

January 23, 2009

Good afternoon.

As a follow up to the memo you received last week and our commitment to an open and transparent process, here is an update on the progress we've made related to the financing plan for the Community Venues.

As you are aware, a key element of the funding for the Venues is based on leveraging Tourist Development Tax (TDT) revenues to help build these projects. Last week, Orange County released a projected 5% reduction in TDT revenues for 2009. We do not currently anticipate any TDT revenue for 2010 and possibly not even for 2011. Furthermore, we cannot issue TDT-backed bonds for the Venues until the actual TDT revenues are realized.

As a result of these projections, the difficult financial markets and an economy in recession, there is a substantial impact on the timeline of the Community Venues. If we stay with the current funding plan and credit markets return to normal, the Dr. P. Phillips Performing Arts Center (DPAC) could be delayed two to three years and the Citrus Bowl could be delayed six to ten years or longer; however, this all depends on the recovery period of TDT.

Without the TDT revenue, we cannot bring these projects out of the ground as scheduled, but our goal is to amend the financial model to bring these projects forward without a delay of years or even decades.

Over the last week, Mayor Crotty and I had an opportunity to discuss these projects and we both reiterated our commitment to delivering world-class Venues and much-needed economic stimulus to the residents and businesses of Orlando and Orange County. Senior staff from the City and County also met to better understand the TDT projections and examine funding sources. I have also participated in meetings with representatives from DPAC and Florida Citrus Sports. Additionally, I have spoken with leaders in our tourism and hospitality industry and our business community to reaffirm the importance of all three projects ... projects that our community needs during these challenging economic times.

We are developing a plan that allows both projects to proceed sooner than otherwise would be the case if we do nothing with the current financing plan and simply wait on the TDT to recover to a level sufficient to support the financing of the projects.

Below, please find additional information related to our work on the Venues financing plan since I wrote you last week:

Financing Plan – Based on the guidelines I outlined last week, staff is making progress as we explore options based on the commitments the City, County, hospitality industry and the entire community has made.

We are currently analyzing cost-reduction measures including timing, project schedules, site configuration and other opportunities to reduce the overall project budget. Specifically, staff, along with our Venue partners, is reviewing the viability of real estate options related to the current DPAC site and other City-owned property. Preliminary discussions have occurred 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. Additional real estate options are being reviewed such as the former OUC administration building.

The Downtown Development Board/Community Redevelopment Agency (CRA) also contracted with Real Estate Research Consultants (RERC) to conduct an updated, comprehensive review of real estate values to produce a conservative revenue forecast for the CRA. The projection shows positive growth despite the current economic downturn. This is the direct result of our investment in Downtown, bringing new commercial and residential buildings online, all of which help to support and grow property values in the CRA.

Media Coverage – Based on inquiries and follow up questions to the County's TDT projections released last week, we anticipate a story in the Orlando Sentinel this weekend that outlines various options that are being explored.

Next Steps – Staff will complete its analysis on funding alternatives and real estate configurations that will allow us to continue to build these projects in a prudent manner and within a reasonable timeframe. These recommendations will then be presented to our City Council and community stakeholders.

We will keep you informed as we continue to develop our plans for these important, regional projects. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Buddy Dyer". The signature is written in a cursive, flowing style.