restaurants, entertainment options, and attractions
- Local market provides multiple desired market niches for a new facility such as technology, cyber-security, aerospace, education, healthcare/ medical, corporate, and military
- Pensacola offers the largest, most developed downtown among cities in the Panhandle and is currently thriving with new residences and hotels scheduled to come online
- New meeting facility could increase occupancy rates in shoulder seasons and on weekdays which is largely driven by corporate business as opposed to leisure business
- Favorable regarding the potential to combine sports facility with meeting facility to maximize the space and programming opportunities
  - Sports, public activities and special events on weekends
  - Conventions, conferences, business meetings, and local meetings during the week
- Stakeholders noted that any new meeting facility would need to be aggressively marketed by entities such as Visit Pensacola

Preliminary Recommended Concept Program Based on Market Research

Type of Space	Range of Square Feet
Meeting	20,000 – 25,000
Ballroom	20,000 – 25,000
Pre-Function/Service Area	50,000 – 60,000
Total Space	90,000 – 110,000

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Preliminary Recommended Concept Program Based on Market Research (cont'd)

- Flexible design to effectively accommodate simultaneous events
- State-of-the-art sound, lighting, and advanced technology infrastructure
- Pre-function and common spaces that have well-defined entrances, modern digital way-finding systems, and sufficient circulation capability
- A centralized kitchen to deliver a high-level of specialty catering
- Adequate support space including offices, storage, and restrooms
- Dedicated areas (e.g., loading docks) to move equipment, décor, etc. in and out of facility
- Sufficient dedicated parking within easy walking distance of the facility
- Dedicated exhibit space not necessary in meeting facility component
  - Coordinated use of sports facility to utilize its flat floor/exhibit space
  - Utilize recommended ballroom space to accommodate small exhibit-based events

Required Destination and Hospitality Amenities

- Meeting planner feedback indicates that a new meeting facility in Pensacola should be co-located adjacent to a convention quality headquarters hotel and within walking distance of downtown
- A full-service hotel with additional meeting and ballroom space would complement a new meeting facility
- Creating a campus-like setting around the new meeting facility with easy access to downtown Pensacola amenities such as restaurants, attractions and shops will make the destination more attractive to meeting planners/event producers
- Depending on the site location, offering a shuttle service to/from the facility may be required to positively impact event planners' decision to meet at a new meeting facility in Pensacola

Management and Operational Considerations for a Co-Located Meeting and Indoor Sports Facility

- Professional, experienced day-to-day facility management structure is recommended to ensure both sports use and meeting use of the facility is well-managed and maximized for long-term success
  - The management approach impacts every aspect of the facility’s operations
  - Several potential management and operational options can be considered
- Sales and marketing and booking policies are critical functions to ensure appropriate management of the facility’s schedule, booking priorities and negotiation of rates
- Facility management will need to meet each client's expectations
  - Meeting planner who expects specialty catering, adequate sound barriers, and advanced technologies
  - Sports client who expects a variety of concession offerings, spectator seating and tournament support spaces
- Special attention will be required particularly during simultaneous use of the facility

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Management and Operational Considerations for a Co-Located Meeting and Indoor Sports Facility (cont'd)

- Creating a sense of place for each attendee will be critical design and operational challenges that need to be proactively addressed
  - *Marketing Program* – Resources should be directed at ensuring high-level professional marketing programs by appropriate professionals to each group
  - *Facility Entrances* – Each component of the co-located facility must have separate and distinct entrances to limit co-mingling of attendees
  - *Sound Barriers* – A critical area of concern for meeting planners - adequate physical sound barriers must be included to prevent noise bleed between the two facilities
  - *Digital Signage/Wayfinding Systems* – Attendee direction and containment will be supported by a strong wayfinding system and by distinct design and color schemes
  - *Kitchen Capabilities* – Can be centrally located and shared – must have the capability to produce wide range of food and beverage services simultaneously
  - *Loading Docks/Service Corridors* – Can be shared but strongly managed especially when spaces are being utilized simultaneously
  - *Equipment* – Can be shared but each facility will also need dedicated equipment

Examples of Comparable Indoor Sports and Meeting Facilities

- Spooky Nook Sports – Manheim, Pennsylvania
  - 700,000+ SF with more than 100,000+ SF of meeting and event space
  - 19 meeting and event spaces, including its indoor turf and court space
  - On-site restaurant and a 130-room independently branded hotel

- LakePoint Sporting Community - Cartersville, Georgia
  - 125,000 SF floor to host sporting events and conventions and expos
  - Nine (9) meeting rooms
  - Offers four different food service options and three on-site hotels

- The Round Rock Sports Center– Round Rock, Texas
  - 47,000 SF floor is used for special events
  - Three, flexible multi-purpose meeting rooms
  - Meeting rooms complement the flat floor and host small meetings

Estimated Annual Usage/Event Activity at New Meeting Facility Only (Stabilized Year of Operations)

Proposed New Meeting Facility in Pensacola - Estimated Range of Event Activity										
Event Type	**Total Events**			**Average Use Days**	**Total Usage Days**			**Total Attendee Days**		
Conventions/tradeshows/conferences	24	-	28	2.5	60	-	70	21,600	-	25,200
Consumer/public shows	6	-	8	2.0	12	-	16	15,000	-	20,000
Meetings/seminars	84	-	96	1.0	84	-	96	5,000	-	5,800
Banquets/social functions	36	-	48	1.0	36	-	48	13,500	-	18,000
Civic/community events	8	-	10	1.0	8	-	10	4,000	-	5,000
Grand Total	**158**	**-**	**190**		**200**	**-**	**240**	**59,100**	**-**	**74,000**

Note: Total use days include event days and move-in/move-out days.

- Reflect activity at meeting facility only - assumes all sports activity is separate
- Estimated to generate 15,000 – 18,000 room nights
- People may choose to extend their stay which is not reflected in this analysis

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Estimated Annual Economic / Fiscal Benefits From Operations of New Meeting Facility Only (Stabilized Year of Operations)

Category	Range
Direct Spending	$6.0 million - $7.4 million
Total Spending	$9.1 million - $11.3 million
Total Jobs	110 - 140
Total Earnings	$3.0 million - $3.7 million
Total Tax Revenues	$650,000 - $800,000

Estimated Annual Event Activity From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Events	192 - 231
Event Days	285 - 343
Attendee Days	281,500 – 329,400
Room Nights Per Year	59,300 – 69,100

Estimated Annual Economic / Fiscal Benefits From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Direct Spending	$30.8 million - $35.9 million
Total Spending	$46.9 million - $54.6 million
Total Jobs	560 - 660
Total Earnings	$15.7 million - $18.3 million
Total Tax Revenues	$3.1 million - $4.8 million

Questions and Discussion

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Market and Economic Impact Analysis for a Potential New Meeting Facility in Pensacola, Florida



Presented to:

Presented by:

Final Report – February 2018

February 2018

Mr. Steve Hayes, President
Visit Pensacola
1401 E. Gregory Street
Pensacola, FL 32502

Dear Mr. Hayes:

Crossroads Consulting Services LLC has completed its limited market and economic assessment related to the potential demand for a new meeting facility in Pensacola, Florida. This report summarizes our research and analysis.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by Visit Pensacola and may not be relied upon by any third party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and, as such, can be made available to the public upon request.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed serving you on this engagement and look forward to the opportunity to provide you with continued services.

Sincerely,

Crossroads Consulting Services, LLC

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EXECUTIVE SUMMARY

Project Background

Pensacola is the westernmost city in the Florida Panhandle and the county seat for Escambia County (County). The military and tourism industries have historically anchored the Greater Pensacola economy. The area is commonly known as the "Cradle of Naval Aviation" with the Pensacola Naval Air Station, National Flight Academy and Naval Aviation Museum situated along Pensacola Bay. The Pensacola Naval Air Station remains a major American Military base and is home to the museum as well as the famous precision jet aircraft flying team, the "Blue Angels". In addition to its rich military history, Pensacola is also known for its miles of white sand beaches along the Gulf of Mexico which drives visitation to the area.

Tourism is an important economic generator to Escambia County. Visit Pensacola is the destination marketing organization for the Pensacola Bay Area and is dedicated to positioning and promoting the Escambia County communities as world-class travel destinations.

In January of 2015, Visit Pensacola launched the Destination 2020 initiative designed to engage the public, governmental and civic leaders, and private sector stakeholders to determine the best methods by which to sustain and grow tourism as an economic engine for the community. These meetings and collaborative sessions resulted in the Destination 2020 Report which outlined specific strategies as a roadmap for the enhanced development of Escambia County's tourism industry. This report detailed the impact of tourism on visitor spending, jobs, sales tax revenues, and tourist development tax (TDT) revenues. A key challenge identified through this process was the lack of meeting space to attract groups, meetings, and convention business to the area.

While many goals were defined via the Destination 2020 effort, the most relevant to this analysis was the Asset and Product Development Goal which included the development of destination assets that attract visitors while contributing to the quality of life of community residents. The objective of creating public gathering spaces that increase marketability of the community included a tactic to build a new convention, conference, or multi-use indoor public center. Initial action items were to study the feasibility of a new meeting facility and identify target markets to utilize such a facility.

In 2015, Crossroads Consulting Services LLC (Crossroads) was retained to assist Escambia County in assessing the viability of enhancing existing assets and/or developing new sports facilities to meet the current and future demands of the local citizens and organizations as well as evaluating opportunities to enhance the sports tourism product with the objective of generating new activity and related economic and fiscal impacts.

This study, which was completed in February 2016, noted that specific market opportunities exist to grow and diversify sports tourism efforts in Escambia County with enhanced/new facilities. Research indicated a high level of potential demand for a new indoor sports facility that could host various sporting events including basketball, volleyball, futsal, judo, cheerleading, dance, gymnastics, and wrestling, among others.

As part of the community's on-going planning efforts, Visit Pensacola retained Crossroads to assess specific market and economic factors associated with the potential demand for a new meeting facility in Pensacola in conjunction with the recommended space in the sports study.

Work Plan

Specific research tasks completed as part of this market and economic impact analysis include, but were not limited to:

- Conducted interviews with various stakeholders including representatives from Visit Pensacola, Pensacola Sports, Tourist Development Council, area hoteliers, and existing facilities operators, among others.
- Analyzed select local market attributes including an inventory of existing and planned meeting facilities in the area.
- Analyzed key industry trends that may impact development of a new meeting facility.
- Obtained input from potential users of a new meeting facility.
- Analyzed data from select competitive/comparable facilities and their destinations.
- Developed a preliminary building program outlining space requirements.
- Developed an estimate of usage/event activity in terms of the number of events and attendance by major event type.
- Estimated the economic impacts in terms of spending, employment, and earnings and tax revenues associated with the proposed new meeting facility in Pensacola.

This analysis is non-site specific and does not include any architectural-related services (e.g., an environmental assessment, a noise analysis, or a transportation/traffic impact analysis). In addition, this study does not include any detailed programming, design planning services, site development/planning services or project cost budgeting/ phasing. These types of services are outside the scope of this engagement and would be studied/completed in a subsequent phase of work performed by other firms that specialize in providing these services.

Executive Summary

Local Market Conditions

General market conditions such as demographic/economic attributes, the vibrancy of the area immediately surrounding a facility, and overall destination appeal to both event planners/producers and attendees can all impact a facility's competitiveness within the broader marketplace. Depending on the scope and nature of the event, meeting facilities draw from both area residents and out-of-town attendees. For instance, local, civic-based events tend to draw from a relatively close geographic area while conventions/conferences can draw from a larger radius.

For purposes of this analysis, the primary market is defined as Escambia County and the secondary market is defined as the Pensacola Core Based Statistical Area (CBSA) or Metro Area which includes Escambia and Santa Rosa Counties. These market areas are not intended to directly correlate to potential demand but rather to illustrate the characteristics of the market within which the proposed new venue would operate.

Both the primary market and the secondary market are projected to experience relatively minimal growth in population from 2017 to 2022. The 2017 median household income is $45,200 in the primary market which is lower than that for the secondary market ($50,500) and the State of Florida ($50,600).

With approximately 15,700 employees, local government is the largest employer in the Metro Area followed by federal government, State government, and Baptist Health Care. The military is also a major contributor to the area's economy. Further, the area is home to several higher education institutions including Pensacola State College, University of West Florida, and Pensacola Christian College. These entities represent target markets for programming at a new meeting facility in Pensacola.

Pensacola is located just off Interstate 10 which runs east/west from Jacksonville to Los Angeles and provides direct access to several major metropolitan markets. Despite its highway accessibility, Pensacola's geographic location in the northwest portion of the State is challenging for certain groups such as State associations which prefer a location that is central to its membership base. That said, Pensacola is within 200 miles of Mobile, Panama City, Gulfport, Hattiesburg, Montgomery, New Orleans, Tallahassee and Columbus, Georgia which provides an opportunity to attract regional business.

Air access can be an important factor relative to attracting regional and national convention/meeting business. Pensacola is primarily serviced by the Pensacola International Airport (PNS), which is located approximately six miles from downtown. While PNS is a benefit, the relatively limited number of direct flights is a challenge in attracting certain events.

The diversity and supply of hotel rooms proximate to a meeting facility can play a role in attracting certain events that draw overnight attendees such as conventions and meetings. There are more than 7,800 hotel rooms in 84 hotels and approximately 2,500 condominium units dispersed throughout the market area which provide a variety of product and price points. Both occupancy rates and average daily rates have been trending upwards between 2013 and 2017. The summer is the busiest season for hotels in Pensacola.

Tourism is critical to both Pensacola and the State of Florida. In 2016, nearly 2.1 million visitors came to Escambia County which represented a 30% increase over 2015. In 2016, visitor spending in the County was estimated to be approximately $787.2 million, approximately 84% of which was attributable to overnight visitors.

The availability of cultural, recreational, retail and entertainment options is one factor that event planners/producers take into consideration when selecting a destination for their event and is important for periods when attendees are not at event-related functions. The supply of attractions is also an important consideration for attendees when deciding whether to bring additional family/friends and how long to stay. In addition to its beaches, Pensacola offers a variety of attractions including a vibrant downtown which makes it an appealing visitor destination.

<u>Industry Trends</u>

Potential demand associated with any new meeting facility is somewhat dependent on the specific target market segments it is anticipated to host as well as on the attributes of each respective industry. As such, it is beneficial to understand the national landscape for the convention and meetings industry.

Generally, on a national basis, the supply of exhibit and meeting space has increased in recent years while the demand for space has decreased which has created a gap and resulted in a buyer's market. This has caused facilities to compete on overall price and value to adapt to changing conditions. Facility users are placing an increasing demand on technology and innovation, client and attendee experience at a facility and the destination, as well as food and beverage. In addition, there has been a focus in the industry on elements such as a campus setting, flexible space, openness, sustainability, and safety. Ultimately, to set the stage for a new facility which can be competitive and successful in Pensacola it will be important to achieve meeting planners' expectations for both the facility as well as the overall destination and its ancillary amenities such as hotels, entertainment, and transportation.

<u>Competitive Supply of Area Facilities</u>

Pensacola has multiple facilities, including hotels, that can host convention and meeting activity. While some of these facilities would not directly compete with a new facility in Pensacola for conventions, conferences, tradeshows, and large meetings, they do serve as alternative locations.

The Pensacola Bay Center, Skopelos at New World, and the University of West Florida Conference Center and Ballroom host various conventions, tradeshows, conferences, meetings, and social functions. However, these facilities are not well-positioned to attract visitor-based events that generate significant economic impact to the community based on their size, program elements, configuration, age, market focus, and date availability. The Bay Center's core competency is its ability to host live entertainment such as concerts, family shows, and sporting events. Its meeting package is not desirable to clients who require modern, functional exhibit, ballroom and meeting space with state-of-the art technology and specialty food service/catering.

The Hilton Pensacola Beach Gulf Front offers the largest amount of total meeting space (17,000 SF) and has a maximum banquet capacity of 400 people. The Pensacola Grand Hotel (formerly the Crowne Plaza) offers a total of 8,800 SF meeting space in downtown that can accommodate a maximum banquet capacity of 300.

Although several other facilities in Pensacola offer meeting space, they are not considered competitive or comparable to the proposed new meeting facility due to their amount/configuration/type of space and/or core market niche.

There are several regional facilities in Florida, Alabama and Georgia which also compete for conventions, conferences, tradeshows, and large meetings. On average, the regional facilities profiled in this analysis average 42,200 SF of total function space.

The competitive landscape of the market is continuing to change through facility renovation and expansion. The Gulf State Park in Gulf Shores, Alabama is re-building the Lodge which was destroyed by Hurricane Ivan. Current plans call for the Lodge at Gulf State Park, a Hilton Hotel to offer 350 hotel rooms, ballroom capacity for 1,500 people, and meeting facilities that can accommodate 1,000 people. This facility is scheduled to open in spring of 2018. The City of Gulf Shores is also planning to develop a 240-room full-service hotel, spa, and meeting facility on City property. Panama City Beach is currently evaluating a new indoor sports facility to complement a planned outdoor sports facility. Although one of the proposed options for this facility included a significant amount of meeting space, it is our understanding at the time of this report that this facility is not planning to include meeting space that could potentially compete with a new meeting facility in Pensacola. Based on information from secondary sources, a developer has submitted an application for a large site development of more than five acres to build a 310-room hotel tower and 41,600 SF of convention space on Panama City Beach. The facility is anticipated to offer amenities such as pools, a lazy river, decks, a luxury spa, and various food service facilities. In addition, the Emerald Coast Convention Center in Fort Walton Beach is exploring the merits of expansion.

The amount, configuration and type of space currently offered in the community do not appear to adequately meet anticipated future needs of multiple local user groups, event promoters/producers, and small to moderate convention/meeting planners.

Currently, meeting planners seeking to host an event in the Pensacola area are challenged to find a comprehensive facility and destination package that is consistent with current industry trends and offers modern patron amenities and desired destination attributes. As such, the proposed new meeting facility could potentially address a gap in the market.

Potential Demand Generators

To assist in assessing potential demand for a proposed new meeting facility, the macro population of events, historical meeting activity occurring in Pensacola, and lost business reports were analyzed. In addition, feedback was obtained from various stakeholders and potential users of the proposed meeting facility.

Relative to the potential universe of events that represent a target market for the proposed new meeting facility, Pensacola appears to be is in a strong position to further penetrate business-to-business and business-to-consumer exhibitions in the U.S. In 2015, Florida hosted 11% of these events which only ranked behind California and Texas, respectively. Florida also ranked 3rd among all states for events that utilize less than 25,000 net SF of space. More than one-half (51%) of the events held in Florida utilized less than 10,000 net SF of exhibit space.

The Medical and Health Care industry accounted for the highest number of events held in Florida followed by the business services and communication/information technology/ science industries. These three industries accounted for 42% (545 events) of all events held in Florida and align with some of the largest employers in the Pensacola Metro Area as well as broader regional target markets including aerospace & defense, financial services, and cybersecurity.

Visit Pensacola tracks various data points including historical meeting activity and lost business information which is important to understand when evaluating the need for a new meeting facility. From FY 2015 through FY 2017, sports events averaged the most contracted rooms (7,200) followed by military reunions (5,900). Association business accounted for an average of 16 events and 2,000 contracted rooms during the profiled three fiscal years. Lost business data was analyzed for 27 events that could have occurred from 2012 to 2018. In aggregate, these events were estimated to account for approximately 62,400 room nights and could have attracted 43,000 attendees to Pensacola via 27 events. Common reasons for not meeting in Pensacola include the limited amount of total square footage available, total meeting space under one roof, hotel rooms in a single property; and number of breakout rooms.

In addition to the above analysis, electronic surveys were distributed to a variety of groups throughout Florida and the Southeast to obtain feedback on strengths, challenges and opportunities associated with the proposed meeting facility in Pensacola as well as their facility-specific and destination-related requirements. Results of the survey effort generally indicated support for a new meeting facility if it is adjacent to a full-service hotel and in close proximity to downtown amenities.

Direct feedback obtained from local stakeholders and user groups was supportive of development of a new meeting facility and was consistent with the industry trends and the survey responses from meeting planners with respect to the desired facility requirements and destination amenities.

Summary of Market Findings

The research conducted for this study suggests that market demand exists for development of a new meeting facility in Pensacola if it is incorporated into an indoor sports facility. Meeting and ballroom space can be jointly situated with a sports facility with certain guidelines and parameters in place that are outlined later in this report. The indoor court space from the sports facility can be utilized as supplemental exhibit/flat floor space based on event needs. From a market perspective, development of a new meeting facility should be pursued in tandem with an adjacent hotel and within walking distance to downtown Pensacola amenities.

If the meeting facility is approved and developed as part of a larger indoor sport facility, it is imperative that the meeting facility component be designed in a manner that is consistent with the programmatic needs and requirements of meeting planners and that it can function as a stand-alone component and have complete physical separation from the sports uses of a shared facility to maximize market demand opportunities. If these design and programmatic elements cannot be achieved in a shared facility, the meeting component will be negatively impacted in programming and usage.

Recommended Building Program

Based on the market research conducted for this study, the following table summarizes the preliminary conceptual building program for a new meeting facility in Pensacola:

Proposed New Meeting Facility in Pensacola Preliminary Concept Program			
Type of Space	**Range of Square Footage**		
Meeting	20,000	-	25,000
Ballroom	20,000	-	25,000
Pre-Function/Service Areas	50,000	-	60,000
Total Space	**90,000**	**-**	**110,000**

Pre-function space is typically located outside of exhibit, meeting or ballroom space and is generally an open space with natural light. These spaces should be aesthetically pleasing, highly functional and able to accommodate a variety of uses such as registration tables, gathering places before/after events, receptions/social events, event lounges, pop-up meetings, exhibits, etc. Pre-function space can also serve as a stand-alone event location depending on other activity occurring within the facility. Service areas include back-of-house support space.

In addition to the preliminary concept program, the following elements should be included:

- Flexible design to effectively accommodate simultaneous events
- State-of-the-art sound, lighting, and advanced technology infrastructure
- Pre-function and common spaces that have well-defined entrances, modern digital way-finding systems, and sufficient circulation capability
- A centralized kitchen to deliver a high-level of specialty catering
- Adequate support space including offices, storage, and restrooms
- Dedicated areas (e.g., loading docks) for users to conveniently move equipment, décor, and other items in and out of the facility
- Sufficient dedicated parking within easy walking distance of the facility
  - Preliminary research suggests a range of between 700 and 800 parking spaces based on industry standards; however, the number of required parking spaces will need to be further analyzed by parking, traffic, and transportation experts as the building program is finalized
- Dedicated exhibit space is not needed as part of the new building program but could be accommodated if needed by either coordinating use of the proposed indoor sports facility to utilize its flat floor/exhibit space or utilize the recommended ballroom space to accommodate small exhibit-based events

It is further suggested that a new meeting facility in Pensacola be developed in a campus-like setting which allows event attendees to easily access the downtown Pensacola amenities such as restaurants, attractions and shops.

Also, if constructed, the new meeting facility in Pensacola should have a dedicated and strong management structure in place from inception of the planning phases of the project. The presence of a dedicated team with specific expertise in operating meeting and conference facilities will be a key success factor. If the meeting facility is incorporated into an indoor sports facility, it is recommended that the meeting facility management team is separate and distinct from the sports facility management team to help ensure that execution in planning and management of the meeting facility meets professional meeting planner standards.

Overall Summary

With respect to financial performance, it is important to recognize that similar meeting facilities realize an operating deficit. One of the primary reasons for developing these types of facilities is the economic activity that they can generate in terms of spending, employment, earnings, and tax revenues to local and state governments. These facilities typically attract events that draw residents as well as patrons from outside the immediate market area who spend money on hotels, restaurants, and other related services. In many instances, these net new benefits can outweigh any potential operating subsidy. Consequently, when evaluating the merits of these types of projects, it is important to consider all aspects of the costs and benefits including operating requirements, debt service and economic/fiscal benefits.

The following table summarizes key elements of the market and economic impact analysis for the proposed new meeting facility in a stabilized year of operation.

Summary of Key Elements - Proposed New Meeting Facility in Pensacola

Category	Range (Stabilized Year)		
Estimate of Annual Usage/Event Activity			
Number of Events	158	-	190
Total Usage Days	200	-	240
Total Attendee Days	59,100	-	74,000
Hotel Room Nights	14,800	-	17,500
Estimate of Economic Impacts at the County Level			
Direct Spending	$7,212,000	-	$8,898,000
Indirect/Induced Spending	$3,677,000	-	$4,539,000
Total Spending	$10,889,000	-	$13,437,000
Total Jobs	130	-	170
Total Earnings	$3,597,000	-	$4,447,000
Estimate of Annual Fiscal Impacts			
Escambia County	$238,000	-	$290,000
State of Florida	$553,000	-	$680,000
Total	$791,000	-	$970,000

The proposed new meeting facility is estimated attract between 158 and 190 events that draw between 59,100 to 74,000 annually in a stabilized year of operation. The number of room nights generated from activities at the proposed new meeting facility is estimated to range from 14,800 to 17,500 annually. Direct spending related to on-going facility operations and attendee spending is estimated to range from $7.2 million to $8.9 million annually in the County that supports between 130 and 170 total jobs. Annual tax revenues generated from on-going operations of the proposed new meeting facility are estimated to range from $791,000 to $970,000.

Although not quantified in this analysis, costs associated with construction of the proposed new meeting facility would provide additional economic and fiscal impacts to the City, County, and State during the construction period.

The proposed new meeting facility may be able to realize some operating efficiencies if it can share staffing, administrative and/or maintenance costs with other facilities. However, it is important that the facility maintain a dedicated on-site staff with experience in operating similar meeting facilities.

If developed, the proposed new meeting facility would serve as an asset that attracts out-of-town attendees who generate economic activity to the local and State economies. However, based on the estimated event mix, utilization and financial operations for the proposed new meeting facility, a financing plan predicated on the use of facility-generated revenues would be tenuous. As such, multiple funding partners from both the public and private sectors will likely be required.

As a point of reference, the following table summarizes the estimated annual usage/event activity and economic and fiscal impacts that could result from the combined operations of the proposed new meeting facility *and* the proposed new indoor sports facility in a stabilized year of operation.

Summary of Key Elements - Combined Operations			
Proposed New Meeting Facility *and* Proposed New Indoor Sports Facility			
Category	**Range (Stabilized Year)**		
Estimate of Annual Usage/Event Activity			
Number of Events	192	-	231
Total Usage Days	285	-	343
Total Attendee Days	281,500	-	329,400
Hotel Room Nights	59,300	-	68,600
Estimate of Economic Impacts at the County Level			
Direct Spending	$32,046,000	-	$37,352,000
Indirect/Induced Spending	$16,628,000	-	$19,374,000
Total Spending	$48,674,000	-	$56,726,000
Total Jobs	580	-	690
Total Earnings	$16,291,000	-	$18,998,000
Estimate of Annual Fiscal Impacts			
Escambia County	$1,040,000	-	$1,211,000
State of Florida	$2,330,000	-	$2,723,000
Total	$3,370,000	-	$3,934,000

Note: The above analysis is based on the program recommendations and other assumptions, including those related to management and operations, outlined in this report and in the 2016 Community Recreation and Sports Tourism Needs and Facility Feasibility Study.

In aggregate, these facilities are estimated attract between 192 and 231 events that draw between 281,500 to 329,400 annually in a stabilized year of operation. The number of room nights generated from activities at these two facilities combined is estimated to range from 59,300 to 68,600 annually. Direct spending related to on-going facility operations and attendee spending is estimated to range from $32.0 million to $37.4 million annually in the County that supports between 580 and 690 total jobs. Annual tax revenues generated from on-going operations of the two proposed facilities combined are estimated to range from $3.4 million to $3.9 million.

Because the information presented in the executive summary is extracted from the more detailed report, it is important for the reader to review the report in its entirety to gain a better understanding of the research, methodology and assumptions used.

The remainder of this report summarizes the key findings and conclusions from our research and analysis.

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LOCAL MARKET CONDITIONS

General market conditions such as demographic/economic attributes, the vibrancy of the area immediately surrounding a facility, and overall destination appeal to both event planners/producers and attendees can all impact a facility's overall competitiveness within the broader marketplace.

Depending on the scope and nature of the event, meeting facilities draw from both area residents and out-of-town attendees. For instance, local, civic-based events tend to draw from a relatively close geographic area while conventions/conferences can draw from a larger radius.

When choosing a location, event planners/producers typically consider several characteristics of a destination as important to the success of their event. The importance that event planners/producers place on these factors differs depending on the type of event. For instance, local events may place more importance on the accessibility of the venue to exhibitors and attendees from the surrounding communities. Convention/ meeting planners may consider attributes such as air and/or highway accessibility, hotel room inventory, and/or the relative travel costs to be more important.

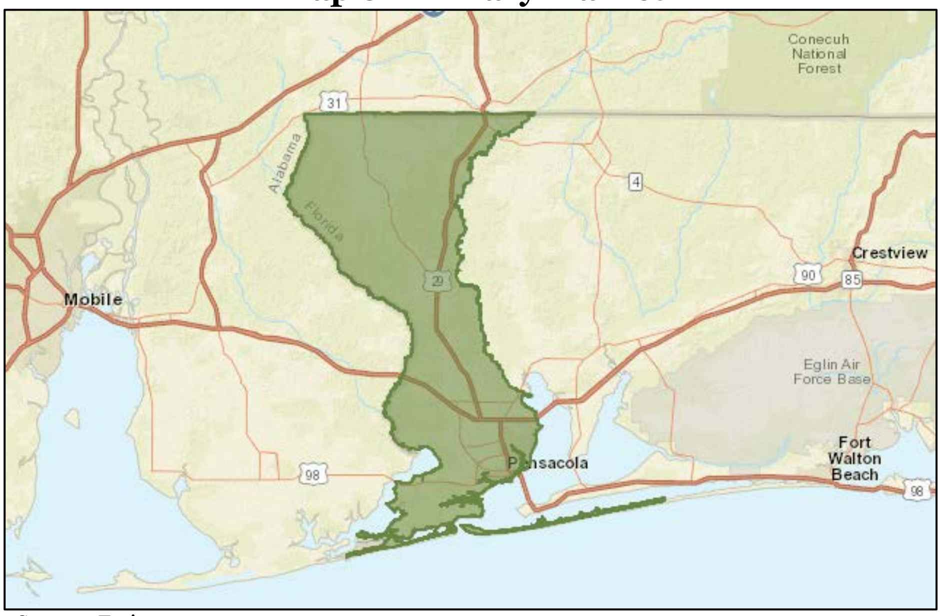
This section of the report profiles select market characteristics including demographic/ economic statistics, area employment, accessibility, the hotel market, tourism statistics, and area attractions.

Demographic/Economic Statistics

Population serves as a base from which events at the proposed new meeting facility can draw attendance and other forms of support. Demographic statistics are provided by Esri: a Global market leader utilizing geographic information system (GIS) that visualize, question, analyze, and interpret data to understand relationships, patterns, and trends.

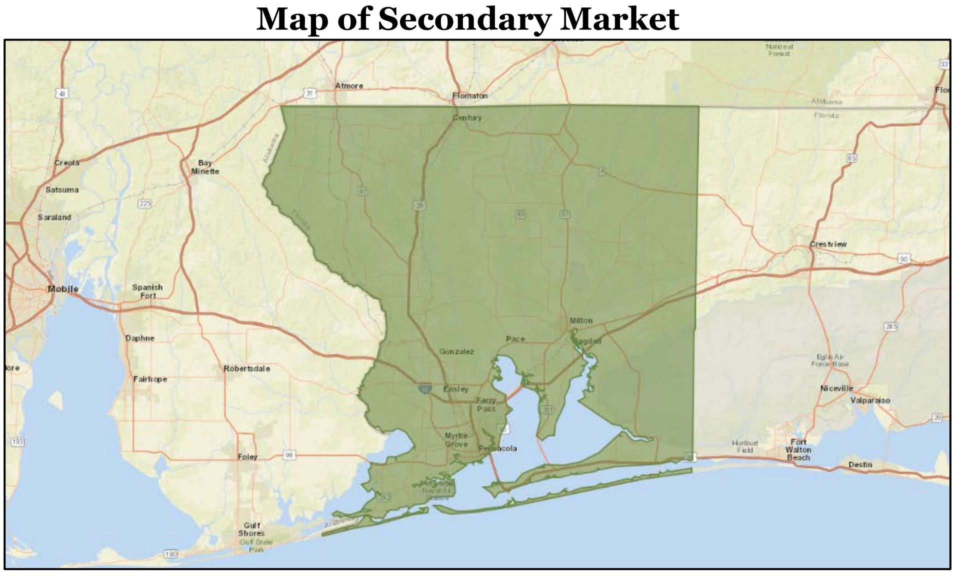
For purposes of this analysis, the primary market is defined as Escambia County and the secondary market is defined as the Pensacola Core Based Statistical Area (CBSA) or Metro Area which includes Escambia and Santa Rosa Counties. These market areas are not intended to directly correlate to potential demand but rather to illustrate the characteristics of the market within which the proposed new venue would operate. The primary and secondary markets are shown in the maps that follow.

Map of Primary Market



Source: Esri.

Map of Secondary Market



Source: Esri.

In 2017, the population of the primary and secondary markets is estimated to be 317,700 and 489,400, respectively. The population within these two market areas is projected to increase annually by 0.83% and 1.12%, respectively, from 2017 to 2022. These projected growth rates are slightly lower than for the State of Florida (1.36%).

The median age in the primary market is 38.4 years old which is younger than that for the secondary market (39.1 years old) and the State of Florida (42.2 years old), and consistent with that for the U.S. (38.2 years old).

Income offers a broad measurement of spending potential for a specific population because it indicates the general ability of individuals or households to purchase a variety of goods and services. The 2017 median household income is $45,200 in the primary market which is lower than that for the secondary market ($50,500) and the State of Florida ($50,600).

The table that follows summarizes the key demographic/economic characteristics of the primary and secondary markets as well as the State of Florida and U.S.

Summary of Key Demographic/Economic Characteristics				
	Geographic Area			
Category	Primary Market - Escambia County	Secondary Market - Metro Area	State of Florida	U.S.
Population Summary				
2000 Total Population	294,400	412,200	15,982,400	281,421,900
2010 Total Population	297,600	449,000	18,801,300	308,745,500
2017 Total Population	317,700	489,400	20,619,300	327,514,300
2022 Projection	331,100	517,400	22,062,400	341,323,600
2017-2022 Annual Rate	0.83%	1.12%	1.36%	0.83%
Median Age	**38.4**	**39.1**	**42.2**	**38.2**
2017 Median Household Income	**$45,200**	**$50,500**	**$50,600**	**$56,100**
2017 Average Household Income	**$62,300**	**$67,500**	**$72,600**	**$80,700**

Note: Metro Area is defined as the Pensacola-Ferry Pass-Brent, FL Metropolitan Statistical Area which consists of Escambia and Santa Rosa Counties.
Source: Esri.

Area Employment

The distribution of an area's employment by industry is a consideration when targeting various events at meeting facilities. For instance, a large services sector is typically a positive indicator for the number of corporate events being held in the area. The services sector typically has financial resources to host activities such as conventions, conferences, seminars, banquets, receptions, and other special events. In addition, employers may be members of professional/trade associations which can be instrumental in attracting conventions/tradeshows/meetings to Pensacola.

Employment data shown in the following table indicates that the workforce is primarily concentrated in trade/transportation/utilities, government, and education/health services. In aggregate, these industries comprise 52% of total jobs in Pensacola. Employment in the defense industry and non-uniformed workforce contributed more than 80,000 jobs in the area.

Metro Area - Non-Farm Employment by Industry		
Industry	**Total Jobs**	**% of Total**
Trade, Transportation & Utilities	33,400	19%
Government	29,400	17%
Education & Health Services	28,800	16%
Leisure & Hospitality	24,800	14%
Professional & Business Services	22,800	13%
Financial Activities	12,800	7%
Mining, Logging, & Construction	11,300	6%
Manufacturing	6,200	3%
Other Services	5,900	3%
Information	1,900	1%
Total	**177,300**	**100%**

Note: Sorted in descending order by total jobs as of April 2017

Source: U.S. Bureau of Labor Statistics.

The non-seasonally adjusted unemployment rate for the Metro Area was 3.4% in September 2017 which was lower than the U.S. (4.1%) during the same month.

With approximately 15,700 employees, local government is the largest employer in the Metro Area followed by federal government, State government, and Baptist Health Care.

Major Employers in the Metro Area (2016)	
Employer	**Employees**
Local Government	15,700
Federal Government	6,800
State Government	6,400
Baptist Health Care	5,571
Navy Federal Credit Union	5,325
Sacred Heart Health Systems	4,820
Gulf Power Company	1,774
West Florida Healthcare	1,200
Ascend (formerly Solutia, Inc.)	830
West Telemarketing	800

Note: Sorted in descending order by total employees.

Source: City of Pensacola.

The military is a major contributor to the area's economy. The U.S. Department of Defense (DoD) has a significant presence in Northwest Florida. The Greater Pensacola Region is home to Pensacola Naval Air Station (NAS), Saufley Field, Corry Station, and Whiting Field. Eglin Air Force Base and Hurlburt Field, which are in Okaloosa County, also positively impact the area economy.

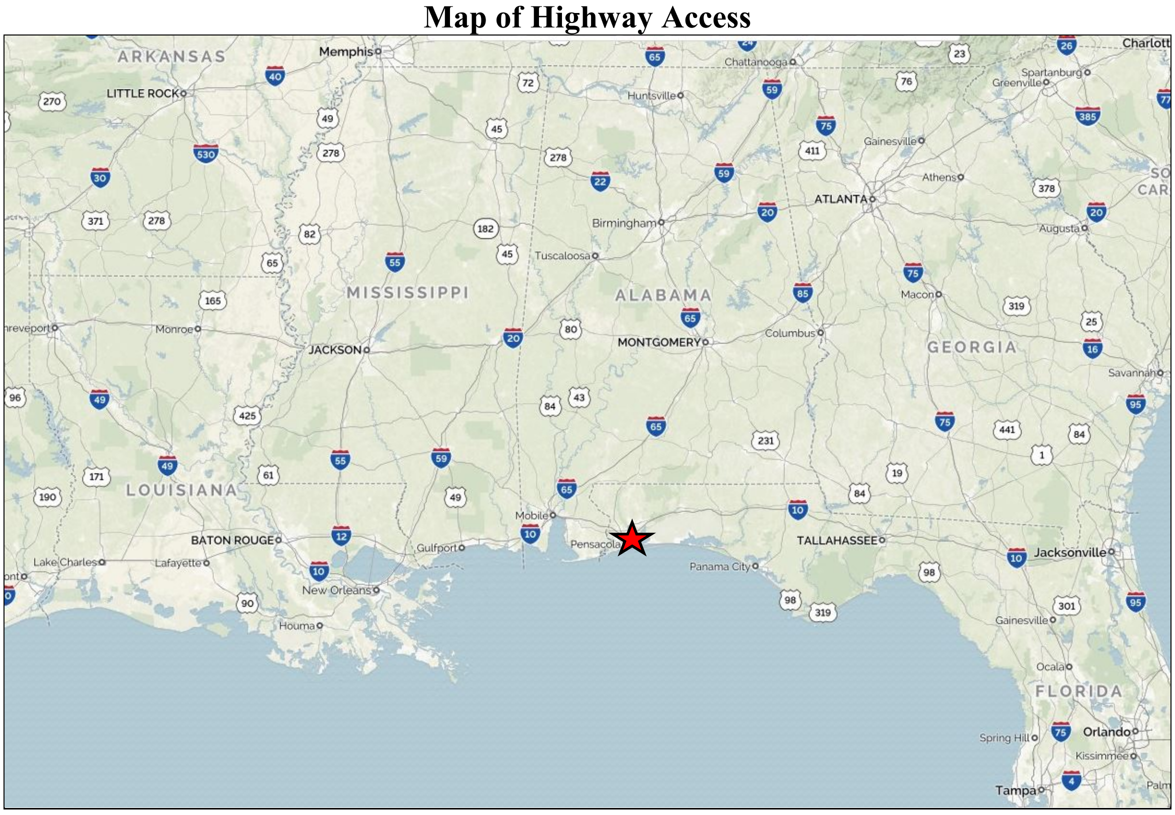
The area is also home to several higher education institutions including Pensacola State College, University of West Florida, and Pensacola Christian College. These institutions attract a significant number of students, staff, and faculty to the area. These institutions offer relatively limited meeting space to accommodate University-related activities and, as such, represent a target market for programming at a new meeting facility in Pensacola.

Accessibility

The method event promoters/producers use to select venues to host their event is partially based on ease of access to a market for attendees. As such, the location and accessibility of a facility relative to the population base can impact its marketability for certain types of events.

As shown in the following map, Pensacola is located just off Interstate 10 which runs east/west from Jacksonville to Los Angeles and provides direct access to several major metropolitan markets. Pensacola is within 200 miles of Mobile, Panama City, Gulfport, Hattiesburg, Montgomery, New Orleans, Tallahassee and Columbus, Georgia.

Map of Highway Access



Source: Mapquest.

Air access can be an important factor relative to attracting regional and national convention/meeting business. Pensacola is primarily serviced by the Pensacola International Airport (PNS), which is located approximately six miles from downtown. PNS has five major air carriers including American, Delta, Silver, Southwest, and United Airlines. In 2016, PNS had approximately 792,900 passenger enplanements which ranked 98th among all U.S. airports. The FAA defines passenger enplanements as domestic, territorial, and international passengers who board an aircraft in scheduled and non-scheduled service of aircraft.

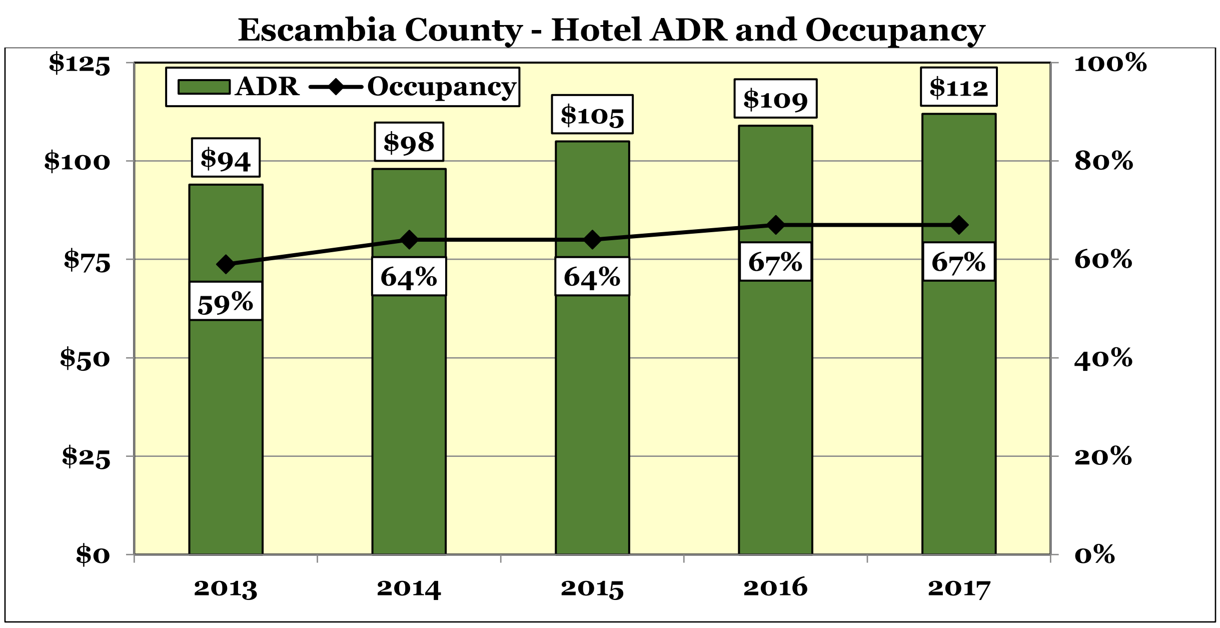
Hotel Market

Supply

The diversity and supply of hotel rooms proximate to a meeting facility can play a role in attracting certain events that draw overnight attendees such as conventions and meetings. There are more than 7,800 hotel rooms in 84 hotels and approximately 2,500 condominium units dispersed throughout the market area. Many of these hotels are clustered into three primary areas: near the Airport, Downtown, and Pensacola Beach. The 106-room Holiday Inn Express Downtown Pensacola opened in December 2017, making it the first new hotel in downtown Pensacola in three decades.

Demand

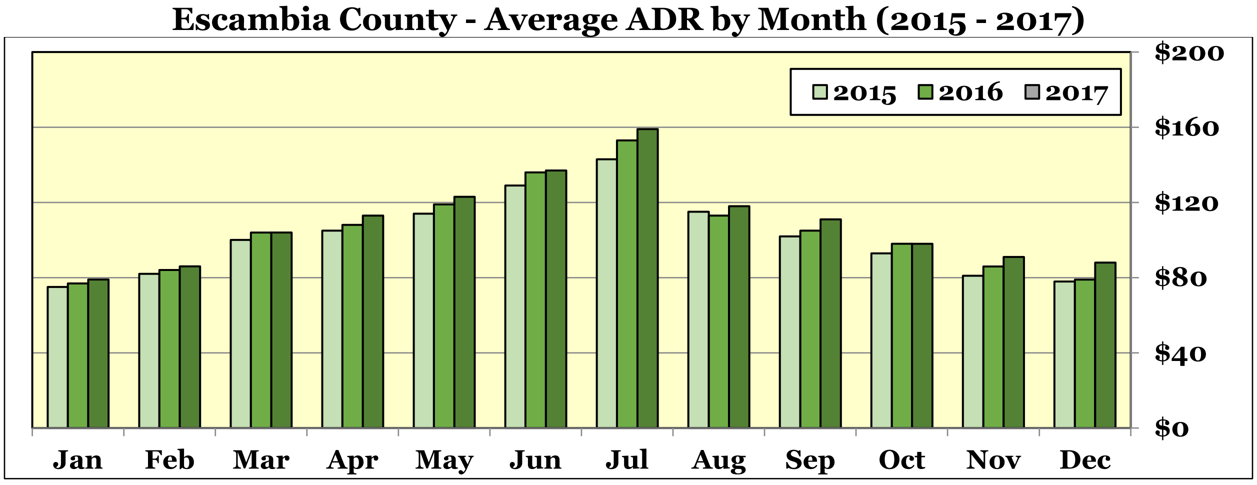
A meeting facility's ability to attract events that generate overnight stays is also impacted by the availability and affordability of hotels. The following graph illustrates historical trends in average daily rate (ADR) and occupancy rates for rooms in the County. From 2013 to 2017, the ADR has increased by 19%. Occupancy rates have also trended upwards – increasing by 5 points between 2013 and 2014 and then 3 points between 2015 and 2016.



Source: Visit Pensacola.

The following graphs illustrate the ADR and average occupancy by month for 2015 through 2017. July and June, respectively, had the highest ADR each of the profiled years.

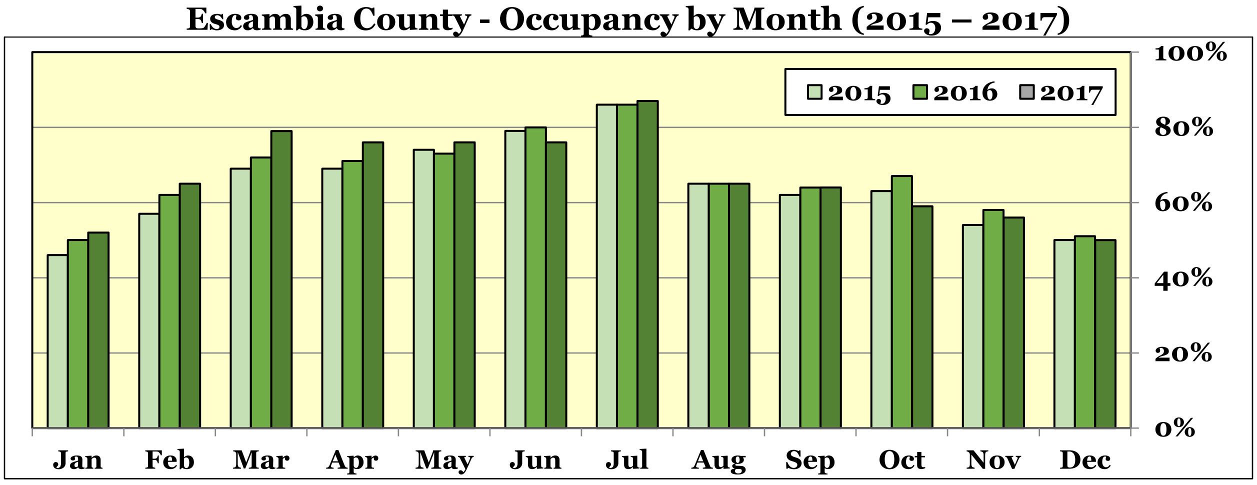
Escambia County - Average ADR by Month (2015 - 2017)



Source: Visit Pensacola.

July and June, respectively, also had the highest occupancy during the profiled three-year period.

Escambia County - Occupancy by Month (2015 – 2017)



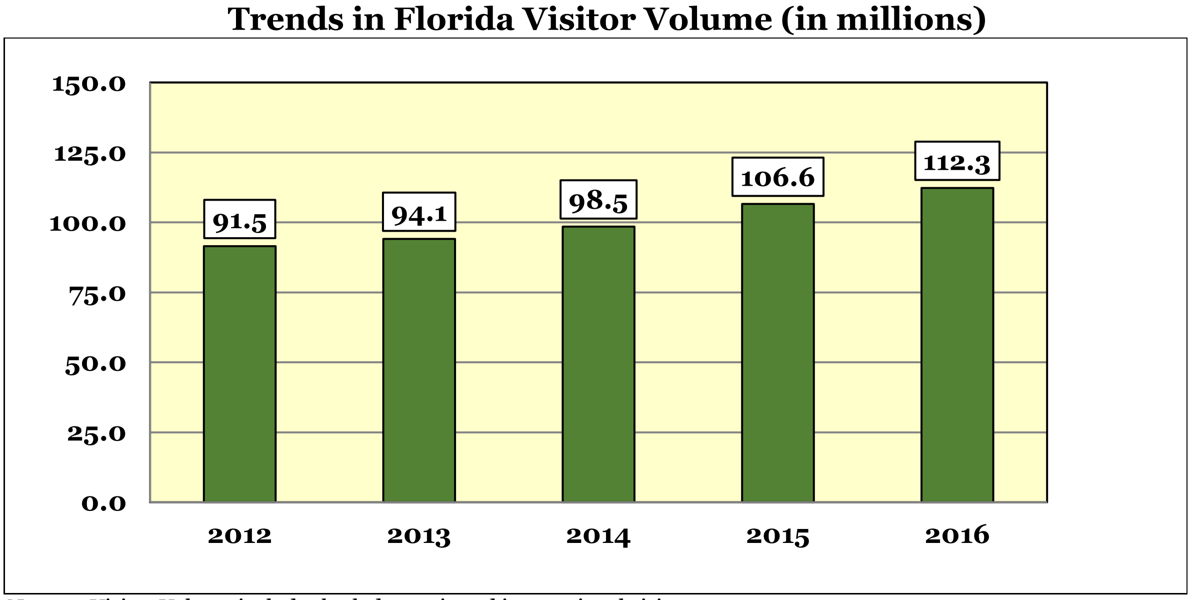
Source: Visit Pensacola.

Tourism Statistics

Tourism is essential to the State of Florida. In 2015, $108.8 billion of out-of-State visitor spending occurred, which was up 3.9% from 2014. According to Visit Florida, on average, visitors spend $300 million per day in Florida. In the past five years, spending is up $30 billion, which equates to an additional $2.4 billion in State and local tax revenues and over 192,000 new jobs across all industries.

Based on information provided by Visit Florida, the number of visitors to Florida has grown steadily over the past five years. During the last three years, the number of international visitors has slowly declined since 2013 due in part to decreasing number of Canadian and South American visitors. However, domestic visitor volume has more than compensated, increasing by 24% since 2013.

Trends in Florida Visitor Volume (in millions)



Note: Visitor Volume includes both domestic and international visitors.
Source: Visit Florida.

As with the State of Florida, tourism is extremely important to Escambia County. In 2016, nearly 2.1 million visitors came to Escambia County which was an increase of 30% over 2015. Visitors that stayed in paid lodging increased by 16% between 2015 and 2016.

Number of Visitors to Escambia County			
	2014	**2015**	**2016**
Stayed in Paid Lodging	1,168,300	1,155,100	1,343,900
Non-Lodging Visitors	635,200	434,900	729,500
Total Visitors	**1,803,500**	**1,590,000**	**2,073,400**

Note: Numbers rounded to nearest hundred.
Source: Visit Pensacola.

Visitor spending in Escambia County increased by 13% from 2014 to 2015 and 16% from 2015 to 2016. In 2016, visitor spending in the County was estimated to be approximately $787.2 million, approximately 84% of which was attributable to overnight visitors.

Visitor Spending in Escambia County			
	2014	**2015**	**2016**
Overnight Visitor Spending	$477,269,000	$588,696,000	$659,524,000
Day Visitor Spending	$122,305,000	$88,380,000	$127,663,000
Total Visitor Spending	**$599,574,000**	**$677,076,000**	**$787,187,000**

Note: Spending amounts rounded to nearest thousand.

Source: Visit Pensacola.

Mobile, Alabama and Atlanta, Georgia have been the top two visitor origins to Escambia County during the past three years. In 2016, three of the origin cities (Mobile, Ft. Walton Beach and Gulfport) are located less than 140 miles from Pensacola. Six of the top 10 cities are more than three hours away which generally correlates to visitors staying in lodging.

Top 10 Visitor Origins		
2014	**2015**	**2016**
Mobile, AL	Mobile, AL	Mobile, AL
Atlanta, GA	Atlanta, GA	Atlanta, GA
New Orleans, LA	Detroit, MI	Ft. Walton Beach-Destin, FL
Birmingham, AL	New Orleans, LA	New Orleans, LA
Dallas-Ft. Worth, TX	Birmingham, AL	Houston, TX
Nashville, TN	Nashville, TN	Washington-Baltimore
Baton Route, LA	Dallas, TX	Nashville, TN
Houston, TX	Gulfport-Biloxi, MS	Birmingham, AL
Tallahassee, FL	Baton Rouge, LA	Dallas, TX
Gulfport-Biloxi, MS	St. Louis, MO	Gulfport-Biloxi, MS

Source: Visit Pensacola.

Attractions

The availability of cultural, recreational, retail and entertainment options is one factor that event planners/producers take into consideration when selecting a destination for their event and is important for periods when attendees are not at event-related functions. The supply of attractions is also an important consideration for attendees when deciding whether to bring additional family/friends and how long to stay.

Area attractions include, but are not limited to, the following:

- Big Lagoon State Park
- Center for Fine and Performing Arts
- Community Maritime Park
- Gulf Breeze Zoo
- Historic Pensacola Village
- National Naval Aviation Museum
- Pensacola Children's Museum
- Pensacola Lighthouse

These attractions together with the abundance of beaches makes Pensacola and Escambia County an appealing visitor destination. In addition, Downtown Pensacola offers a variety of cultural activities, various restaurants and entertainment options, all of which can be attractive to visitors.

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OVERVIEW OF KEY INDUSTRY TRENDS

Potential demand associated with any new meeting facility is somewhat dependent on the specific target market segments it is anticipated to host as well as on the attributes of each respective industry. Given that the meeting facility is envisioned to host a variety of event activity, this section outlines key trends in the convention, meeting, and exhibition industries. This analysis is based on information provided by secondary sources including, but not limited to, Professional Convention Management Association (PCMA), Center for Exhibition Industry Research (CEIR), Meeting Professionals International (MPI), Tradeshow Executive, International Association of Conference Centers (IACC), the Destination Marketing Association International (DMAI), and IBIS*World*.

Event Types

The convention/meeting/exhibition industry is generally comprised of several types of events with varying space requirements. The following table presents a definition of each event type, typical space requirements, attendee origin, and an example of each type.

Key Event Type Attributes				
Event Type	**General Event Definition**	**Space Requirements**	**Attendee Origin**	**Example**
Conventions	Associations, professional groups and membership organizations meeting to exchange information and, in some instances, sell products	Exhibit space, meeting rooms and ballroom	Primarily non-local	Pensacola Comic Con
Conferences	Associations, professional groups, membership organizations, educational institutions, and private companies meeting to exchange information or to conduct training sessions	Meeting rooms and ballroom	Depends on scope - can be non-local or local	Department of Defense Conference
Tradeshows	Associations, professional groups, membership organizations and private groups meeting for business-to-business sales	Exhibit space, some meeting rooms	Depends on scope - can be non-local or local	Restaurant Supply Show
Consumer/Public Shows	Public, ticketed events to market and sell goods and services to consumers	Exhibit space	Primarily local	Home and Garden Show
Assemblies	Large groups that tend to be social, military, educational, religious or fraternal (SMERF) in nature to exchange information	Exhibit space or areas with fixed seating	Depends on scope - can be non-local or local	National Science Assembly
Meetings	Corporate meetings, training seminars, exams, etc. to exchange information, obtain training, and other similar functions	Meeting rooms and ballroom	Primarily local	Firefighter Testing
Banquets/Receptions	Banquets, receptions, birthday parties, weddings, corporate awards ceremonies, social functions, etc.	Ballroom	Primarily local	Wedding Reception

Key Decision Factors

The following table illustrates the destination and venue selection criteria that meeting planners considered most important and their relative ranking. Overall cost, space requirements, location, and overall value rank high in terms of both the site and venue selection.

Most Important Decision Factors			
When Choosing a Destination	**%**	**When Choosing a Venue**	**%**
Overall cost	42%	Meeting space requirements	45%
Available venues which meet space requirements	42%	Overall cost	41%
Ease of access/travel	39%	Location	38%
Overall value	33%	Condition and quality of venue	37%
Attractive location to attendees	32%	Overall value	31%
Proximity to members/delegates	29%	Flexible contracts	26%
Travel cost to destination	29%	Attractive location to attendees	24%
Area hotel rates	22%	Customer service	24%
Distance between airport and venue	20%	Meeting room rates	19%
Public perception	14%	Flexible and dedicated staff	16%
Attractions and activities	11%	Incentives and concessions	15%
Availability of airlift	11%	Amenities and services offered	11%

Note: Respondents could choose more than one factor, as such percentages do not add to 100%.
Source: MPI.

Supply

The U.S. convention/meetings market has experienced tremendous growth in the supply of space over the past two decades. In many markets, multiple facilities can accommodate meeting planners' needs strictly in terms of the amount of space required. While supply growth has slowed, new space has recently been developed and/or is being contemplated creating a more competitive environment. In many instances, facilities are constructing or re-purposing existing space into multi-purpose, flex space that can be used as exhibit, meeting, or ballroom space to provide more flexibility and accommodate changing trends.

Demand

While the supply of exhibition and meeting space has experienced significant growth over the past decade, demand has been less aggressive. In fact, overall economic conditions have led to a larger gap between the supply of and demand for space. The result has been a buyer's market in recent years with larger convention centers vying for more moderately sized events and hotels aggressively marketing their function space.

The following table summarizes industry data provided by the CEIR 2017 Index Report which tracks annual changes in several industry metrics: net square feet (SF) used for exhibitions; total number of exhibitors and attendees; and industry revenues.

Year-On-Year Percent Change of the Metrics and CEIR Index

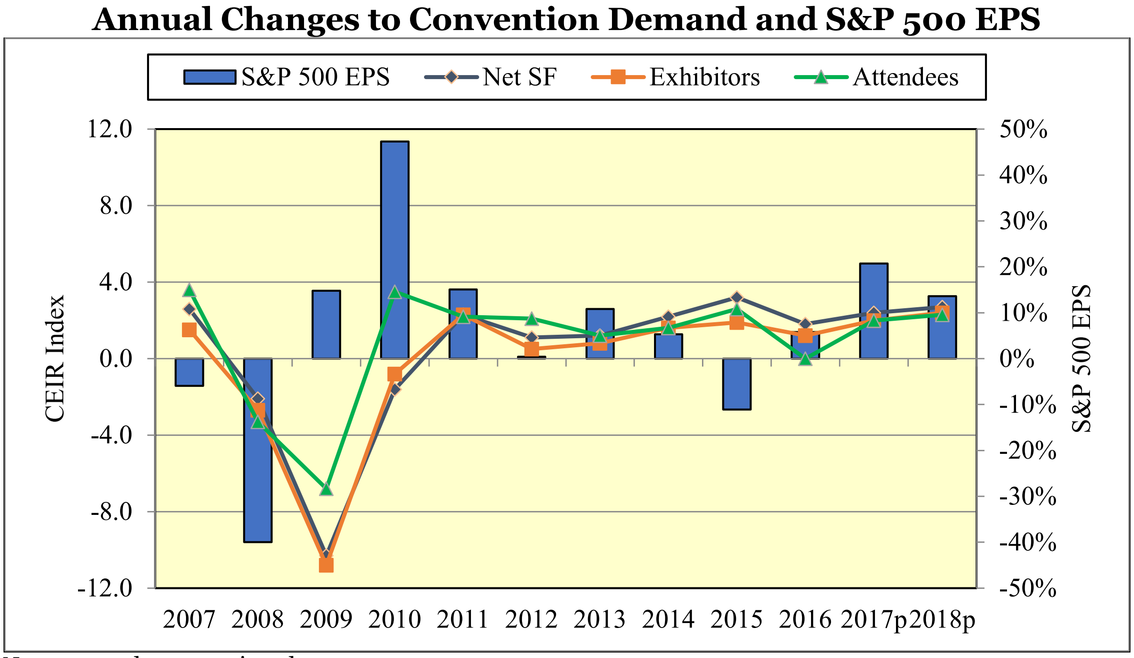
Metric	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017p	2018p	2019p	CAGR, 2000-2016
Net SF	2.6	-2.1	-10.3	-1.6	2.3	1.1	1.2	2.2	3.2	1.8	2.4	2.7	2.9	0.2
Exhibitors	1.5	-2.7	-10.8	-0.8	2.3	0.5	0.8	1.6	1.9	1.2	2.0	2.4	2.4	-0.7
Attendees	3.6	-3.3	-6.8	3.5	2.2	2.1	1.2	1.6	2.6	0.0	2.0	2.3	2.4	0.2
Real Revenues[1]	5.1	-3.7	-11.8	-5.7	2.5	2.2	1.8	2.6	5.5	1.8	3.0	3.6	4.0	0.1
Total	3.2	-2.9	-9.9	-1.2	2.3	1.5	1.2	2.0	3.3	1.2	2.4	2.8	3.0	0.0

Notes: 1 Inflation adjusted revenues, adjusted for CPI for all urban consumers.
p denotes Projected.
Source: CEIR.

In 2016, the total index increased by 1.2%, which was 2.1 points lower than the increase in 2015. All metrics increased in 2016, except for attendees which remained stagnant. Net SF and real revenues had the highest metrics of 1.8 in 2016. Despite attendance staying stagnant in 2016, the number of attendees has trended upward since the end of the recent recession and at 33.2 million, slightly exceeded the previous decade high in 2015. The strengthening job market helped attendee numbers and, as a leading indicator of the exhibition industry, bodes well for business in the coming years.

Convention/meeting/exhibition industry trends generally mirror broader U.S. economic trends. The following graph illustrates annual changes for key industry measures alongside the S&P 500 earnings-per-share (EPS) which further illustrates the relationship between the convention industry and overall economic conditions.

Annual Changes to Convention Demand and S&P 500 EPS



Note: p denotes projected.
Sources: CEIR; Standard & Poor's.

Negative S&P EPS precedes periods of decreases in the number of exhibitors and similarly, periods of positive economic and industry growth, as measured by EPS, is followed by a growth in the convention and meeting industry with a substantive lag period. Of note, S&P earnings began to experience growth in 2009 whereas the convention and meetings industry lagged 12 to 18 months behind the broader economy as many conventions/meetings are planned years in advance. As measured by S&P earnings, overall economic conditions increased in 2016 and are expected to increase again by 20.7% in 2017. Along with the S&P projected earnings increase, the convention industry conditions are also projected to increase in 2017.

In addition, CEIR tracks the exhibition industry by sector. As shown in the table that follows, the medical and healthcare industry represents the highest number of exhibition events which, despite the overall economic conditions, managed to sustain a minor increase during the profiled period. Other sectors experiencing average annual growth between 2000 and 2016 include the machinery and finished business outputs; government sector; sporting goods, travel and amusement; transportation; discretionary consumer goods and services; raw materials and science; and communications and information technology.

Although many industry sectors experienced growth between 2000 and 2016, the overall exhibition industry was flat during this time. In 2016, the food and building, construction, home and repair sectors experienced the highest growth rates, 5.8% and 5.2%, respectively.

CEIR Industry Wide Growth by Sector

Sector	% of Exhibitions	2016 Growth Rate	CAGR 2000-2016
Machinery and Finished Business Outputs	1.8%	-4.5%	3.3%
Government	5.1%	4.6%	1.6%
Sports Goods, Travel and Amusement	5.1%	2.5%	1.6%
Medical and Health Care	21.1%	2.5%	0.7%
Transportation	4.6%	3.4%	0.5%
Discretionary Consumer Goods and Services	4.3%	4.3%	0.4%
Raw Materials and Science	9.2%	-7.3%	0.3%
Communications and Information Technology	11.1%	2.3%	0.1%
Building, Construction, Home and Repair	3.4%	5.2%	0.0%
Food	4.0%	5.8%	-0.3%
Consumer Goods and Retail Trade	4.6%	0.8%	-1.1%
Financial, Legal and Real Estate	7.4%	2.8%	-1.3%
Business Services	9.1%	0.4%	-1.4%
Education	9.2%	-1.1%	-1.5%
Overall Exhibition Industry	**100.0%**	**1.2%**	**0.0%**

Note: Sorted in descending order by CAGR 2000-2016 growth.
Source: CEIR.

CEIR also projects future changes given broader economic and segment-specific factors. Economic and job growth should continue to drive expansion in the exhibition industry. As shown in the following table, building, construction, home and repair; communications and information technology; transportation; and food are projected to experience the greatest growth over the next several years. CEIR projects the current positive momentum should sustain continued industry growth through 2019.

CEIR Index Projections by Sector				
Sector	**2017p**	**2018p**	**2019p**	**Average**
Building, Construction, Home and Repair	4.4%	4.4%	3.9%	4.2%
Communications and Information Technology	3.3%	4.1%	4.2%	3.9%
Transportation	3.1%	3.8%	4.1%	3.7%
Food	3.7%	3.5%	3.8%	3.7%
Machinery and Finished Business Outputs	2.9%	3.6%	3.8%	3.4%
Financial, Legal and Real Estate	2.9%	3.5%	3.8%	3.4%
Discretionary Consumer Goods and Services	2.8%	3.0%	3.5%	3.1%
Sports Goods, Travel and Amusement	2.9%	3.3%	3.0%	3.1%
Medical and Health Care	2.1%	2.6%	2.8%	2.5%
Business Services	1.3%	2.0%	2.2%	1.8%
Raw Materials and Science	1.5%	1.9%	2.1%	1.8%
Consumer Goods and Retail Trade	1.6%	1.7%	2.0%	1.8%
Government	1.7%	1.5%	1.5%	1.6%
Education	0.3%	0.8%	0.9%	0.7%
Overall Exhibition Industry	**2.4%**	**2.8%**	**3.0%**	**2.7%**

Note: Sorted in descending order by average projected growth.
Source: CEIR.

Key Meeting Trends

MPI conducts a quarterly *Meetings Outlook* survey to gather key facts and comments on meeting industry trends. Several metrics project positive economic and industry growth that should bode well for the meetings market:

- Survey respondents project that the market is going to continue to grow, possibly at an increasing rate, with demand slightly outpacing growth in supply.
- More than half (56%) of survey respondents indicate favorable business conditions and a stable business environment.
- When asked about their projected budget/spending over the next year, 55% of people responded favorably.
- More than half of respondents (52%) estimate an increase in both live and virtual attendance at future events. The expected growth rates are 1.6% and 2.4%, respectively.

Other trends noted by survey respondents include the following:

- Sponsorships are becoming increasingly important with an emphasis on creating new types of sponsorship packages.
- A host facility's contingency plans, for both security/emergency issues as well as internet or technology failures, continue to be a key factor in site selection for meeting planners.
- Audio/visual providers are an integral factor of the success of meetings and events of all sizes.
  - Meeting professionals are seeking to incorporate smartphones and other technology into audio/visual productions to make the most of attendees' focus on their devices.
  - However, audio/visual costs are rising and becoming a more significant budget item.
- Meeting planners are continuing to search for alternatives that do not require physical travel to events.

Programmatic Trends

Access Intelligence, an information and marketing company that provides business intelligence, conducted a survey of leading convention center managers in North America and around the world in 2016 and 2017. The following programmatic trends are based on the results of that survey.

- In North America, pre-function spaces, meeting rooms, and technology infrastructure or services are considered the venue areas most in need of investment.
- To appeal to broader facility audiences, convention facilities are constructing or re-purposing existing space into multi-purpose, flex space that can be used as exhibit, meeting, or ballroom space to provide more flexibility and accommodate different types of clients and events.
- Changes to event formats and client requirements include:
  - More technology usage and bandwidth requirements
  - Different education and meeting room formats
  - More informal and casual meeting spaces
  - Flexibility in terms of space usage and faster room change-overs
  - More use of pre-function space
  - Focus on attendee networking

- Facility users are requiring more technology and using more bandwidth. In addition, meeting planners are focusing on data security and interactive technology such as conference apps and live event streaming.
- Innovation is becoming an increasingly important factor for many facilities/organizations in the following areas:
  - Telecommunications and technology services
  - Client, attendee, and exhibitor on-site/in-venue experience
  - Food and beverage services
- A continued focus on sustainability efforts.
- Safety concerns are the top trend in 2017 – meeting planners and attendees need to feel safe at the venue as well as in the city
- Campus-style districts around convention facilities is now a major consideration for development that includes hotels, dining, and entertainment within walking distance. A well-defined campus allows attendees to move between the meeting facility and local eateries, entertainment, and hotels more easily and makes a destination more attractive to event planners. Surrounding neighborhoods are also becoming energized to create a welcoming environment filled with nightlife and other diversions for attendees.
- Parking is an increasingly important factor for some facilities that are considered "drive-in" destinations, particularly when hosting trade/consumer shows that primarily draw local attendees.
- When asked to describe the physical characteristics of an ideal meeting venue, meeting planners most frequently cited the following: open, flexible, bright, natural light and comfortable.

The next section provides an overview of the competitive supply of facilities in the local and regional markets that frame the meeting space competitive landscape.

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COMPETITIVE SUPPLY OF AREA FACILITIES

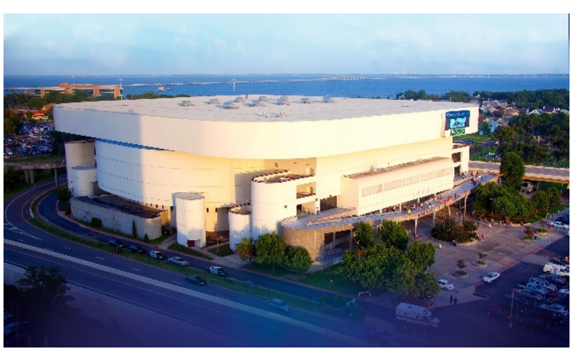
It is our understanding that one of the primary objectives of a new meeting facility in Pensacola would be to host events that attract out-of-town attendees that generate economic activity to the area. There are several convention/meeting/banquet facilities in the area. While some of these facilities would not directly compete with a new facility in Pensacola for conventions, conferences, tradeshows, and large meetings, they do serve as alternative locations. As such, it is useful to profile the supply of existing and planned facilities in the area.

Facility size, program elements, configuration, age, market focus, and date availability are factors that impact how competitive or complementary facilities are to a new meeting facility in Pensacola. While this section provides an overview of select area facilities that may offer elements similar in nature to those at the proposed new meeting facility, it is not meant to be an exhaustive inventory of all facilities.

Local Meeting Facilities

This section profiles local facilities that offer a minimum of 8,000 SF of meeting space. The SF only represents indoor meeting spaces although some of these facilities offer outdoor space that they market as meeting space.

Pensacola Bay Center



The Bay Center is the primary events and entertainment facility in Pensacola. The facility is home to the Pensacola Ice Flyers of the Southern Professional Hockey League and hosts various other activity such as concerts, family shows, entertainment events, meetings, banquets, and assemblies/ graduations among others.

The arena floor offers 20,000 SF of space. In addition, there is approximately 12,000 SF of meeting space that can be divided into a total of 12 rooms. Other than the arena floor, the largest space available is 3,200 SF which can accommodate approximately 300 people for receptions. Several user groups commented that the overall type and configuration of space is not desirable for their groups.

As a point of reference, the Bay Center hosted nearly 460 events that drew approximately 348,600 attendees in Fiscal Year (FY) 2016. Meetings accounted for 360+ events (or 79% of the total) that averaged approximately 55 people as most of these are local in nature. The facility also hosted seven consumer/public shows and four banquets. Assemblies accounted for the largest portion (35%) of total attendance followed by the Ice Flyers (26%). The Bay Center hosted 12 concerts in addition to various sports and entertainment events such as family shows.

<u>Skopelos at New World</u>

New World Inn is a 15-room boutique hotel which was a former box factory in Pensacola. In 2016, Skopelos Restaurant opened at New World. Skopelos at New World offers over 25,000 SF of total meeting space - its largest room has 10,000 SF. This facility hosts a significant amount of local business including meetings, galas, weddings, banquets, socials functions, etc. The maximum banquet capacity is 700.

<u>University of West Florida Conference Center and Ballroom</u>

The Conference Center and Ballroom is located on the campus of the University of West Florida. This facility has over 16,000 of meeting space including the 7,900 SF ballroom which can accommodate a maximum of 300 people for banquets. Much of programming at this venue is University-related which leaves relatively limited date availability for outside business.

<u>Hotels</u>

Relative to hotel properties, the Hilton Pensacola Beach Gulf Front offers the largest amount of total meeting space (17,000 SF). This property has a maximum banquet capacity of 400 people. The Pensacola Grand Hotel (formerly the Crowne Plaza) offers a total of 8,800 SF in downtown. Its largest space can accommodate a maximum banquet capacity of 300.

Hotels with exhibit/meeting space have a competitive advantage over many convention and meeting facilities because they control all major components of an event (i.e., meet, eat, and sleep) under one roof. Since the hotel is the primary beneficiary of all revenue streams, it can negotiate packages as it sees fit in any or all areas to attract business. For instance, a hotel can offer meeting and/or exhibit space for free or at a deeply discounted rate because it would still receive revenue from the rooms and food service, which is often more profitable. In addition, some privately operated hotels offer entertainment (e.g., a headliner act for a banquet) as part of their overall package to attract meeting planners.

Other Facilities

Although several other facilities in Pensacola offer meeting space such as the Pensacola Bayfront Stadium and Community Maritime Park, the Lost Key Golf Course and Clubhouse, the Pensacola Saenger Theatre, the National Flight Academy, and the Historic Pensacola Village and Museum of Commerce, they are not considered competitive or comparable to the proposed new meeting facility due to their amount/configuration/type of space and/or core market niche.

Stakeholder discussions indicated that there are currently plans to convert a portion of the Sun Trust Tower to a conference center with 4,000 SF for meetings and events on the first floor to host community planning, town halls or meetings and it could also be converted into event space to host weddings and galas. It is envisioned that this space could potentially accommodate 300 to 400 people and be split into three separate rooms.

Regional Meeting Facilities

This following table summarizes the physical program of profiled regional meeting facilities that typically compete for conventions, conferences, tradeshows, and meetings. The profiled regional meeting facilities average 42,200 SF of total function space.

Profiled Regional Meeting Facilities - Building Program Attributes					
Facility	**Location**	**Exhibit Hall SF**	**Ballroom SF**	**Meeting Room SF**	**Total Function SF**
Mobile Convention Center	Mobile, AL	100,000	15,500	25,860	141,360
Foley Events Center*	Foley, AL				90,000
Donald Tucker Civic Center (FSU)	Tallahassee, FL	35,000		16,000	51,000
Sandestin Golf & Beach Resort	Miramar Beach, FL	12,600	28,760	7,640	49,000
Grand Hotel Marriott Resort, Golf Club and Spa	Point Clear, AL		14,750	19,310	34,060
University of South Alabama Mitchell Center	Mobile, AL	18,080		11,150	29,230
Emerald Coast Convention Center	Fort Walton Beach, FL		21,000	4,500	25,500
Renaissance Mobile Riverview Plaza Hotel	Mobile, AL		14,840	10,370	25,210
Sheraton Bay Point Resort	Panama City Beach, FL		19,440	4,490	23,930
Perdido Beach Resort	Orange Beach, AL	7,990	8,380	5,900	22,270
Boardwalk Beach Resort Hotel & Convention Center	Panama City Beach, FL		15,000	5,000	20,000
Rainwater Conference Center	Valdosta, GA		11,100	8,000	19,100
Orange Beach Event Center at the Wharf	Orange Beach, AL	18,000			18,000
Average		**31,900**	**16,500**	**10,700**	**42,200**
Median		**18,040**	**15,000**	**8,000**	**25,500**

Notes: Facilities are sorted in descending order by Total Function SF.
Total Function SF excludes pre-function, concourse, outdoor and lobby spaces.
Sources: Individual facilities; secondary research.

The pages that follow provide a brief description of the profiled regional meeting facilities.

Mobile Convention Center – Mobile, AL

The Mobile Convention Center is on the waterfront and has over 141,000 SF of total function space including 41,000 SF of ballroom and meeting space. The Convention Center hosts hundreds of events per year ranging from boat shows, weddings, private parties to association meetings. The 373-room Renaissance Mobile Riverview Plaza Hotel is connected to the Convention Center and has approximately 25,000 SF of ballroom and meeting space.

Donald Tucker Civic Center – Tallahassee, FL

The Donald Tucker Civic Center, located on the campus of Florida State University, is a multi-purpose indoor arena with approximately 51,000 SF of total function space. The Exhibition Hall offers 35,000 SF that can be used for trade shows, banquets, and meetings. The Civic Center also has approximately 16,000 SF of meeting space that can be divided into six rooms.

Sandestin Golf & Beach Resort – Miramar Beach, FL

The Sandestin Golf & Beach Resort is located on 2,400 acres in Miramar Beach, Florida. This facility has approximately 49,000 SF of total function space including 12,600 SF of exhibit space, 28,800 SF of ballroom space and 7,600 SF of meeting space.

Grand Hotel Marriott Resort, Golf Club and Spa, Point Clear, AL

The Grand Hotel Marriott Resort, Golf Club and Spa in Point Clear, Alabama is approximately 25 miles from Gulf Shores Beach. The Resort, which is situated on 550 acres on Mobile Bay, has over 34,000 SF of ballroom and meeting space.

University of South Alabama Mitchell Center – Mobile, AL

The University of South Alabama's Mitchell Center in Mobile opened in 1999. This multi-purpose facility offers approximately 18,000 SF of exhibit space and 11,150 SF of meeting space that can be divided into five meeting rooms.

Emerald Coast Convention Center – Fort Walton Beach, FL

Located in Fort Walton Beach, the Emerald Coast Convention Center provides a total of 35,000 SF of multi-use space. This facility includes the 21,000 SF, column-free Emerald Grand Ballroom and eight meeting rooms that range from 450 SF to 1,575 SF. Owned by Okaloosa County, the facility hosts tradeshows, conferences, regional association meetings, and entertainment events. The County is contemplating adding 50,000 SF of exhibit space along with a pedestrian walkway with retail and restaurant amenities.

Sheraton Bay Point Resort – Panama City, FL

The 320-room Sheraton Bay Point Resort on Panama City Beach underwent a $30 million renovation in 2016. The Resort offers approximately 24,000 SF of ballroom and meeting space which can be divided into 22 rooms.

Perdido Beach Resort – Orange Beach, AL

The Perdido Beach Resort in Orange Beach, Alabama has 344 guest rooms and approximately 8,000 SF of exhibit space, 8,400 SF of ballroom space and 6,000 SF of meeting space.

Boardwalk Beach Resort Hotel and Convention Center – Panama City Beach, FL

The Boardwalk Beach Resort Hotel and Convention Center has 15,000 SF of Ballroom space and 5,000 SF of meeting space. The Convention Center has hosted gymnastics events, business meetings, weddings and twice a year hosts an indoor motorcycle mall.

Rainwater Conference Center - Valdosta, GA

The Rainwater Conference Center in Valdosta, Georgia opened in 2000. The facility has over 19,000 SF of ballroom and meeting space with nine meeting rooms. The Conference Center hosts business meetings, weddings, family reunions and parties.

Orange Beach Event Center at the Wharf – Orange Beach, AL

The Orange Beach Event Center has approximately 18,000 SF of exhibit space which can be divided into five spaces. The facility typically hosts large meetings, exhibits, and banquets for up to 1,000 guests and receptions for up to 2,000 guests.

Proposed/Planned Regional Meeting Facilities

The competitive landscape of the market is continuing to change through facility renovation and expansion. The Gulf State Park in Gulf Shores, Alabama is re-building the Lodge which was destroyed by Hurricane Ivan. The newly re-built facility will be called "The Lodge at Gulf State Park, a Hilton Hotel" and will offer 350 hotel rooms. In addition to guest rooms, the new facility is anticipated to offer ballroom space with a capacity of 1,500 and meeting facilities that can accommodate 1,000 people. This facility is scheduled to open in spring of 2018. Based on reports related to the funding of this project, it is estimated that $141 million will be used to rebuild the Lodge, all of which is coming from either BP settlement funds for the Deepwater Horizon oil spill or from BP grant monies. It is anticipated that there will be no debt or bonds associated with the project. The City of Gulf Shores is also planning to develop a 240-room full-service hotel, spa, and meeting facility on City property.

Panama City Beach is currently evaluating a new indoor sports facility to complement a planned outdoor sports facility. Although one of the proposed options for this facility included a significant amount of meeting space, it is our understanding at the time of this report that this facility is not planning to include meeting space that could potentially compete with a new meeting facility in Pensacola.

Based on information from secondary sources, a developer has applied for a large site development of more than five acres to build a 310-room hotel tower and 41,600 SF of convention space on Panama City Beach. The facility is anticipated to offer amenities such as pools, a lazy river, decks, a luxury spa, and various food service facilities.

In addition, the Emerald Coast Convention Center in Fort Walton Beach is exploring the merits of expanding its exhibit space by 50,000 SF.

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POTENTIAL DEMAND GENERATORS

This section summarizes research from both primary and secondary sources including a macro level population of events, a summary of the historical meeting activity in Pensacola, as well as feedback obtained from various stakeholders and potential users of the proposed meeting facility in Pensacola.

Breadth of Potential Exhibition Events

CEIR's latest census report, which was released in 2015, provides information about exhibitions that took place in 2014. It catalogued approximately 11,400 business-to-business and business-to-consumer exhibitions in the U.S. in 14 industry sectors. These events comprised 461 million net SF, 81 million attendees, and 1.7 million exhibitors. These broader metrices illustrate the breadth of the industry including the potential universe of events that represent a target market for a new meeting facility in Pensacola.

The following table shows the top states is terms of total number of events held according to the CEIR Exhibition Census 2015. Florida hosted approximately 11% of exhibition events in the U.S. and ranked behind only California and Texas.

Top 5 States - Number of Events			
Rank	**State**	**Number**	**% of Total**
1	California	1,485	13%
2	Texas	1,316	12%
3	**Florida**	**1,304**	**11%**
4	Nevada	938	8%
5	New York	546	5%

Source: CEIR.

Florida also ranked 3rd among all states for events that utilize less than 25,000 net SF of space.

Number of Events Under 25,000 Net SF			
Rank	**State**	**Number**	**% of Total**
1	California	1,104	13%
2	Texas	966	12%
3	**Florida**	**962**	**11%**
4	Nevada	645	8%
5	Georgia	346	4%

Source: CEIR.

As shown in the following table, 51% of the events held in Florida utilized less than 10,000 net SF of exhibit space, which is 10 percentage points higher than that for the U.S.

Net SF of Exhibit Space	3,000-9,999	10,000-24,999	25,000-49,999	50,000-99,999	100,000+	All
United States						
Number of Events	4,631	2,964	1,635	1,144	1,053	11,427
Percentage of Events	41%	26%	14%	10%	9%	100%
Average Net SF	5,476	15,321	34,201	67,708	244,139	40,352

Net SF of Exhibit Space	3,000-9,999	10,000-24,999	25,000-49,999	50,000-99,999	100,000+	All
Florida						
Number of Events	661	301	154	88	100	1,304
Percentage of Events	51%	23%	12%	7%	8%	100%
Average Net SF	5,513	15,169	34,524	69,022	251,396	34,330

Source: CEIR.

The following table profiles events held in Florida and the U.S. by industry. As shown, the Medical and Health Care industry accounted for the highest number of events held in Florida, which is consistent with the broader U.S. market. The business services and communication/information technology/science industries also accounted for a significant number of events in Florida. These three industries comprised 42% (545 events) of all events in Florida and 36% of events in the U.S. and align with some of the largest employers in the Metro Area as well as Northwest Florida Forward's target markets including aerospace & defense, financial services, and cybersecurity. These industries, among others, represent a potential market focus for a new meeting facility in Pensacola.

Total Events by Industry

	U.S.		Florida	
Industry Category	**Number**	**%**	**Number**	**%**
Medical and Health Care	2,017	18%	261	20%
Business Services	1,048	9%	154	12%
Communication, Inf. Technology and Science	1,053	9%	130	10%
Sporting Goods, Travel, and Amusement	982	9%	108	8%
Financial, Legal, and Real Estate	607	5%	101	8%
Discretionary Consumer Services	993	9%	86	7%
Consumer Goods	818	7%	77	6%
Education	857	7%	75	6%
Nature Resources and Agriculture	831	7%	74	6%
Transportation	538	5%	66	5%
Home and Repair	574	5%	62	5%
Government, Public and Non-Profit Services	555	5%	46	4%
Food	393	3%	45	3%
Industrial/Heavy Mach. & Finished Business Inputs	161	1%	19	1%
Total	**11,427**	**100%**	**1,304**	**100%**

Source: CEIR.

Historical Meeting Activity in Pensacola

Visit Pensacola tracks contracted rooms by event types for events held at area facilities. This data was analyzed for FY 2015 through FY 2017. As shown in the following table, sports events averaged the most contracted rooms during the profiled period (7,200) followed by military reunions (5,900). In addition, sports events accounted for eight of the 10 largest area events in terms of contracted rooms. On average, military reunions accounted for the most events (104) over the last three fiscal years followed by family reunions (102). Association business accounted for an average of 16 events and 2,000 contracted rooms during the last three fiscal years.

Visit Pensacola Contracted Rooms by Event Type (FY 2015 - FY 2017)				
Event Type	**FY 2015**	**FY 2016**	**FY 2017**	**Three-Year Average**
Contracted Rooms				
Sports	12,100	4,800	4,600	7,200
Military Reunions	7,200	5,800	4,800	5,900
Family Reunion	2,400	2,200	3,500	2,700
Religious	4,600	1,200	1,200	2,300
Wedding	3,300	1,700	1,400	2,100
Association	1,200	1,800	2,900	2,000
Educational	1,700	1,900	1,400	1,600
All Other	8,400	7,900	7,100	6,660
Total	**40,900**	**27,300**	**26,900**	**31,700**
Events				
Sports	15	16	5	12
Military Reunions	39	35	30	35
Family Reunion	28	29	45	34
Religious	10	8	7	8
Wedding	43	26	16	28
Association	23	21	9	18
Educational	14	19	15	16
All Other	33	46	50	40
Total	**205**	**200**	**177**	**194**
Average Number of Contracted Rooms per Event				
Sports	810	300	920	600
Military Reunions	180	170	160	170
Family Reunion	90	80	80	80
Religious	460	150	170	280
Wedding	80	70	90	70
Association	50	90	320	110
Educational	120	100	90	100
All Other	250	170	140	170

Notes: All Other includes event types with less than 1,500 average Contracted Rooms.
Sorted in descending order by Three-Year Average of Contracted Rooms (excluding All Other)
Fiscal Year represents June through May.
Source: Visit Pensacola.

Lost Business

Visit Pensacola also tracks lost business including events that are too large for area facilities. Data was analyzed for 27 events that could have occurred from 2012 to 2018. In aggregate, these events were estimated to account for approximately 62,400 room nights, including the Isagenix 2018 Celebration which could have potentially generated 24,000 rooms and 15,000 attendees. In aggregate, these 27 events could have attracted approximately 43,000 attendees to Pensacola.

The most common reasons cited for not coming to Pensacola include:

- Not enough total square footage available
- Not enough total meeting space under one roof
- Not enough room space in a single hotel
- Not enough breakout rooms

Input from Potential Users

The following section summarizes feedback from potential users of a meeting space in Pensacola that was obtained from electronic surveys that were distributed to past, existing, and potential future users of meeting space in Pensacola as well as from meetings with stakeholders.

Survey Results

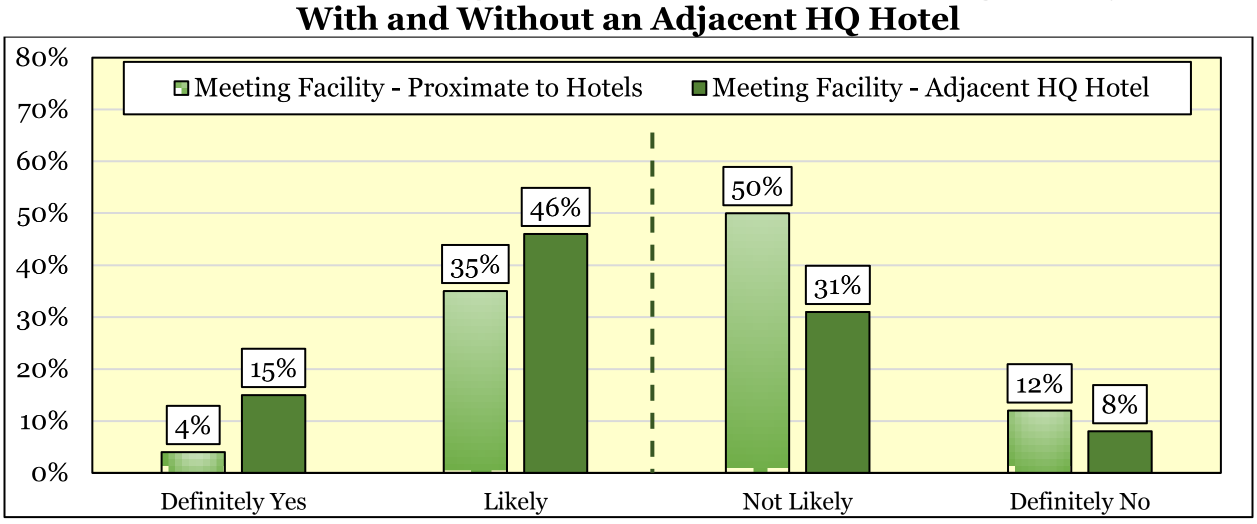
In addition, electronic surveys were distributed to a variety of groups which include associations with conventions, meeting planners and conference organizers, major corporations based in Florida and the Southeast and exhibition/tradeshow producers to identify potential unmet demand and gauge their perspective on strengths, challenges and opportunities associated with the proposed meeting facility in Pensacola; their interest level in holding their events at the proposed meeting facility under different scenarios; as well as their facility-specific and destination-related requirements. Because similar development projects typically take several years to come to fruition, the survey also obtained feedback on meeting planners/event organizers anticipated long-term needs. A total of 56 surveys were received, which equated to a response rate of approximately 15%. This section summarizes the feedback obtained from the survey process.

Destination Package

Only 14% of survey respondents have met in the Pensacola area while 41% had held their event within 200 miles of Pensacola. Meeting planners/event organizers were asked how likely they would be to host (or continue hosting) their event in Pensacola under two scenarios.

As illustrated in the following graph, 61% responded "Definitely Yes" and "Likely" if a new meeting facility was built with an adjacent headquarters hotel compared to only 39% if a new meeting facility was built close to hotels.

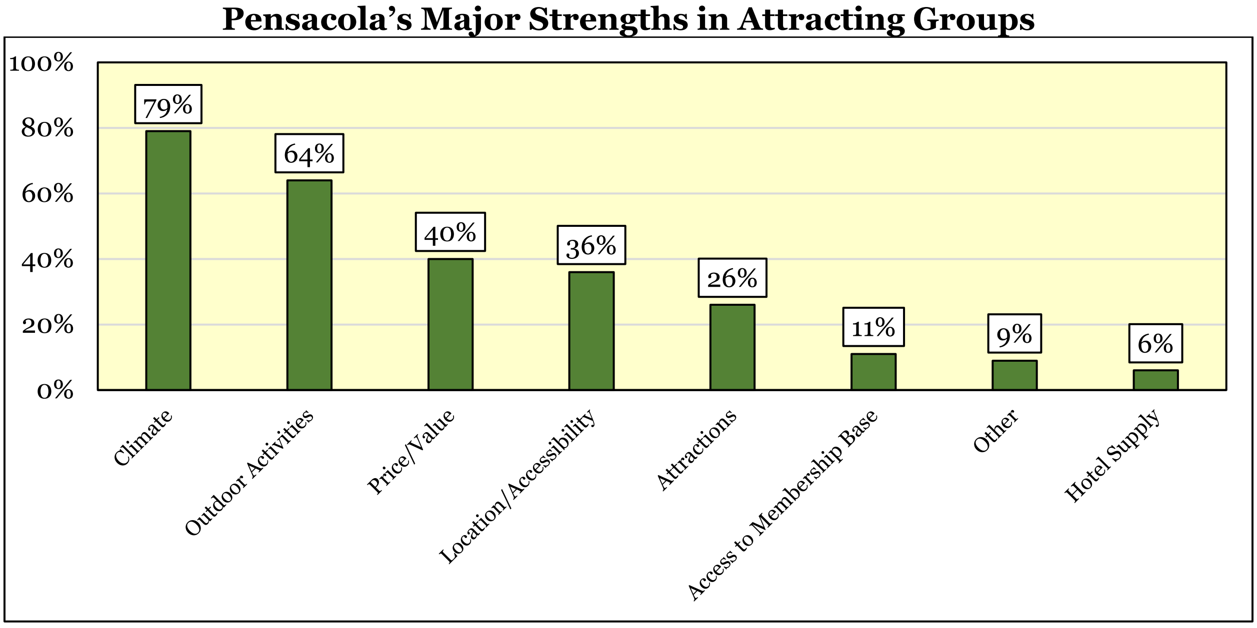
Likelihood of Hosting Events in Pensacola – Meeting Facility With and Without an Adjacent HQ Hotel



Of those groups that have not held their events within 200 miles of Pensacola, approximately 69% expressed an interest in hosting events at a new meeting facility in Pensacola with an adjacent headquarters hotel.

Survey respondents considered climate (79%) and outdoor activities such as golf, beaches, etc. (64%) as Pensacola's major strengths in attracting groups.

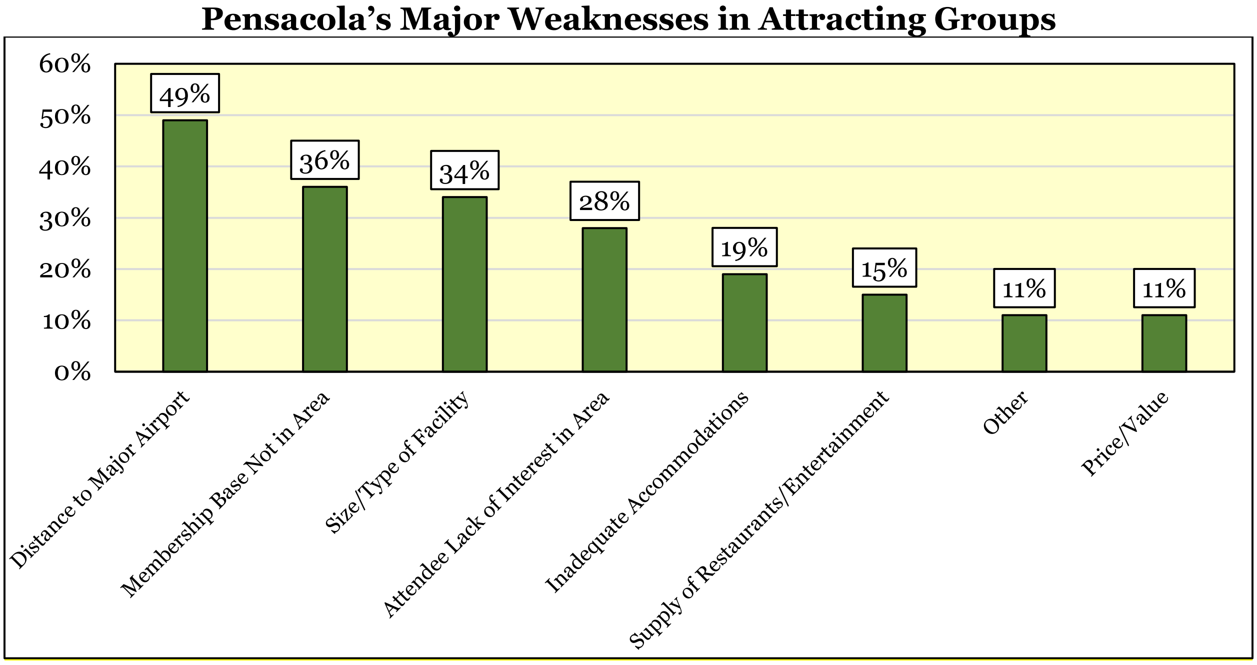
Pensacola's Major Strengths in Attracting Groups



Note: Respondents could select more than one answer to this question.

Survey respondents cited distance from major airport (49%), lack of membership base in the area (36%), size/type of facility (34%), and attendees not interested in area (28%) as Pensacola's major weakness in attracting groups. While Pensacola is home to the Pensacola International Airport, many meeting planners do not consider it a major airport because of its relatively limited number of non-stop, direct flights. Attendees not interested in the area includes a lack of familiarity with Pensacola and its geographic location within the State. Inadequate accommodations include the total hotel supply, the types of properties (i.e., full service vs. economy), the lack of availability during desired dates. The "Other" category includes Pensacola's perception as a Spring Break destination and a general lack of awareness/knowledge of the destination.

Pensacola's Major Weaknesses in Attracting Groups



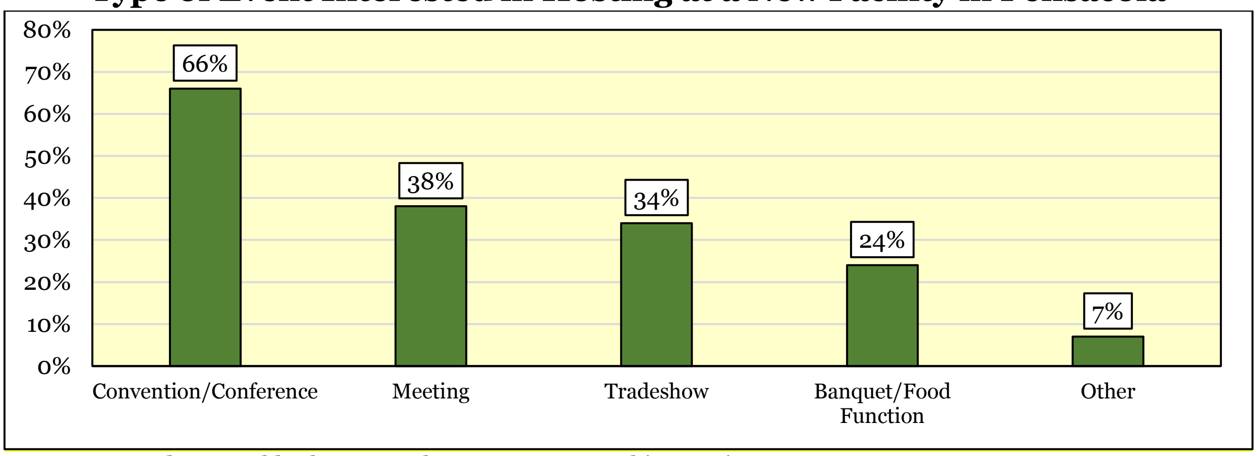
Note: Respondents could select more than one answer to this question.

The following results represent those respondents who expressed strong interest in hosting events at a new meeting facility in Pensacola with an adjacent headquarters hotel.

Event Attributes

Conventions/conferences (66%) were the most common event type survey respondents would host at a new meeting facility in Pensacola which is positive as these event types typically generate overnight room nights and economic impact.

Type of Event Interested in Hosting at a New Facility in Pensacola



Note: Respondents could select more than one answer to this question.

Most survey respondents (61%) represent national events and 13% each represent local, State, and regional (multi-state) events. October (29%) was the most common month when survey respondents host their events followed by March (19%). November and December were the least common month to host events.

Total event length averaged 5.1 days including 3.6 event days and 1.5 move-in/move-out days.

On average, survey respondents estimated that their events attract approximately 2,800 delegates and 3,100 total attendees including exhibitors and spouses/other travel party members. As a point of reference, the median number of delegates is 900 and total attendees is 1,000.

More than one-half (52%) of respondents anticipate that their attendance will increase over the next five years and (40%) estimate that their attendance will remain the same. Only 8% anticipate that their attendance will decrease.

Facility Requirements

The amount of exhibit space that survey respondents required had a large variance and averaged 65,000 SF. On average, groups required 17,000 SF of meeting space and 10,000 SF of banquet space. Events averaged 550 people for a banquet. Less than one-half (48%) of survey respondents do not require an auditorium/theater component. For those groups that do, the average seating capacity was 900.

Approximately 52% of respondents anticipate that the space needs for their current event will increase over the next five years and 43% anticipate that their space needs will remain the same and 4% estimated that their space needs will decrease.

Infrastructure Requirements

Approximately 68% of the respondents indicated that they were not willing to use more than one facility within proximity for their event space.

Survey respondents estimated that 66% of their attendees would stay overnight in a hotel, motel, condominium, or other rental accommodation. Respondents indicated the maximum price per room, per night that attendees would be willing to pay was an average of $183 with an average of 1.6 persons per room. Approximately 89% typically utilize a full-service hotel property and 11% typically utilize a limited service property. None of the respondents selected an economy/budget hotel.

Nearly three-quarters (74%) of survey respondents indicated that walking two to three blocks from the potential meeting facility to amenities such as accommodations and restaurants is an acceptable distance.

When asked to rank the importance of various destination attributes in terms of attracting their event, survey respondents ranked proximity to a hotel/motel, cost/value, and proximity to entertainment/restaurants as most important.

Importance in Attracting Events				
Destination Attribute	**Extremely Important**	**Somewhat Important**	**Not Important**	**Not at All Important**
Proximity to a Hotel/Motel	79%	21%	0%	0%
Cost/Value of the Destination	63%	37%	0%	0%
Near Entertainment/Restaurants	32%	63%	5%	0%
Near Airport	37%	53%	11%	0%
Interstate Access	21%	53%	16%	11%
Family-Friendly Environment	16%	42%	32%	11%
Near Beach	11%	47%	37%	5%

Approximately 84% of respondents indicated the ability to use a shuttle service to/from the facility, area hotels, restaurants and entertainment establishments would positively impact their decision to utilize the proposed meeting space.

<u>General Observations from Stakeholders</u>

In addition to electronic surveys, input was derived from discussions with representatives from Visit Pensacola, Pensacola Sports, hoteliers, facility managers, civic organizations as well as potential user groups. The purpose of stakeholder discussions was to obtain feedback regarding the current state of meeting space in Pensacola and to assess each group's existing and anticipated future needs for meeting space in Pensacola. The summary that follows provides a high-level overview of the feedback received.

- Nearly all stakeholders stated that demand exists for a new dedicated meeting facility in Pensacola that can accommodate conventions/ conferences as well as meetings and social functions. Several commented that they currently host their event outside of the Pensacola market due to size and/or date availability.
- Stakeholders noted that the Bay Center offers inferior meeting space and related amenities such as technology for many conventions/conferences/meetings other than local groups which is further supported by the Bay Center's historical event activity. The 22,000 SF arena floor is too large for some groups and temporary retrofitting of the space does not always provide the desired event ambiance and can be expensive. In addition, it is difficult to host simultaneous events based on the type and configuration of the space including the lack of pre-function space and sound bleed issues during concurrent events.
- Stakeholders commented that other venues in the Pensacola area (e.g., New World Landing, Sanders Beach, etc.) lack the appropriate sizing to accommodate more than 300 to 400 people for a banquet; offer low ceilings and bad acoustics; do not have the ability to host medium to large simultaneous meetings; and/or lack sufficient parking.
- Stakeholders commented that the amount of meeting/conference space at area colleges/universities is relatively limited. In addition, hotels with large amounts of quality meeting/ballroom space such as the Hilton Pensacola Beach Gulf Front are already hosting a significant amount of business which can require planning a year or more in advance to book a single meeting space. This limited date availability can make it difficult to attract new meetings or conferences, particularly those that have a shorter-term booking window. A new, dedicated meeting facility could help relieve this pressure and increase market opportunities for more business.
- Some stakeholders mentioned that hotels on the beach are too far removed from downtown Pensacola's amenities such as restaurants, nightlife and other attractions and can be difficult to access because of traffic congestion moving between the mainland and the beach area.
- Stakeholders noted that any new facility should be multi-purpose and capable of hosting multiple event types. The new facility should offer divisible, flexible space that is easily convertible from one event type to the next. The facility should also have adequate parking to accommodate local and regional attendees.
- Stakeholders further indicated that any new meeting facility in Pensacola should be state-of-the-art in its technology offerings and capabilities. Specifically, the facility should have the ability to live stream and host video conferences as well as host virtual demonstrations, immersive meetings and live technology competitions occurring simultaneously in meeting rooms and that can be observed from other rooms within the same facility.

- Stakeholders commented that any new meeting facility should be located within easy walking distance to a hotel and other amenities such as restaurants, entertainment options, and attractions.
- Based on market attributes such as the employment base and higher learning institutions, stakeholder noted that there appear to be multiple targeted market niches for Pensacola to pursue such as technology, cyber-security, aerospace, education, healthcare/ medical, corporate, and military. As a point of reference, the University of West Florida was recently designated to be one of 10 hubs in the United States in Cyber-Security for the Southeast U.S.
- Stakeholders commented that Pensacola offers the largest, most developed downtown among cities in the panhandle and is current thriving with 400 new residences scheduled to come online along Main Street.
- Stakeholders mentioned that a new meeting facility could assist in increasing occupancy rates in shoulder seasons and on weekdays which is largely driven by corporate business.
- Stakeholders noted that any new meeting facility would need to be aggressively marketed by entities such as Visit Pensacola and applicable State tourism bodies.
- Stakeholder discussions frequently speculated about whether it was possible to combine a sports facility with a new meeting facility and whether weekends could be programmed with sport and public activities and weekdays programmed with business meetings, conferences and local meetings and events. Many noted that the possibility of a multi-use facility to house sporting events and out of town meetings and local events should be entertained for the Pensacola market.

In general, stakeholder feedback was consistent with industry trends and the survey responses from meeting planners with respect to the desired facility requirements for a new meeting facility. The next section summarizes key market findings as well as next steps in the study process.

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SUMMARY OF MARKET FINDINGS

Previous sections of this report discussed various supply and demand factors that may influence the type and amount of event activity at a proposed new meeting facility in Pensacola including select market attributes, industry trends, supply of area facilities, and potential demand generators.

The research conducted for this study suggests that market demand exists for development of a new meeting facility in Pensacola if it is incorporated into an indoor sports facility. Meeting and ballroom space can be jointly situated with a sports facility with certain guidelines and parameters in place that are outlined later in this report. The indoor court space from the sports facility can be utilized as supplemental exhibit/flat floor space based on event needs. From a market perspective, development of a new meeting facility should be pursued in tandem with an adjacent hotel and within walking distance to downtown Pensacola amenities.

If the meeting facility is approved and developed as part of a larger indoor sport facility, it is imperative that the meeting facility component be designed in a manner that is consistent with the programmatic needs and requirements of meeting planners and that it can function as a stand-alone component and have complete physical separation from the sports uses of a shared facility to maximize market demand opportunities. If these design and programmatic elements cannot be achieved in a shared facility, the meeting component will be negatively impacted in programming and usage.

Based on the previous Community Recreation and Sports Tourism Needs study completed in 2016 as well as the research conducted for this study including feedback from meeting planners/event producers and other area stakeholders, the existing Bay Center has challenges to attracting visitor-based events that generate economic impact to Pensacola and Escambia County. Factors such as the facility's age, configuration, physical condition, and lack of patron amenities relative to the competitive landscape negatively impacts its market opportunities for conventions/tradeshows/conferences and large meetings, particularly for regional and national association and corporate business.

Relative to this segment of the market, the Bay Center primarily accommodates local meetings and functions by default due to the limited supply of space. It is difficult for the existing Bay Center to adequately address the competitive demands of association and corporate meeting planners. The Bay Center's core competency lies in its ability to host live entertainment such as concerts, family shows and sporting events. Its meeting package is not desirable to clients who require modern, functional exhibit, ballroom and meeting space with state-of-the art technology, specialty food service/catering, and/or access to downtown amenities.

Program Recommendations

This section of the report summarizes program recommendations. It is important to recognize that constructing a new meeting facility by itself is not a singular solution to making Pensacola more marketable and competitive for convention/meeting activity that draws out-of-town visitors. To position itself as a convention and meeting destination, Pensacola should adopt a multi-faceted approach to development with buy-in and support from multiple public and private stakeholders. Any new meeting facility will need to consider site considerations in terms of physical placement as well as flexible, functional and state-of-the-art design elements, destination and hospitality infrastructure, sales and marketing strategies, and sound management and operational practices.

<u>Building Program</u>

Market research conducted for this analysis suggests that constructing a new meeting facility with the following building program elements and patron amenities would enhance Pensacola's marketability for attracting a diverse set of business:

- 20,000 SF to 25,000 SF of dedicated, flexible, modern meeting space
- 20,000 SF to 25,000 SF of column-free, divisible ballroom space with 25' to 30' ceiling heights that have multiple hang-points
- 50,000 SF to 60,000 SF of pre-function/service area space with dedicated flex space
  - Pre-function space is typically located outside of exhibit, meeting or ballroom space and is generally an open space with natural light
  - These spaces should be aesthetically pleasing, highly functional and able to accommodate a variety of uses such as registration tables, gathering places before/after events, receptions/social events, event lounges, pop-up meetings, exhibits, etc.
  - Pre-function and common spaces should have well-defined entrances, modern digital way-finding systems, and sufficient circulation capability
  - Pre-function space can also serve as a stand-alone event location depending on other activity occurring within the facility
  - Service areas include back-of-house support space
- Flexible design to effectively accommodate simultaneous events
- State-of-the-art sound, lighting, and advanced technology infrastructure such as live-streaming, significant bandwidth, and Wi-Fi capabilities
- A centralized kitchen with the capability to support a high-level of specialty catering and easily service all space at the facility via service corridors for the discreet movement of food and beverage

- Adequate support space including offices, storage, and restrooms
- Dedicated areas (e.g., loading docks) for users to conveniently move equipment, décor, and other items in and out of the facility
  - These areas should be shielded from client view and easily accessible for back-of-house deliveries such as those to the kitchen
- Sufficient dedicated parking within easy walking distance of the facility
  - Preliminary research suggests a range of between 700 and 800 parking spaces based on industry standards; however, the number of required parking spaces will need to be further analyzed by parking, traffic, and transportation experts as the building program is finalized

Research indicates that a new meeting facility in Pensacola does not need to offer dedicated exhibit hall space as part of its space program. If an event requires exhibit space, the meeting facility could do one of the following:

- Coordinate the use of the proposed indoor sports facility to utilize its flat floor/exhibit space
- Utilize the recommended ballroom space in conjunction with pre-function/flex space to accommodate small exhibit or flat-floor based events

The following table summarizes the general recommended square footage for the meeting and ballroom space as well as the pre-function and support space.

Proposed New Meeting Facility in Pensacola
Preliminary Concept Program

Type of Space	Range of Square Footage		
Meeting	20,000	-	25,000
Ballroom	20,000	-	25,000
Pre-Function/Service Areas	50,000	-	60,000
Total Space	**90,000**	**-**	**110,000**

This preliminary concept program would need to be further refined in a detailed program statement if plans for a new meeting facility continue to move forward.

Destination and Hospitality Amenities

As previously mentioned, market research, particularly meeting planner feedback, indicates that a new meeting facility in Pensacola should be co-located adjacent to a convention quality headquarters hotel and be within walking distance of downtown. Ideally this hotel would be full-service and potentially offer additional meeting and ballroom space for groups to utilize. In addition, creating a campus-like setting around the new meeting facility which allows event attendees to easily access the downtown Pensacola amenities such as restaurants, attractions and shops will make the destination more attractive to meeting planners/event producers. Depending on the site location, offering a shuttle service to/from the facility may be required to positively impact event planners' decision to meet at a new meeting facility in Pensacola.

Management & Operational Considerations

If constructed, it is recommended that a new meeting facility in Pensacola have a dedicated, professional and experienced management structure in place from inception. There are a variety of potential management and operational options which can be considered for a new meeting facility of the nature proposed for Pensacola. While the governance structure of a new entity is important to establish and administer policy and maintain accountability for the venue, the day-to-day management of the facility will be important to establishing the venue's long-term success.

The management approach impacts every aspect of the facility's operations including sales and marketing efforts, booking policies and strategies, customer service, operating policies and strategies, financial management, and the overall efficiency of the facility. Successful marketing and sales functions are critical and, as such, should be tightly managed and controlled to help ensure appropriate management of the facility's schedule, booking priorities and negotiation of rates as these roles directly impact utilization, financial performance and economic impact of the facility.

Other Considerations for a Meeting Facility Attached to an Indoor Sports Facility

Co-locating a new meeting facility with an indoor sports facility will require that the attendees at each facility have their own sense of place. When marketing a co-located facility, it will be important to ensure that sales efforts can adequately convey that facility management at each component understands the importance of meeting their respective client expectations– whether that is for an association meeting planner who expects specialty catering, a business-like setting, and advanced technologies or a sports client who expects a variety of concession food and beverage offerings, spectator seating and tournament support spaces.

Depending on the ownership and operating structure, it may be possible to share support spaces which could minimize both construction costs and operational expenses. The following factors are illustrative only and are meant to assist in outlining some areas which can be helpful to create a sense of place for each venue's clientele:

- *Marketing Program* – Marketing efforts to regional and national meeting planners are significantly different than those for sporting events. While both are equally important to the success of a co-located facility, resources should be directed at ensuring high-level professional marketing programs by appropriate professionals to each group.
- *Facility Entrances* – It will be important for a co-located facility to have separate and distinct entrances which limits co-mingling of attendees at each of the respective facilities.
- *Sound Barriers* – This is an important area of concern for meeting planners. There should be adequate physical sound barriers built that effectively prevent noise bleed between the two respective facilities.

- *Digital Signage/Wayfinding Systems* – To support the need to keep meeting facility and sports facility attendees in their contracted venues, a well-developed wayfinding system which utilizes digital signage should be developed. In addition, consideration should be given to different design and color schemes to assist in identifying the two separate venues for attendees.
- *Kitchen Capabilities* – In a co-location scenario, the kitchen facilities could potentially be centrally located and shared by the two facilities if the capability exists to produce a wide range of food and beverage services. The kitchen will need to be able to execute multiple and diverse events ranging from a concessions program to a high-end sit down black-tie dinner.
- *Loading Docks/Service Corridors* – Similar to the kitchen space, these areas could potentially be shared between the meeting facility and the sports facility but would need to be managed by policies and procedures that meet the needs of both groups, especially when spaces are being utilized simultaneously.

Utilization Estimate

Based on input from the client group, several assumptions were used to develop estimates of event activity for the proposed new meeting facility in Pensacola. It should be noted that these assumptions are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve.

General Assumptions

- The building program previously outlined in this report is constructed and offers the required infrastructure and amenities to support the facility.
- The facility is designed specifically to accommodate the unique aspects of target market segments.
- The proposed new meeting facility is operated in a first-class manner by an experienced and professional management team with established connections in the meeting, convention, and exhibition industries.
- The mission statement and booking policy will appropriately support the facility's operating objectives.
- The facility will be aggressively marketed by established tourism agencies at the local and State levels, such as Visit Pensacola, particularly for convention/ conference activity.
- A high level of quality customer service is provided.
- The site location is adequate in terms of visibility, ingress/egress, parking, safety, and other similar factors.
- The facility is constructed near sufficient supporting infrastructure (i.e., hotel rooms, restaurants, retail, entertainment, vehicular access, etc.).

- No other similar, competitive/comparable facilities are built in the region.
- No major economic fluctuations or acts of nature occur that could adversely impact the project.

Usage Assumptions

The hypothetical estimate of usage/event activity was developed from the research previously summarized in the market analysis including input from the client group, market attributes, historical activity in the community, input from area stakeholders and other potential demand generators, information on comparable facilities as well as other research.

Event activity at new facilities typically experiences a "ramp up" period to a stabilized level of activity which occurs for several reasons. For instance, some groups that book their event years in advance may not want to risk that a facility's construction is delayed and not completed in time for their event. In addition, some groups may choose to let management "fine tune" its operations before hosting an event at the proposed new meeting facility. The length of time for new venues to reach stabilized operations varies but typically ranges from three to five years.

Overall utilization at any facility is typically dependent on multiple factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent. As such, estimated utilization represents a stabilized year of operation.

Event types used in the analysis are defined as follows:

- *Conventions/tradeshows/conferences* include associations, professional groups, government, and other organizations (social, military, educational, religious, fraternal, etc.) that meet to exchange information and, in some instances, sell products.
- *Consumer/public shows* are public, ticketed events to market and sell goods and services to consumers. These events typically only require exhibit space. Examples include a home and garden show, electronics show, or travel expo.
- *Meetings* include corporate meetings, training sessions, seminars, etc.
- *Banquets/social functions* include weddings, galas, receptions, corporate award ceremonies, proms, holiday parties, etc.
- *Civic/community events* include political rallies, fundraisers, special events.

The following table summarizes the estimated usage/event activity for the proposed new meeting facility in Pensacola. It is anticipated that the proposed new meeting facility will be able to attract incremental new business that draws out-of-town attendees as well as better accommodate the needs of residents/businesses/organizations. It is meant to be complementary to, not competitive with, existing venues.

The facility's operating strategy, building program elements, location, and supply/availability of existing facilities in the market will impact the type and amount of event usage. Programming activity levels at the facility will also be impacted by the amount and type of space, date availability as well as the prioritization of bookings by management.

Proposed New Meeting Facility in Pensacola - Estimated Range of Event Activity				
Event Type	**Total Events**	**Average Use Days**	**Total Usage Days**	**Total Attendee Days**
Conventions/tradeshows/conferences	24 - 28	2.5	60 - 70	21,600 - 25,200
Consumer/public shows	6 - 8	2.0	12 - 16	15,000 - 20,000
Meetings/seminars	84 - 96	1.0	84 - 96	5,000 - 5,800
Banquets/social functions	36 - 48	1.0	36 - 48	13,500 - 18,000
Civic/community events	8 - 10	1.0	8 - 10	4,000 - 5,000
Grand Total	**158 - 190**		**200 - 240**	**59,100 - 74,000**

Note: Total use days include event days and move-in/move-out days.

For conventions/tradeshows/conferences, an attendee day is defined as total attendance multiplied by the event length. For example, a three-day convention/conference with 200 attendees equates to 600 attendee days which reflects that the same attendees return to the event each of the three days. Conversely, attendee days associated with other events are assumed to be equal to attendance for the event as these are primarily events occurring for one day only. Total attendee days at the proposed new meeting facility in Pensacola is estimated to range from approximately 59,100 to 74,000 annually in a stabilized year of operation. The number of room nights generated from activities at the proposed new meeting facility is estimated to range from approximately 14,800 to 18,000 annually solely from the activities of this proposed new meeting space. In addition, Pensacola's location and amenities provide it with an opportunity to capture additional overnight stays either from attendees extending their stay or returning for a separate vacation.

Comparable Indoor Sports/Meeting Facilities

As a point of reference, this section profiles indoor facilities similar to that being considered in Escambia County that host meeting and expo activity in addition to sporting events to expand their booking opportunities with a variety of event types. This sample represents facilities specifically designed to accommodate sports tourism events that also serve a dual function as a meeting room/conference facility capable of hosting a variety of non-sporting events.

These complexes often utilize their flat, open floor space to accommodate events such as conventions, exhibitions, and trade shows. These events can help to fill open dates when the facility is not booked by tournaments, camps/clinics, leagues, and another sporting related event activity.

It is important to offer supporting spaces such as meeting or multi-purpose rooms to meet the needs of sports tournaments. These spaces may include multi-purpose flexible space, such as meeting rooms, to accommodate tournament promoter offices or a tournament central area. Weigh-ins before wrestling matches, or team rooms for large basketball or volleyball tournaments. In addition, these smaller spaces can be rented out throughout the year for events such as corporate meetings, birthday parties and family reunions.

Spooky Nook Sports was opened in 2013 in Manheim Pennsylvania. The facility, which is one of the largest indoor sports facilities in the U.S., was constructed in the former Armstrong Distribution Center and offers more than 700,000 SF under one roof.

Spooky Nook Sports offers more than 100,000 SF of meeting and event space utilizing 19 meeting and event spaces, including its indoor turf and court space to accommodate conventions, tradeshows, meetings, and other special events. To support its diverse event activity, Spooky Nook Sports also offers an on-site restaurant and a 130-room independently branded hotel. The hotel's atrium offers an additional 11,250 SF meeting/event space.

LakePoint Sporting Community in Cartersville, Georgia offers both indoor and outdoor spaces to accommodate a wide variety of sporting activity. The Champions Center, the complex's primary indoor facility, offers a 125,000 SF floor that is used to host sporting events as well as various conventions and expos. This floor space is complemented by nine (9), 400 SF meeting rooms. These rooms can be rented separately, or several can be combined to accommodate larger groups in one space. The meeting rooms are typically rented out for local chamber meetings or corporate meetings but are also used to support large sporting events and to host birthday parties. The Champions Center offers four (4) different food service points. In addition, the LakePoint Sporting Community campus offers three (3) on-site hotels.

The Round Rock Sports Center in Texas also hosts a variety of non-sporting events. According to management, the facility's 47,000 SF main floor is rented 5-10 per year for special events including gun shows, weddings, and cake shows among others. The facility also offers three (3), flexible 800 SF multi-purpose meeting rooms. The rooms are used to complement the flat floor space during large sporting and non-sporting events, as well as to host small meetings throughout the year.

Many indoor sports facilities throughout the U.S. are located adjacent or proximate to hotels to accommodate event attendees for tournaments, camps, and special events. As previously mentioned, Spooky Nook Sports includes a 130-room hotel as part of its facility and LakePoint Sporting Community offers three on-site hotels.

Several of these types of facilities are located proximate to conference or convention centers. Rocky Top Sports Center in Tennessee is located approximately six miles from the Gatlinburg Convention Center. These two facilities are regularly marketed together to portray Gatlinburg as a resort destination. The Boo Williams Sportsplex in Hampton, Virginia and the Orlando Sports Center are each located less than five miles from their respective convention centers. A prime example of these types of facilities being co-located is the Myrtle Beach Sports Center in South Carolina. This facility was intentionally planned and constructed next to the Myrtle Beach Convention Center and located within walking distance of the popular beach.

In summary, the concept of combining a sports facility and a meeting facility is not unique. As described, traditional indoor sports facilities are expanding their opportunities to grow their event mix and numbers by offering meeting rooms and/or flexible space to attract non-sporting event activity and fill the events calendar.

This activity offers additional programming that increases the opportunity of driving economic impact to a market and provides an opportunity for local events that would not normally utilize the facility. Many indoor sports venues utilize their main open span floors as well as additional rooms/spaces to support non-sporting events. In addition, there are several examples of these types of facilities being located proximate to hotels, large meeting facilities and other prominent attractions.

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ECONOMIC AND FISCAL IMPACT ANALYSIS

The local and State economies would benefit from operations of the proposed new meeting facility in many ways including such tangible and intangible benefits as:

- Enhancing the overall quality of life and livability to the area, particularly for area residents.
- Providing an enhanced entertainment option for both residents and visitors that hosts diverse event activity.
- Enhancing the area's image as a destination by increasing its amenities.
- Serving as a catalyst for additional growth and new business in the area.
- Generating additional economic activity and enhanced fiscal revenues.

Each of these benefits is important in assessing the impacts that the proposed new meeting facility may have on the local and State economies. While the value of many of these benefits is difficult to measure, the economic activity generated can be quantified. As such, this analysis estimates the economic and fiscal impacts associated with the on-going operations of the proposed new meeting facility.

General Methodology Overview

This analysis estimates the economic benefits generated in the State from the on-going operations of the proposed new meeting facility including facility operations as well as spending by attendees on items such as lodging, restaurants, retail, entertainment/ recreation, and transportation. This initial measure of economic activity reflects analysis of primary and secondary sources that are deemed to be reliable, but accuracy cannot be guaranteed.

Once the amount for direct spending is quantified, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect, and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings. This analysis also estimates the fiscal impacts (i.e., tax revenues) generated from on-going operations of the proposed new meeting facility.

The number of events and attendance, event mix, origin of attendees (e.g., local versus out-of-town), facility financial operations, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers, and specific taxes quantified are all variables that influence the economic and fiscal impact estimates. Amounts depicted in this analysis are presented in current dollars, reflect a stabilized year of operation, and assume taxes continue at the current rates.

Methodology - Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of operations of proposed new meeting facility. Direct spending occurs both inside and outside of the facility. Based on available data, attendees were categorized into daytripper and overnight visitors and allocated different spending numbers.

Indirect/Induced Impacts

The economic activity generated by operations of the proposed new meeting facility affects more than just the facility. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, considering commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Multiplier Effect

To quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries, and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for Impact Analysis for Planning, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and can provide indirect/induced spending, employment and earnings information by specific industry category while considering the leakages associated with the purchase of certain goods and services outside the economy under consideration.

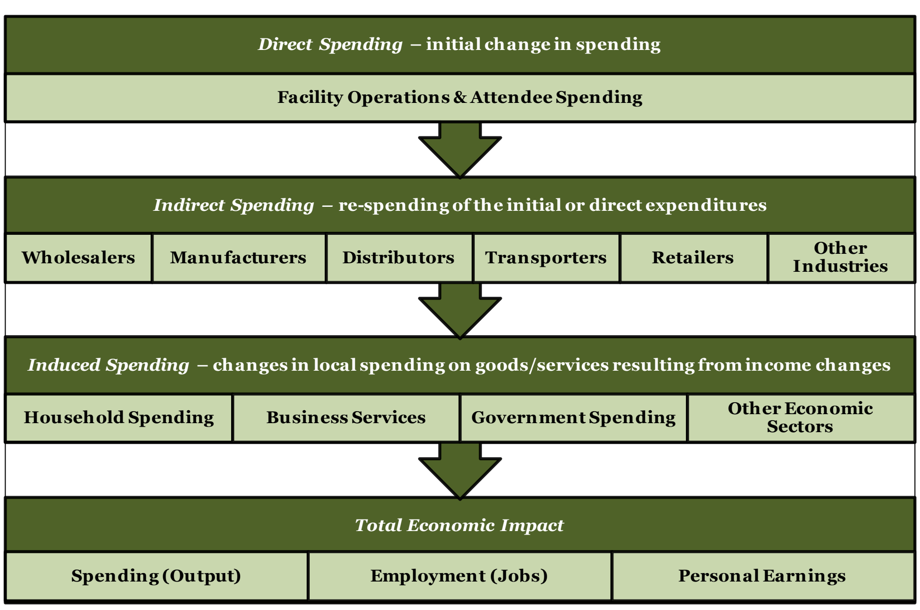
Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the area resulting from operations of the proposed new arena. The multipliers used in this analysis reflect IMPLAN's latest available economic data for transactions.

Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined below:

- *Spending* (output) represents the total direct and indirect/induced spending effects generated by on-going operations of the proposed new meeting facility. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- *Employment* (jobs) represents the number of full and part-time jobs supported by on-going operations of the proposed new meeting facility. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional $1.0 million of output delivered to final demand.
- *Personal Earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by on-going operations of the proposed new meeting facility. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

The following graphic illustrates the multiplier effects for calculating total economic impact.



Methodology – Fiscal Impact Analysis

The estimated spending generated by operations of the proposed new meeting facility creates tax revenues for the local and State economies. Although experience in other markets suggests that a significant portion of the direct spending would occur near the facility, spending also occurs in other areas within the State, particularly such spending as business services and the everyday expenditures of residents. Major tax sources impacted by facility operations were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes, such as property taxes, may also be positively impacted by on-going facility operations, this analysis estimates revenues generated from sales and use and tourist development taxes at the County level and sales and use tax and corporate income tax at the State level.

Annual Economic Impacts from On-Going Operations of the Proposed New Meeting Facility

The table below summarizes the estimated annual economic impacts associated with the on-going operations of the proposed new meeting facility in terms of direct, indirect/induced, and total spending, total jobs and total earnings and is followed by a discussion of each component.

Proposed New Meeting Facility in Pensacola
Estimated Annual Economic Impacts Generated from On-Going Operations (Stabilized Year)

Category	Escambia County Range		
Spending			
Direct Spending	$7,212,000	-	$8,898,000
Indirect/Induced Spending	3,677,000	-	4,539,000
Total Spending	$10,889,000	-	$13,437,000
Total Jobs	130	-	170
Total Earnings	$3,597,000	-	$4,447,000

Direct Spending

Direct spending related to on-going facility operations and attendee spending is estimated to range from $7.2 million to $8.9 million annually in the County.

Indirect/Induced Spending

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the area. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes. Based on inputs from the IMPLAN model, indirect/induced spending spurred by on-going operations of the proposed new meeting facility is estimated to generate between $3.7 million to $4.5 million annually in the County.

Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect, and induced) spending generated from on-going operations of the proposed new meeting facility is estimated to range from $10.9 million to $13.4 million annually in the County. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.51. Thus, every dollar of direct spending is estimated to generate $1.51 in total economic activity in the State.

Total Jobs

Based on the IMPLAN model, the economic activity associated with on-going operations of the proposed new meeting facility is estimated to generate between 130 to 170 total jobs annually. These jobs would be created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the County.

Total Earnings

Outputs from the IMPLAN model indicate that total earnings generated from on-going operations of the proposed new meeting facility are estimated to range from $3.6 million to $4.4 million annually in the County.

Annual Fiscal Impacts from On-Going Operations of the Proposed New Meeting Facility

As shown in the following table, annual fiscal impacts (or tax revenues) generated from on-going operations of the proposed new meeting facility are estimated to range from $238,000 to $290,000 in Escambia County and $553,000 to $680,000 at the State level.

Proposed New Meeting Facility in Pensacola Estimated Annual Fiscal Impacts Generated from On-Going Operations (Stabilized Year)			
Entity	**Range**		
Escambia County	$238,000	-	$290,000
State of Florida	$553,000	-	$680,000
Grand Total	**$791,000**	**-**	**$970,000**

The following pages provide a description of the taxes estimated in this analysis.

Escambia County Taxes

Discretionary Sales and Use Tax – Escambia County applies a discretionary sales tax to the sale, rental, lease or license to use certain property or goods (tangible personal property) and certain services, unless the transaction is specifically exempt. The general tax rate is 1.5% and is approved by voter referendum in 10-year increments. The current tax was recently extended through 2027. Collections are approved to be used for various projects including transportation improvements, development of recreational facilities and economic development initiatives. For purposes of this analysis, the tax rate is applied to the estimated taxable amount of spending generated from on-going operations of the potential new meeting facility.

Tourist Development Tax – Escambia County imposes several taxes on accommodations rented for less than six months at a combined rate of 4.0%. A Tourist Development Tax (TDT) of 2.0%, an additional TDT of 1.0% and a Professional Sports Franchise Facility Tax of 1.0% are all applied to short-term accommodation rentals. The statute allows proceeds from these tourist development taxes to be allocated to the acquisition and operation of convention centers, sport stadiums arenas, auditoriums and museums; the promotion and/or advertisement of tourism; and the funding of tourist and convention bureaus and tourist information centers. In Escambia County, proceeds from these taxes are allocated to various visitor amenities and marketing agencies including Visit Pensacola, Pensacola Sports, the Bay Center operations, various museums, marine resources, and other arts/culture/ entertainment. Total TDT tax collections for FY 2017 were estimated to be $10.6 million. For purposes of this analysis, the 4.0% tourist development tax is applied to the estimate of County-level direct hotel spending.

Half-Cent Sales Tax Sharing – The Half-Cent Sales Tax Sharing is collected by the State and distributed monthly to local governments based on taxable sales within their counties. All participating municipalities and counties share the proceeds based on a population formula. The Half-Cent Sales Tax may be used for any lawful purpose; however, the portion of the county's proceeds which is based on incorporated area population must only be used for countywide tax relief or countywide programs. Further, the proceeds may be used for the payment of principal and interest on any capital project. Based on Escambia County data provided by the Florida Department of Revenue, an effective tax rate was calculated and multiplied by the estimated taxable amount of spending generated from on-going operations of the potential new meeting facility.

State Revenue Sharing – The State Revenue Sharing Act of 1972 established that funds for certain State-levied tax monies be shared with counties and municipalities. The major sources of these funds distributed are cigarette taxes and sales and use taxes. The State formula for distribution is based upon population and sales tax collections. This revenue source is divided into three parts: the guaranteed entitlement, the second guaranteed entitlement and the balance. The balance varies year-to-year and represents the county's share of the revenues after deducting the guaranteed entitlements. Only the guaranteed entitlements may be pledged to pay principal and interest on bonds, tax anticipation certificates or any other form of indebtedness.

Based on Escambia County data provided by the Florida Department of Revenue, an effective tax rate was calculated and multiplied by the estimated taxable amount of spending generated from on-going operations of the potential new meeting facility.

State of Florida Taxes

Sales and Use Tax – Florida applies sales tax to the sale, rental, lease or license to use certain property or goods (tangible personal property) and certain services in Florida, unless the transaction is specifically exempt. The general tax rate is 6%. This tax source is the State's largest source of general fund revenue. For purposes of this analysis, the tax rate is applied to the estimated taxable amount of spending generated from on-going operations of the potential new meeting facility. The Half-Cent Sales Tax Sharing and State Revenue Sharing estimates noted above are netted from this amount to avoid double counting.

Corporate Income Tax – Corporations and artificial entities that conduct business, or earn or receive income in Florida, including out-of-State corporations, must file a Florida corporate income tax return unless specifically exempt. Florida corporate income tax liability is computed using federal taxable income, modified by certain Florida adjustments, to determine adjusted federal income. Corporate income tax is computed by multiplying a company's Florida net income by 5.5%. Based on data provided by the Florida Department of Revenue, the total tax liability for the State was approximately 0.25% of Florida's Gross State Product, a measure of total output in the economy. For purposes of this analysis, this effective tax rate is multiplied by estimate of State-level total spending.

Construction Impacts

Although not quantified in this analysis, construction costs associated with development of the potential new meeting facility would provide additional economic and fiscal impacts to Escambia County and the State during the construction period.

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LIMITING CONDITIONS AND ASSUMPTIONS

This analysis is subject to our contractual terms, as well as the following limiting conditions and assumptions:

- This analysis has been prepared for Visit Pensacola (Client) for its internal decision-making purposes associated with a proposed new meeting facility in Pensacola and should not be used for any other purposes without the prior written consent of Crossroads Consulting Services, LLC.
- This report should only be used for its intended purpose by the entities to whom it is addressed. Reproduction or publication by other parties are strictly prohibited.
- The findings and assumptions contained in the report reflect analysis of primary and secondary sources. We have utilized sources that are deemed to be accurate but cannot guarantee their accuracy. No information provided to us by others was audited or verified and was assumed to be correct.
- Although the analysis includes findings and recommendations, all decisions relating to the implementation of such findings and recommendations shall be the Client's responsibility.
- Estimates and analysis regarding the proposed new meeting facility, are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
- This analysis does not constitute an audit, a projection of financial performance, or an opinion of value or appraisal in accordance with generally accepted audit standards. As such, we do not express an opinion or any other form of assurance. Any estimates or ranges of value were prepared to depict current and potential future market conditions.
- Although this analysis utilizes various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not explicitly stated in this report.
- We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or circumstances occurring after the date of this report.
- The quality of ownership and management of a proposed new meeting facility has a direct impact on its economic performance. This analysis assumes responsible and competent ownership and management. Any departure from this assumption may have a significant impact on the findings in this report.
- Multiple external factors influence current and anticipated market conditions. Although we have not knowingly withheld any pertinent facts, we do not guarantee that we have knowledge of all factors which might influence the operating potential of the proposed new meeting facility. Due to quick changes in the external factors, actual results may vary significantly from estimates presented in this report.
- The analysis performed was limited in nature and, as such, Crossroads Consulting Services, LLC does not express an opinion or any other form of assurance on the information presented in this report. As with all estimates of this type, we cannot guarantee the results nor is any warranty intended that they can be achieved.
- The analysis is intended to be read and used in its entirety. Separation of any portion from the main body of the report is prohibited and negates the analysis.
- In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Client and may not be relied upon by any party for any purpose including any matter pertaining to financing.