

January 30, 2009

Dear Community Partner:

As a part of our commitment to provide ongoing updates, I am pleased to report on the progress of the Community Venues. You'll recall we are reviewing the financing plan for the Venues as a result of Tourist Development Tax (TDT) revenue not being realized. This is based on Orange County's projections of a five percent decline in TDT, coupled with the current economic climate and challenging financial markets.

Based on my direction and that of my partner, Orange County Mayor Rich Crotty, City and County staff met this week to further discuss possible funding alternatives. Several weeks ago, I outlined considerations for staff to utilize as a guide when developing solutions to go forward with these projects:

- Complete all three venues. Bring the projects out of the ground to provide the economic safety net our residents and businesses need during these challenging times.
- Develop a prudent funding model that utilizes only those public sources already committed by the City and County and does not burden local taxpayers.
- Preserve the commitment to downtown, and maximize the economic impact from this investment. Explore redesign or reconfiguration of the projects to leverage the investment in a revitalized urban core.
- Mitigate impacts to the project schedules. Analyze all funding options and determine which structure allows the projects to proceed and deliver much-needed economic stimulus to our community.

Since then, staff and our outside financial experts have continued their analysis and work. Under the current financing plan – and assuming the County's projected five percent decline in the TDT – the construction of the performing arts center would face at least a three year delay. Additionally, the needed TDT revenue for the Citrus Bowl would not be realized until at least 2020 ... a 10-year delay.

Again, I cannot emphasize enough how critical a package of public works projects like the new Events Center, the Dr. P. Phillips Performing Arts Center (DPAC) and a renovated Citrus Bowl Stadium are to our region during tough economic times. We are talking about much-needed jobs and economic benefit for our residents and businesses. These are amenities we need to position Orlando for decades to come. **We cannot simply wait. It is time to move forward with enhanced Community Venues for our region.**

Below is an overview of the key points being considered as we continue our due diligence:

Maximizing Current Revenue Sources

Currently, the Community Venues financing plan is comprised of multiple sources, including revenue from the Community Redevelopment Agency (CRA) and the TDT. As I advised in the last update, a review of downtown real estate values was recently completed to produce a conservative revenue forecast for the CRA. The projection shows positive growth despite the current economic downturn.

Due to recent growth in the CRA, the City is evaluating the viability of directing additional CRA funds toward the construction of the performing arts center. This potential alignment could substantially reduce the use of TDT revenues for this project.

The Interlocal Agreement clearly establishes a priority that TDT revenues must first fund the performing arts center prior to being available for the Citrus Bowl. Reducing the TDT obligation for DPAC would allow TDT revenue to flow much quicker and more directly to the Citrus Bowl. This realignment will allow the Citrus Bowl to proceed with a minor delay versus waiting a decade or more, while allowing DPAC to proceed close to its initial timeline.

Project Configuration

In the meantime, staff continues its analysis of cost-reduction measures including timing, project schedules, site configuration and other options to reduce the overall project budget for the Venues. **Specifically, DPAC understands that it must reduce its total project cost by \$25 million without impacting the quality design of the venue.**

Discussions have also continued between adjacent property owners including CNL and the First United Methodist Church – Orlando, in an effort to explore site reconfiguration for the performing arts center, or options to allow the project to go forward with a modified project budget.

Additionally, staff is also evaluating moderate structural upgrades to the Citrus Bowl that can be made prior to the complete renovation in order to keep the venue competitive in the bid for Bowl Games and events.

Next Steps

As City and County staff complete due diligence on an adjusted financing plan, recommendations will be brought forward to the Orlando City Council, the CRA, the Board of County Commissioners and community stakeholders.

I appreciate the continued community collaboration as we work to develop a plan that realizes the vision of three world-class Community Venues for Central Florida's residents. Please let me know if you have any questions.

Sincerely,

