Market and Financial Feasibility Study Report of the North Florida Fairgrounds

Prepared for Leon County, Florida

April 27, 2015

Submitted by:

MARKIN CONSULTING ▪ MAPLE GROVE, MINNESOTA

MARKIN CONSULTING

April 27, 2015

Mr. Brian Wiebler
Principal Planner
Tallahassee – Leon County Planning
300 South Adams Street
Tallahassee, Florida 32301

Dear Mr. Wiebler:

Markin Consulting is pleased to submit our ***Market and Financial Feasibility Study Report of the North Florida Fairgrounds (the Fairgrounds)***, dated April 27, 2015. Our report details the approach, methodologies, research, analyses and results of (1) assessing the community needs and market demand potential for new/expanded event facilities at Fairgrounds and (2) analyzing the financial and economic impacts associated with operating recommended facilities.

The findings and assumptions contained in this report reflect analyses of secondary sources of information and data, including data obtained from the State of Florida, City of Tallahassee and Leon County, as well as management of the North Florida Fair Association. We used sources that we deemed to be reliable but cannot guarantee their accuracy. We have no obligation, unless subsequently engaged, to update our report or revise the information contained therein to reflect events and transactions occurring after the date of this report.

The accompanying report is restricted to internal planning use by Leon County and may not be relied upon or referred to by any third party for any purpose including financing. Our analysis does not constitute an examination, compilation or agreed upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants.

We have appreciated working with Leon County and the North Florida Fair Association on this important analysis.

Sincerely

Rod Markin, President

120 Woodland Pond Park ■ 12072 87th Place N. ■ Maple Grove, MN 55369 ■ Phone 763-493-3568 ■ Fax 763-322-5013

NORTH FLORIDA FAIRGROUNDS STUDY

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PROJECT DESCRIPTION

Background and Objectives

This report was prepared for Leon County by Markin Consulting. It details the results of our assessment to determine potential market support and analyses of financial and economic impacts of improving event facilities at the North Florida Fairgrounds (the Fairgrounds).

The objectives of the market study were to:

- Determine the level of potential market demand (niches and target markets) for the Fairgrounds' facilities, on the basis of potential market position, competition, needs of the annual North Florida Fair (the Fair), any unsatisfied demand segments, community needs, support services, site location, appropriate mix and sizing of facilities, and other factors
- Recommend the facilities needed to successfully attract and retain the target markets and meet Fair needs, on the basis of the potential market support, community needs, support services, and competition, for event facilities (the Recommended Facilities)
- Assess and quantify the financial and economic impacts of the Recommended Facilities

Approach

Markin Consulting, in conducting the market demand and financial and economic impact analyses, performed the following work steps:

- Toured the Fairgrounds site, facilities and surrounding areas to assess location factors and their impacts on potential events, activities and facility needs
- Researched and analyzed the impact of demographic and economic trends of the Fairground's market area on potential demand for facilities at the Fairgrounds
- Researched and assessed the quality and quantity of community resources (lodging, restaurants, attractions, etc.) in proximity to the Fairgrounds that would appeal to, and support, potential users of Fairground facilities
- Identified, researched and assessed facilities that would be considered competition for events and activities at the Fairgrounds
- Conducted research, analyses, interviews and surveys of key stakeholders, current renters and potential users of the facilities at the Fairgrounds to identify level of interest in hosting their event at the Fairgrounds, event size and duration, time of year and facility/service needs
- Evaluated and analyzed private development opportunities for parcels at the Fairgrounds site
- Developed estimates of potential uses of facilities at the Fairgrounds and recommended specific facility components necessary to successfully attract and retain the identified target markets (the Recommended Facilities)
- Prepared analyses of the financial and economic impacts of building and operating the Recommended Facilities

Conditions of the Study

This report is to be used for facility planning at the North Florida Fairgrounds only. It is not to be used for any other purpose. This report may not be referred to or included in any prospectus, or as a part of any offering or representation made in connection with the sale of securities to the public.

Although we believe that the information and assumptions set forth in this report constitute a reasonable basis for the estimates of usage, the achievement of any estimate may be affected by fluctuating economic conditions and the occurrence of other future events that cannot be anticipated. Therefore, the actual results achieved will vary from the estimates and such variations may be material.

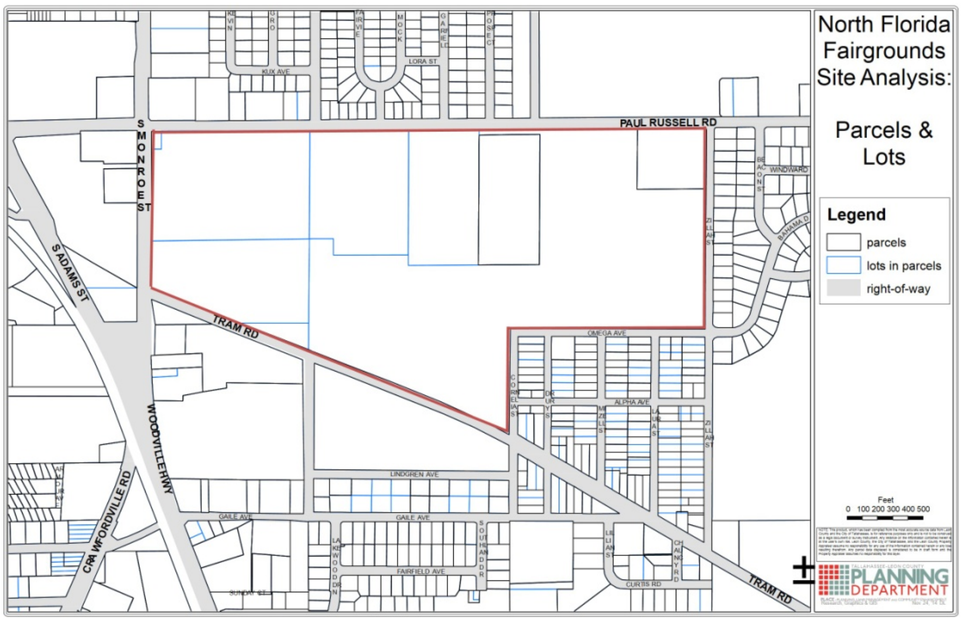
The terms of our engagement are that we have no responsibility to update this report or to revise the estimates because of event and transactions occurring subsequent to the date of this report.

Overview of Current Fairgrounds and Related Properties

This section presents an overview of key ownership, leases, buildings/structures and recent usage trends at the North Florida Fairgrounds.

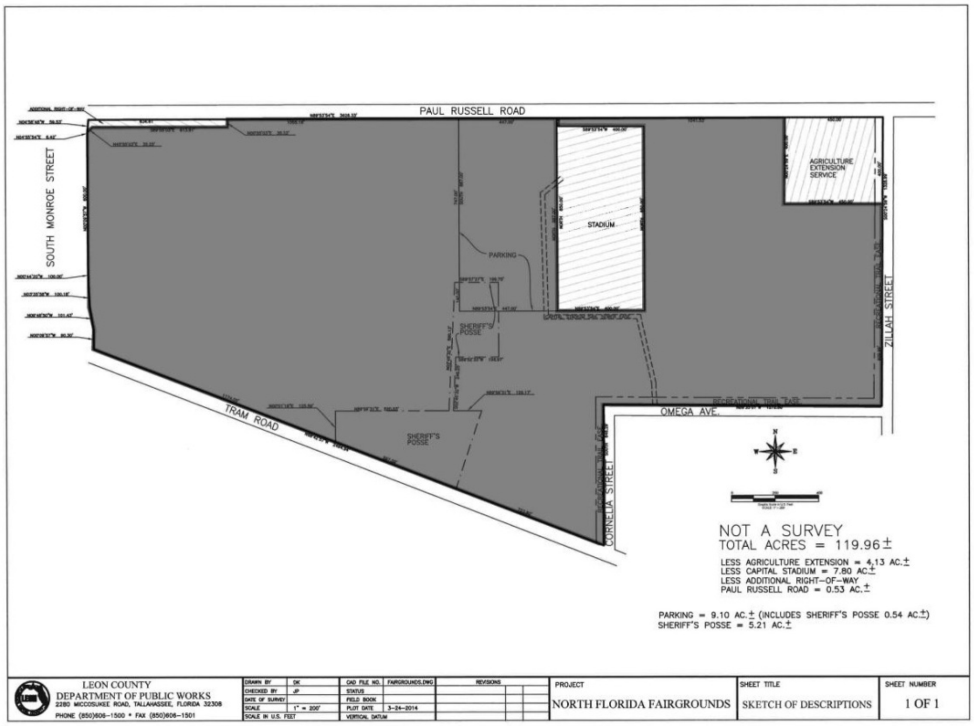
Fairgrounds Parcels, Lots and Leases

Our study involved a review and assessment of not only the property, buildings and structures known as the North Florida Fairgrounds, but also parcels and lots adjacent to the Fairgrounds property. The layout below shows the entire property owned by Leon County and leased to various organizations and entities that is the subject of this study.



The above highlighted property includes the parcel that was originally leased to the North Florida Fair Association (the Fair Association) in 1959 and comprises approximately 107.5 acres.

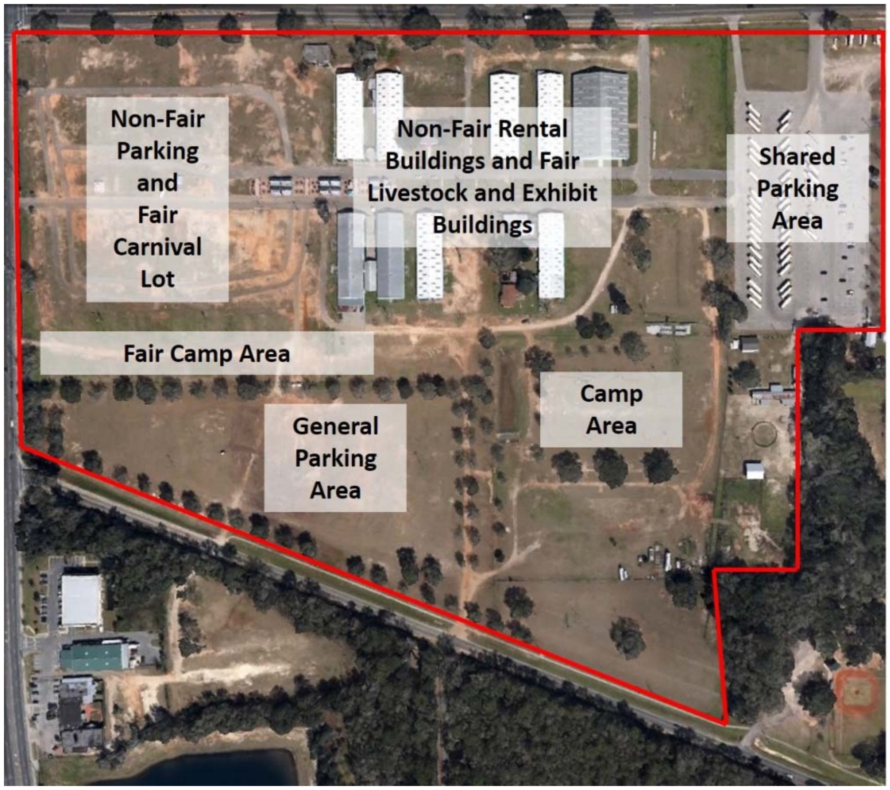
The dark area of the layout below shows the property that was leased to the Fair Association. The areas labeled "Stadium" and "Agriculture Extension Service" were excluded from the original leased property and are controlled by Leon County Schools and Leon County Cooperative Extension Service, respectively. The Stadium parcel is the site of Cox Stadium, a football complex. The Agriculture Extension Service parcel is the site of the offices of Leon County Cooperative Extension.

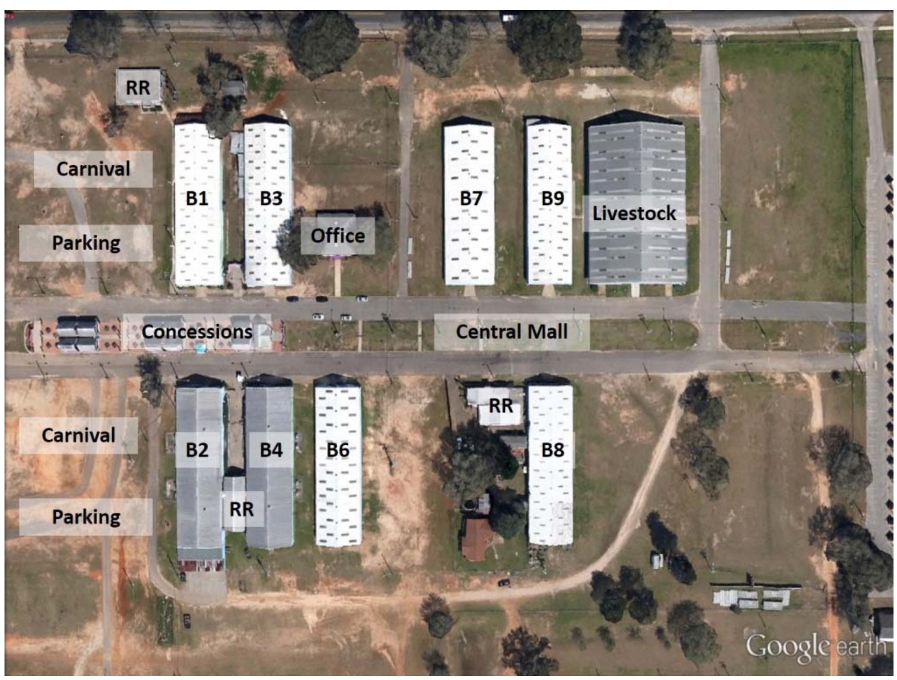


The Fair Association's lease of the Fairgrounds Property, most recently amended in 1995, extends to December 31, 2067 and provides for the Fair Association to maintain the grounds and improvements, subject to four additional ongoing uses not associated with the Fair Association's activities:

- The 9.1-acre parking lot abutting Cox Stadium is used by the Leon County School Board for parking in conjunction with its use of Cox Stadium pursuant to an August 1989 Joint Use Agreement with the Fair Association
- A 5.2-acre portion of the leased property abutting Tram Road is used for the sheriff's Mounted Patrol Facility and for the County's livestock impoundment area pursuant to a September 1999 Joint Use Agreement with the Fair Association
- An approximate 20.1-acre portion of the leased property abutting Tram Road is maintained by the City of Tallahassee for its Capital Park facility pursuant to the May 2005 Parks and Recreation Agreement, as amended in February 2008, between the City of Tallahassee and the County; and
- A 2.6-acre recreational trail is maintained by the city of Tallahassee along the easternmost boundary of the Fairgrounds property, 2.28-acres of which lies within the leased premises, pursuant to the Recreational Trail Easement conveyed by the County in June 2008 pursuant to Board Resolution 08-19

The portion of the leased property by the Fair Association in its operations consists principally of the parcels, buildings and structures shown in the aerials below.





Fairground Facilities

Following is an overview of principal spaces, buildings and structures shown on the previous page.

Carnival/Parking Lot

The western side of the Fairgrounds consists of a large open grass space (with paved access road) that is used as the location of the midway, games and carnival food concessions during the annual North Florida Fair (the Fair) and for event parking and outdoor exhibits during the remainder of the year.

<u>Buildings 1, 3, 7 and 9</u>

Located on the north side of an east-west central mall, Buildings 1, 3, 7 and 9 are metal-skin steel structures with no climate controls. These buildings are used for the floral exhibits, agricultural displays, poultry and petting zoo and goats and other small animals during the Fair.

<u>Livestock Barn</u>

Sited on the north east side of the Fairgrounds, the Livestock Barn is a large metal building, with multiple roll-up and man door access points. It is used for housing beef and dairy cattle during the annual Fair and is available to rent the remainder of the year.

<u>Buildings 2 and 4</u>

Located across the central mall area from Buildings 1 and 3, Buildings 2 and 4 are the only heated and air-conditioned buildings with finished interiors. Advertised at about 12,000 square feet per building, their interiors are slightly smaller than 12,000 sq. ft. after considering their interior finishes, including a kitchen area in Building 2. During the Fair, Building 2 is used for Home and Fine Arts exhibits. Building 4 houses commercial exhibitors during the Fair.

These two buildings are the most rented of all buildings for events and activities throughout the remainder of the year, as detailed on page 13.

Building 6

Neighboring Building 4, this metal building is similar in design and size as Building 1 and 3. During the Fair, Building 6 is home to 4-H exhibits and activities.

Building 8

This structure is a storage building and is not used for programming during the Fair nor is it rented for any non-Fair events or activities.

Information and Concession Structures

On the western end of the central mall corridor are large concrete structures that are used for disseminating information to Fair patrons and for non-profit organizations to sell food concessions. These spaces are available for rent the remaining of the year.



Restrooms

The Fairgrounds has 3 permanent restroom buildings on the grounds. One is located between Buildings 2 and 4 (accessed from the outside only), one is sited just northwest of Building 1 and one is located adjacent to Building 8 fronting the central mall corridor.

Camping Area

Areas marked on the map (page 5) as camp area consist of electric and water hook-ups. According to management of the Fair Association, the Fairgrounds has about 500 identified camp sites.

Ingress/Egress

The Fairgrounds has a number of access points that are used by patrons either for the Fair or for non-Fair events. During the Fair, the shared paved lot between the Fairgrounds and Cox Stadium experiences the highest volume of traffic (off Paul Russell Road), followed by the general parking areas accessed off Tram Road. During non-Fair events, parking is generally sited in the west carnival/parking lot and is accessed off South Monroe Street. The shared paved parking lot is available for only a few non-Fair events.

Recent Usage Trends of Fairground Facilities

To assess the recent historical use of buildings, structures and spaces at the fairgrounds, we used event and building use reports for the calendar years 2012 to 2014, provided by the Fair Association. This assessment relates to non-Fair activities only.

According to Fair Association records, in 2012, 55 non-Fair events were staged at the Fairgrounds; accounting for 92 event days and 179 use days.[1] For 2013, 58 non-Fair events were held at the Fairgrounds; accounting for 100 event days and 209 use days. For 2014, 56 non-Fair events accounted for 91 event days and 178 use days. The following tables present the number and percentage of events, event days and use days for those events, by event type.

North Florida Fairgrounds
Number of Events by Type, 2012 - 2014

Event Type	2012	2013	2014
Animal Show	3	3	2
Community Event	4	6	4
Consumer/Trade Show	11	11	11
Dog Show	3	3	3
Dog Training	8	10	12
Festival	2	2	2
Fundraiser	3	3	3
Other	1	2	3
Private Party/Banquet	9	7	10
RV Rally	1	0	0
Sale/Auction	4	6	4
School Use	1	1	1
Spectator Event	5	4	1
Total	55	58	56

Source: North Florida Fair Association

North Florida Fairgrounds
Number of Event Days by Type, 2012 - 2014

Event Type	2012	2013	2014
Animal Show	7	8	3
Community Event	5	7	5
Consumer/Trade Show	20	21	20
Dog Show	7	7	9
Dog Training	8	13	12
Festival	2	2	3
Fundraiser	5	5	4
Other	1	4	5
Private Party/Banquet	9	7	10
RV Rally	10	0	0
Sale/Auction	12	20	18
School Use	1	1	1
Spectator Event	5	5	1
Total	92	100	91

Source: North Florida Fair Association

North Florida Fairgrounds
Number of Use Days by Type, 2012 - 2014

Event Type	2012	2013	2014
Animal Show	18	20	7
Community Event	12	17	13
Consumer/Trade Show	46	46	38
Dog Show	11	13	14
Dog Training	8	21	17
Festival	6	6	8
Fundraiser	10	10	8
Other	2	10	13
Private Party/Banquet	19	17	21
RV Rally	12	0	0
Sale/Auction	19	35	34
School Use	2	2	2
Spectator Event	14	12	3
Total	179	209	178

Source: North Florida Fair Association

North Florida Fairgrounds
Number of Events by Type, 2012-2014

	2012	2013	2014
Animal Show	5.5%	5.2%	3.6%
Community Event	7.3%	10.3%	7.1%
Consumer/Trade Show	20.0%	19.0%	19.6%
Dog Show	5.5%	5.2%	5.4%
Dog Training	14.5%	17.2%	21.4%
Festival	3.6%	3.4%	3.6%
Fundraiser	5.5%	5.2%	5.4%
Other	1.8%	3.4%	5.4%
Private Party/Banquet	16.4%	12.1%	17.9%
RV Rally	1.8%	0.0%	0.0%
Sale/Auction	7.3%	10.3%	7.1%
School Use	1.8%	1.7%	1.8%
Spectator Event	9.1%	6.9%	1.8%
Total	100.0%	100.0%	100.0%

Source: North Florida Fair Association

North Florida Fairgrounds
Number of Event Days by Type, 2012 - 2014

	2012	2013	2014
Animal Show	7.6%	8.0%	3.3%
Community Event	5.4%	7.0%	5.5%
Consumer/Trade Show	21.7%	21.0%	22.0%
Dog Show	7.6%	7.0%	9.9%
Dog Training	8.7%	13.0%	13.2%
Festival	2.2%	2.0%	3.3%
Fundraiser	5.4%	5.0%	4.4%
Other	1.1%	4.0%	5.5%
Private Party/Banquet	9.8%	7.0%	11.0%
RV Rally	10.9%	0.0%	0.0%
Sale/Auction	13.0%	20.0%	19.8%
School Use	1.1%	1.0%	1.1%
Spectator Event	5.4%	5.0%	1.1%
Total	100.0%	100.0%	100.0%

Source: North Florida Fair Association

North Florida Fairgrounds
Number of Use Days by Type, 2012 - 2014

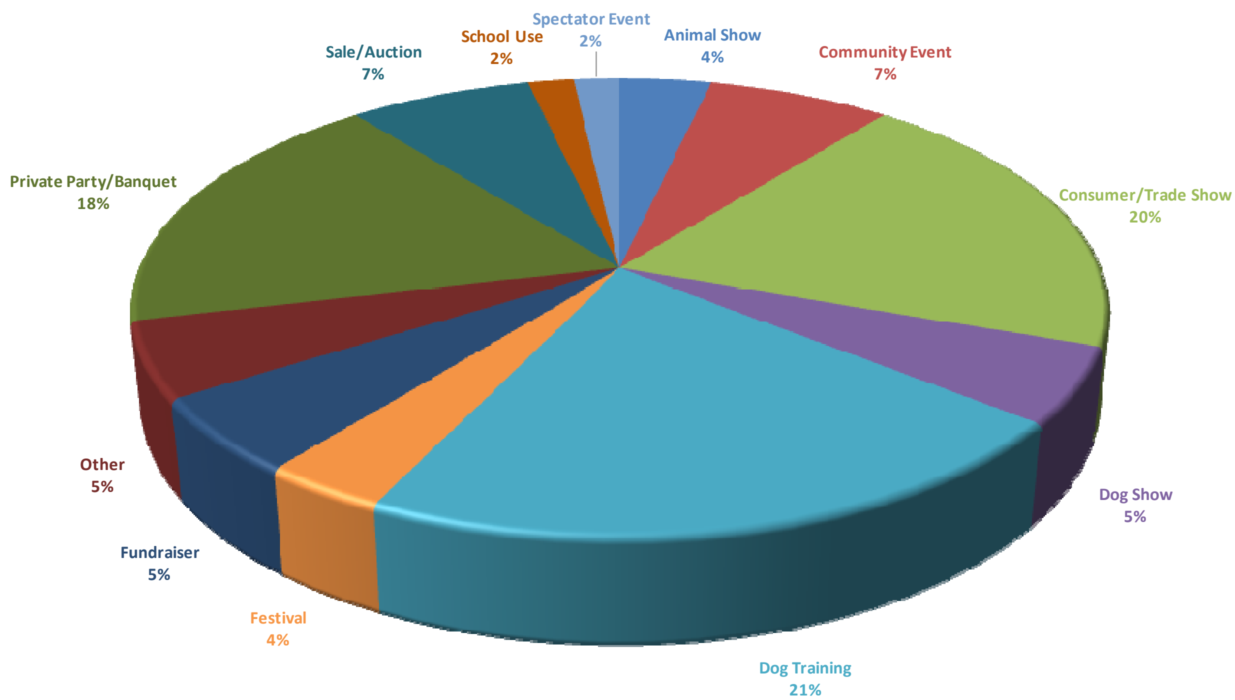
	2012	2013	2014
Animal Show	10.1%	9.6%	3.9%
Community Event	6.7%	8.1%	7.3%
Consumer/Trade Show	25.7%	22.0%	21.3%
Dog Show	6.1%	6.2%	7.9%
Dog Training	4.5%	10.0%	9.6%
Festival	3.4%	2.9%	4.5%
Fundraiser	5.6%	4.8%	4.5%
Other	1.1%	4.8%	7.3%
Private Party/Banquet	10.6%	8.1%	11.8%
RV Rally	6.7%	0.0%	0.0%
Sale/Auction	10.6%	16.7%	19.1%
School Use	1.1%	1.0%	1.1%
Spectator Event	7.8%	5.7%	1.7%
Total	100.0%	100.0%	100.0%

Source: North Florida Fair Association

[1] Use days include move-in/move-out days and actual event days, as reported by the North Florida Fair Association.

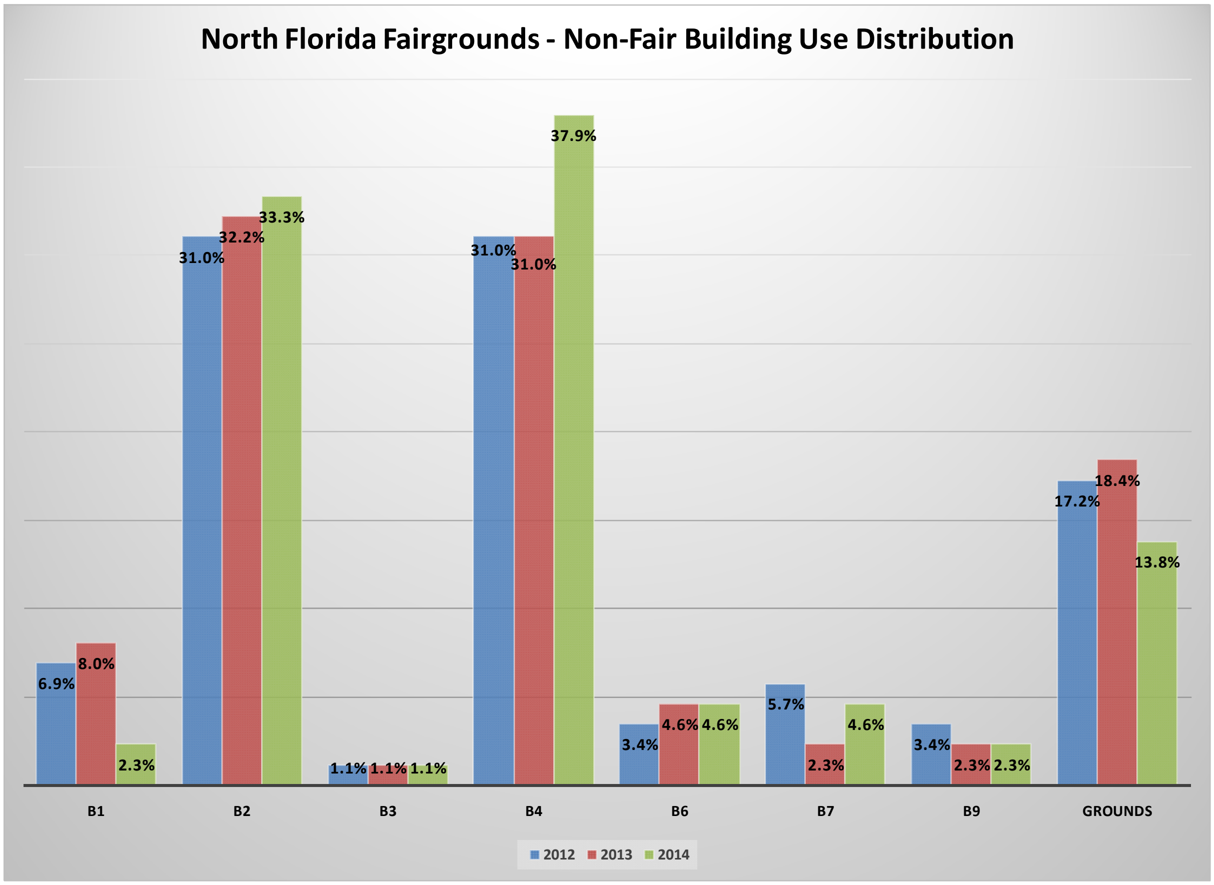
The chart below presents the percentage breakdown of non-Fair events, by type, that rented facilities, structures and outdoor spaces at the Fairgrounds in 2014.

NORTH FLORIDA FAIRGROUNDS - 2014 EVENT DISTRIBUTION BY TYPE



Though dog training activities represented 21 percent of the total number of events in 2014, those activities represented only 9.6 percent of total event days. Consumer/trade shows and sales/auctions were the two event types that accounted for the most actual event and use days, as well as the percentage of total event days and use days.

An analysis of non-Fair use by building, structure and outdoor spaces for 2012 to 2014 revealed that Buildings 2 and 4 were the most used buildings at the Fairgrounds, followed by Building 1 (in 2012 and 2013) and Buildings 6 and 7 (in 2014). Multiple events used outside spaces (in addition to parking areas). The chart below presents the percentage breakout of use by building/space for 2012 to 2014 non-Fair events.



Non-Fair events held at the North Florida Fairgrounds during the years 2012 to 2014 included:

- Antique Bottle Show
- Big Bend Bird Club
- Bully Bash
- Dale Earnhardt Jr. Auto Sale
- Family Campers and RV'ers
- FAMU
- FSU and FAMU Sororities and Fraternities
- Gun & Knife Show
- Kids Fest
- Leo County Schools
- Liquidation Sale
- Maranatha Health Fair
- Market Days
- Ochlochonee River Kennel Club
- Pig Fest
- Private Parties and Fundraisers
- Reading Rally
- Repticon
- Tallahassee Boat Show
- Tallahassee Dog Obedience Club
- Tallahassee Rollergirls

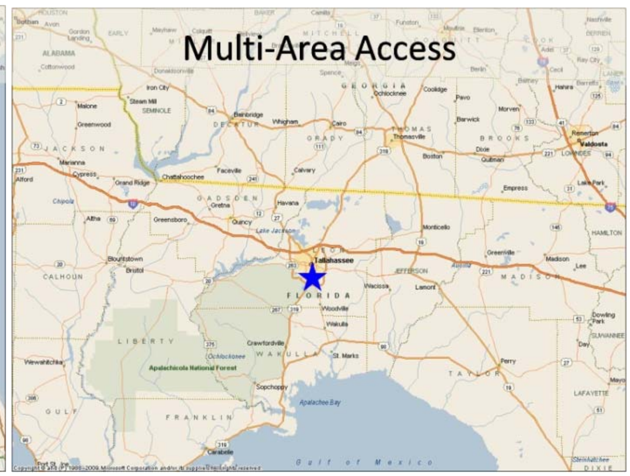
The above list is not the complete list of non-Fair events, but is representative of the principal events held at the Fairgrounds.

FACTORS AFFECTING DEMAND FOR FACILITIES

The demand for event facilities is dependent on a number of factors – location, community resources, facilities, demographic and economic trends and competitive and comparable facilities. This section presents an overview of these factors in relation to the Fairgrounds.

Site Location Assessment

Located in Tallahassee, the Fairgrounds is in the eastern side of the Florida panhandle, with regional and multi-area access via Interstate 10 from the east and west, US Highway 27 from the northwest and US Highway 319 from the north and south.



The table below shows the corresponding mileage and drive times to and from Tallahassee.

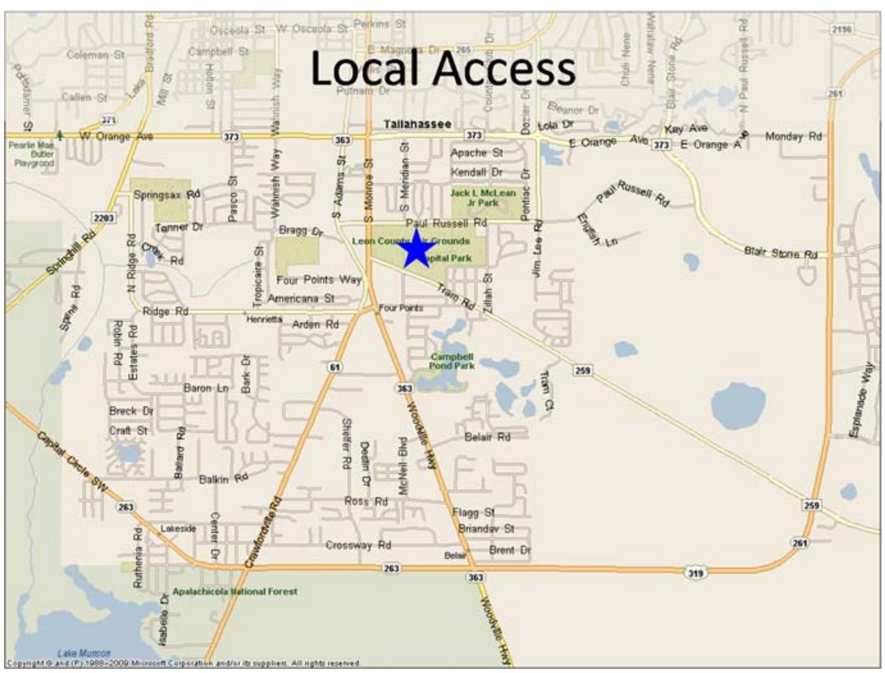
North Florida Fairgrounds
Distance and Drivetime Distances from Tallahassee

Location	Distance	Drive Time
Monticello, FL	32 miles	40 minutes
Thomasville, GA	37 miles	55 minutes
Bainbridge, GA	43 miles	63 minutes
Tifton, GA	94 miles	122 minutes
Dothan, AL	97 miles	113 minutes
Panama City, FL	100 miles	119 minutes
Gainesville, FL	157 miles	146 minutes
Fort Walton Beach, FL	166 miles	163 minutes
Jacksonville, FL	167 miles	157 minutes
Pensacola, FL	199 miles	177 minutes

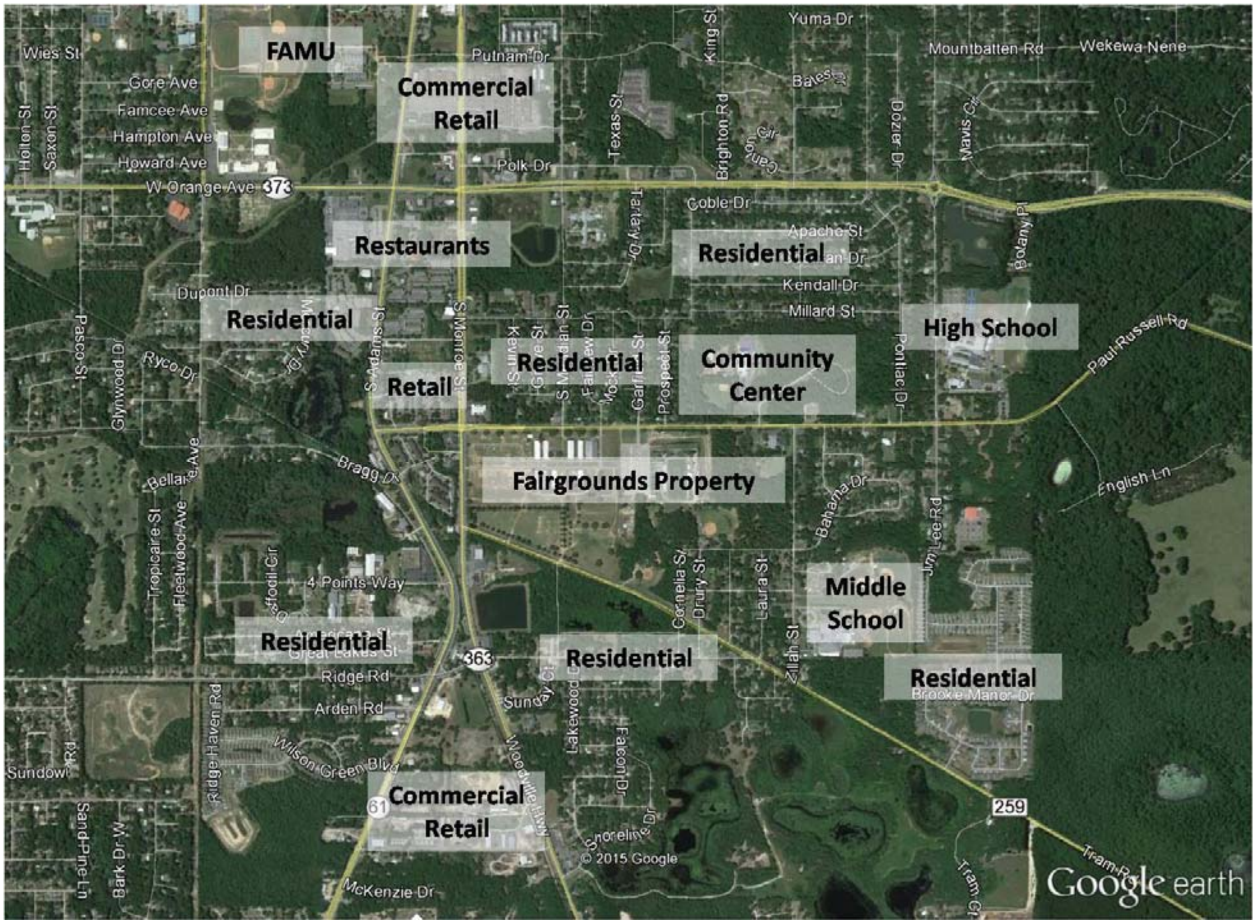
Source: Google Maps

The Fairgrounds site is located in the southern area of Tallahassee and south central Leon County.

Local access to the Fairground site is via S. Monroe Street from the north, Paul Russell Road from the east and west and Crawford Road and Woodville Highway from the south.



The aerial view below shows the variety of land uses with areas in closest proximity to the Fairgrounds.



The Fairgrounds is bordered by Paul Russell Road along the north, south Monroe Street along the west and Tram Road along its southern edge. Below are recent daily traffic counts provided by KSS Fuels Traffic Metrix:

Street Location	Most Recent Year	Average Daily Traffic Count
Paul Russell, east of S. Monroe St.	2005	11,000
Paul Russell, east of S. Adams St.	2012	8,732
S. Monroe St., south of Paul Russell Rd.	2012	13,292
S. Monroe St., north of Paul Russell Rd.	2011	17,600
Tram Road, near south entrance to F.G.	2012	3,106
Woodville Highway, south of Tram Rd.	2011	15,400

Source: KSS Fuels Traffic Metrix

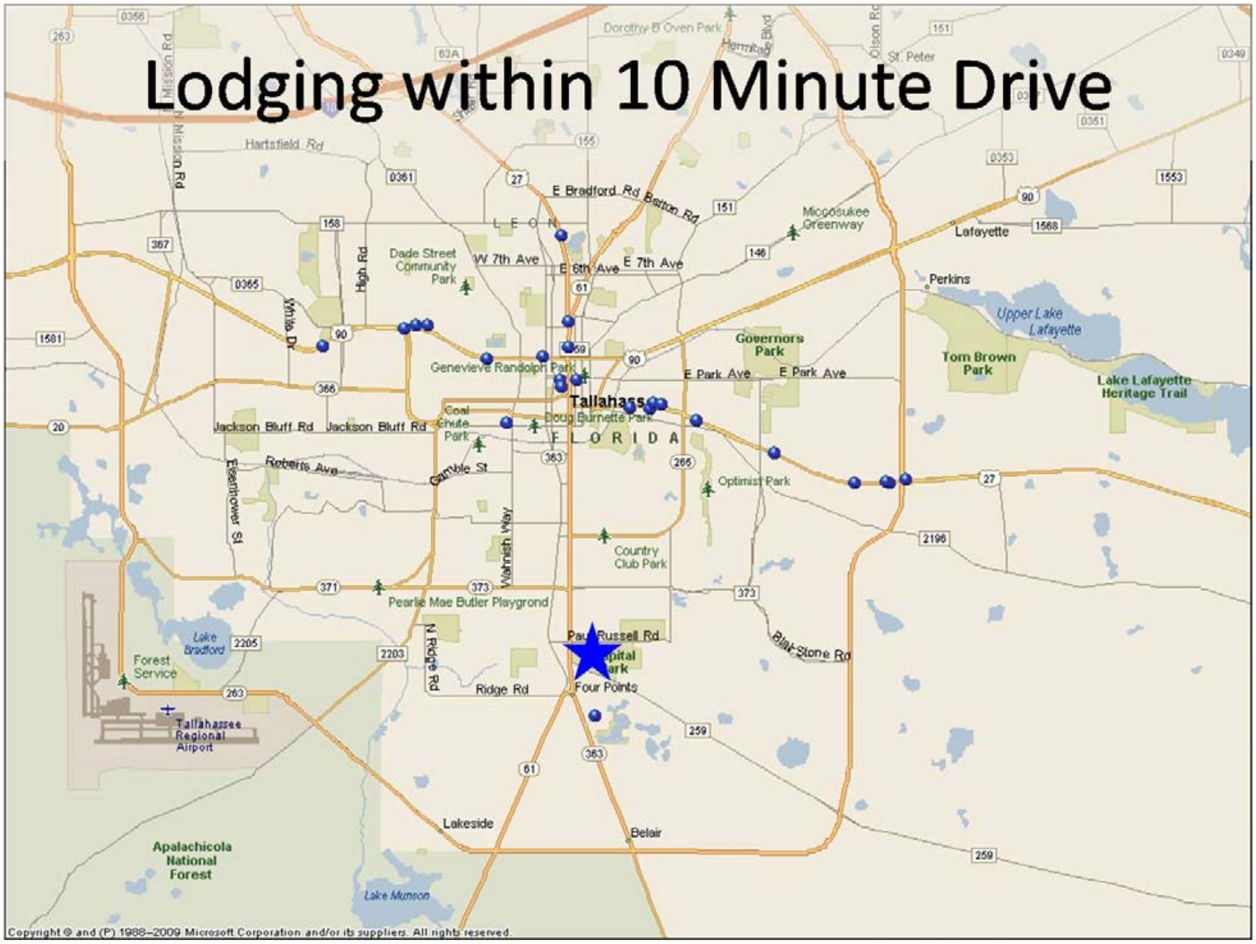
Community Resources

This section presents an overview of the availability of lodging, shopping, restaurants and other facilities available in the Evanston area.

Hotel/Motels

According to Leon County Division of Tourism Development, the local Convention and Visitors Bureau, there are more than 5,500 hotel rooms in the entire Tallahassee metro area. The map below shows the proximity of the Fairgrounds to area lodging facilities – both national chain and locally-owned properties.

The map below shows the proximity of the Fairgrounds to lodging facilities located within a 10-minute drive.



The table below presents the preferred lodging facilities for meetings and conventions, per Leon County Division of Tourism Development, in the metro area.

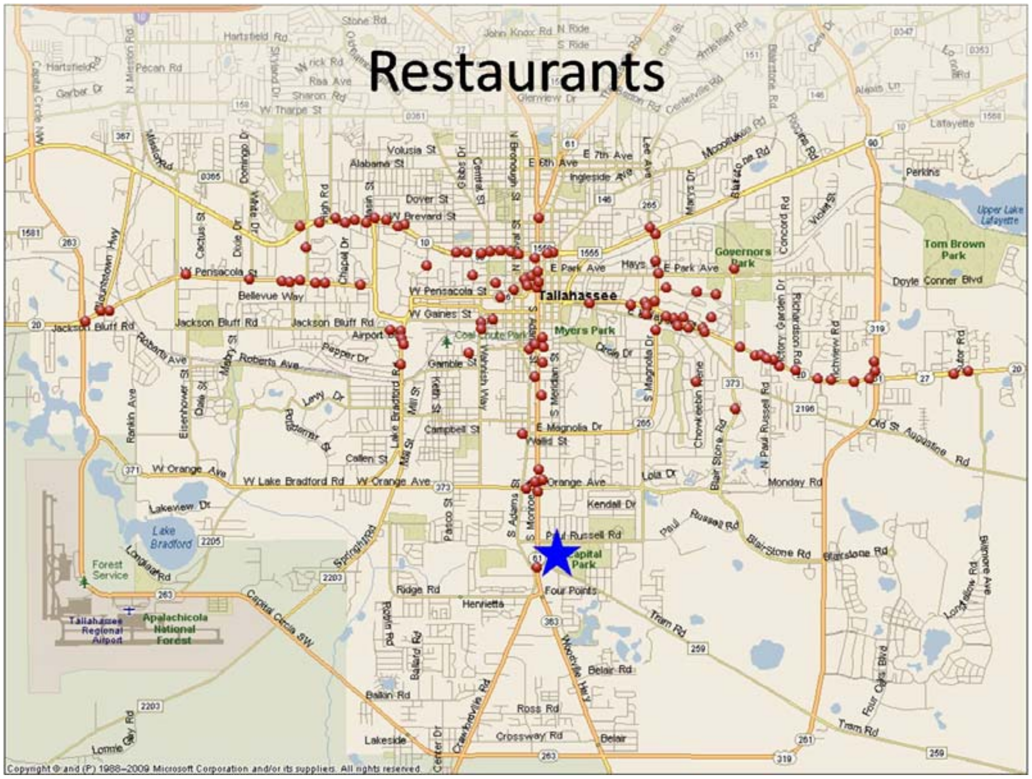
North Florida Fairgrounds
Hotels in Market Area

Name	Number of Rooms	Name	Number of Rooms
Aloft Tallahassee Downtown	162	Holiday Inn Express East	135
Baymond Inn & Suites Central	134	Holiday Inn Tallahassee Conference Center	132
Baymond Inn and Suites Tallahassee	93	Homewood Suites Tallahassee	94
Best Western Plus Tallahassee North Hotel	96	Hotel Duval	135
Best Western Pride Inn & Suites	78	Howard Johnson Express Inn	51
Best Western Seminole Inn	60	Inn at Killearn Country Club	30
Candlewood Suites Tallahassee	114	La Quinta Inn Tallahassee North	154
Capital Circle Inn & Suites	100	Microtel Inn & Suites	91
Capital Inn Motel	18	Motel 6 Downtown	7
Comfort Suites	90	Motel 6 North	13
Country Inn & Suites East	60	Motel 6 Tallahassee West	101
Country Inn & Suites Tallahassee	65	Quality Inn	73
Courtyard by Marriott Tallahassee Capital	154	Quality Inn & Suites-Capital District	90
Courtyard by Marriott Tallahassee North	93	Ramada Plaza Capitol	151
Days Inn Government Center	80	Red Roof Inn	108
Days Inn Tallahassee University Center	47	Residence Inn Tallahassee North	78
Double Tree Hotel Tallahassee	243	Residence Inn Tallahassee Universities	64
Econo Lode North	82	Rodeway Inn	60
Econo Lodge Tallahassee	40	Sleep Inn	78
Extended Stay America	59	Spring Hills Suites Tallahassee Central	88
Fairfield Inn by Marriott	79	Staybridge Suites Tallahassee I-10 North	104
Fairfield Inn & Suites Tallahassee Central	97	Super 8 Motel	112
Four Points by Sheraton Tallahassee Downtown	164	Towneplace Suites	95
Governors Inn	41	Travelodge Tallahassee	188
Guest House Inn Tallahassee	160	University Inn & Suites Tallahassee	56
Hampton Inn & Suites I-10	122	Value Place Tallahassee East	121
Hampton Inn Tallahassee Central	78	Value Place Tallahassee West	121
Hilton Garden Inn Tallahassee	99	Wingate by Wyndham	116
Hilton Garden Inn Tallahassee Central	85	**Total Number of Rooms**	2,793

Source: Leon County Division of Tourism Development

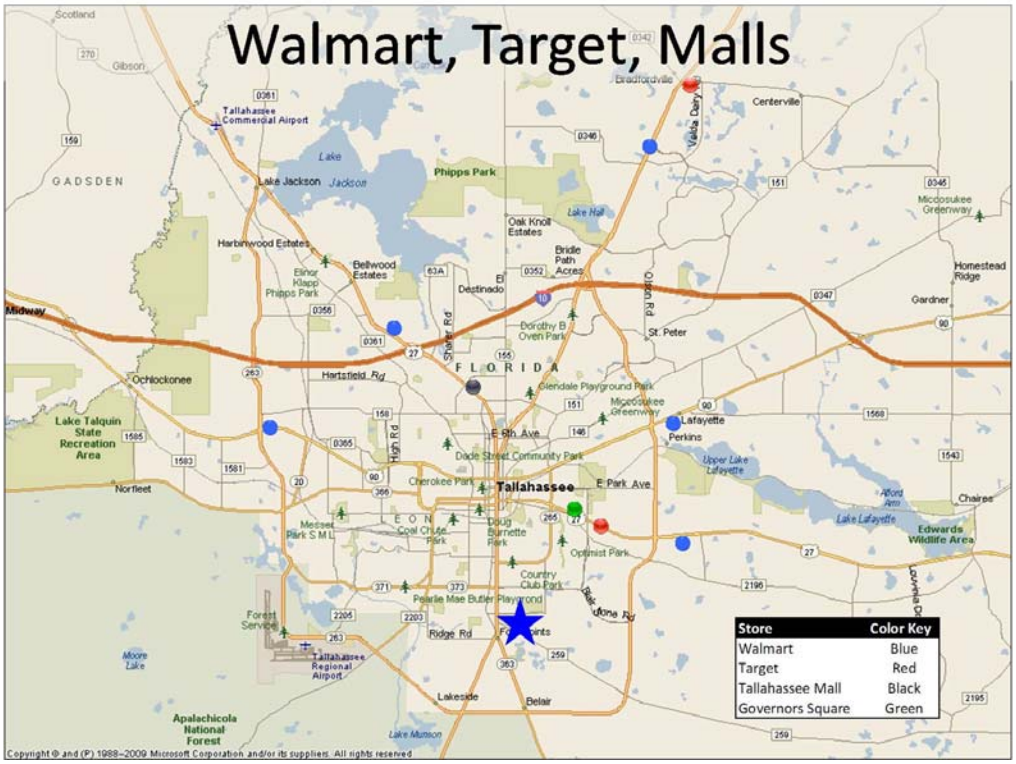
Restaurants

The Fairgrounds is in close proximity to a variety of eating establishments located along South Monroe Street, as well as along Apalachee Parkway and Tennessee Street, as illustrated in the below map. These restaurants include fast food, national chain restaurants, locally-owned diners, hotel restaurants, coffee shops and similar eating establishments.



Retail

In addition to the commercial and retail areas in close proximity to the Fairgrounds (shown in the aerial on page 16), Tallahassee has a number of significant retail corridors and locations, including Governors Square, Tallahassee Mall, Walmart, Target and grocery chain locations, shown in the following maps.



Area Attractions and Events

There are a variety of attractions in the Tallahassee area, including:

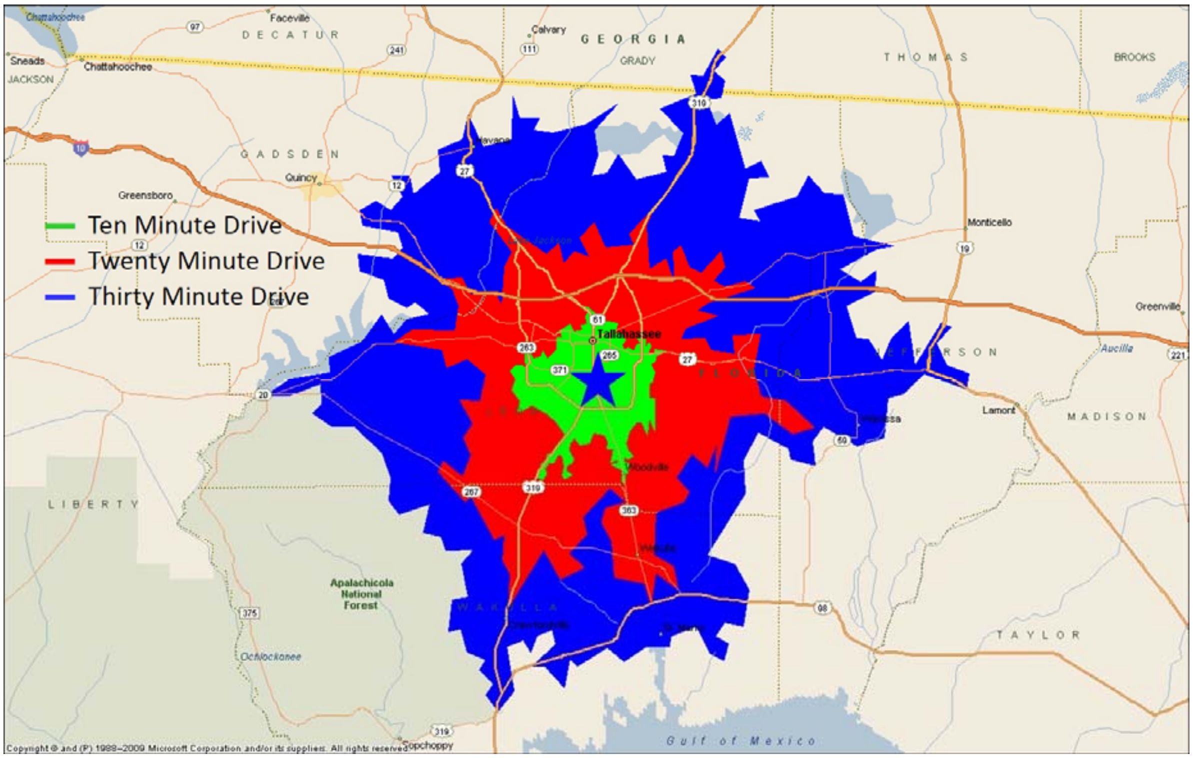
- Florida State Capitol
- Tallahassee Museum
- LeMagne Chain of Parks Arts Festival
- Cascades Park
- Florida State University
- Florida A&M University
- Challenger Learning Center
- Florida Caverns State Park
- Springtime Tallahassee Festival
- Florida Historic Capitol Museum
- Tallahassee Automobile Museum
- Wakulla Springs State Park

In addition, Tallahassee/Leon County residents and visitors have a variety of annual events and activities to choose from, including:

Downtown Marketplace	Southern Shakespeare Fest
FSU and FAMU Arts	Springtime Tallahassee
FSU and FAMU Athletics	Summer Concert Series
Jazz & Blues Festival	Tallahassee Film Festival
Outdoor Activities	Winter Festival

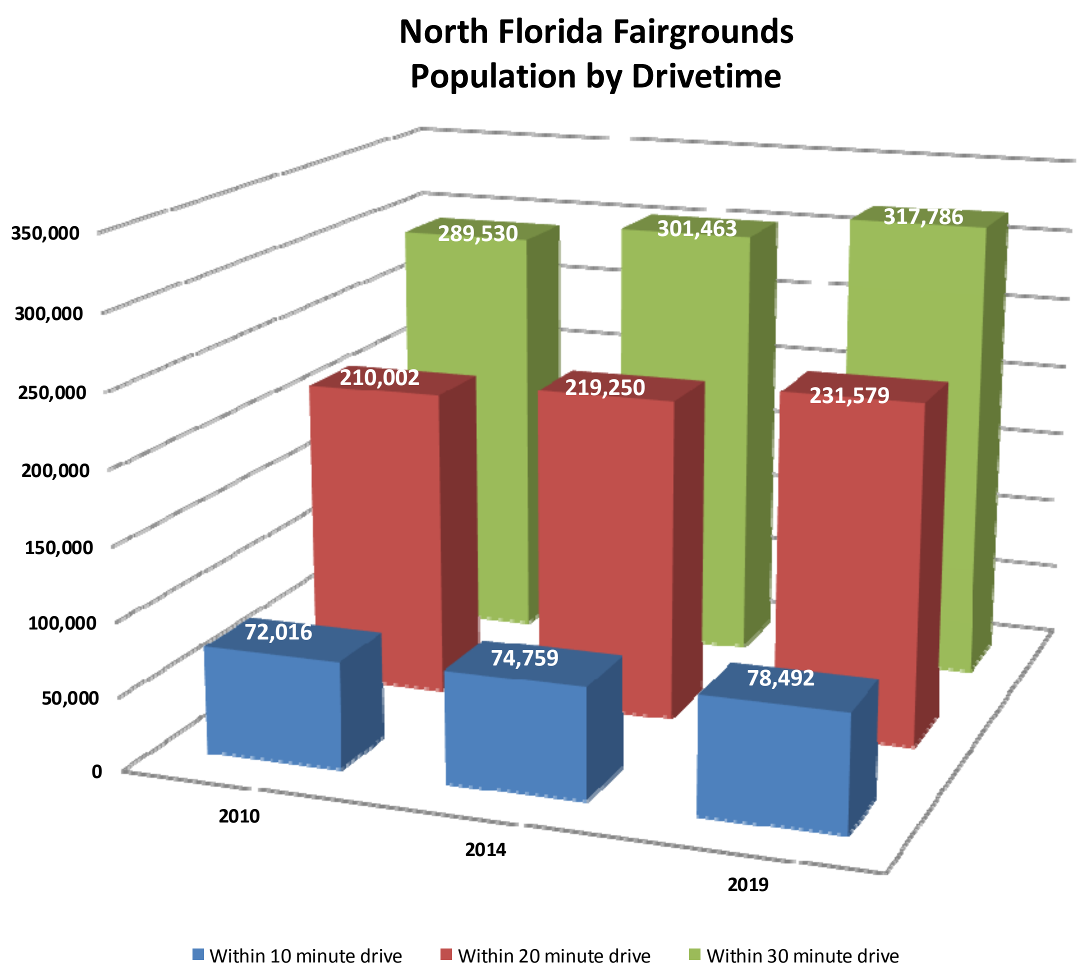
DEMOGRAPHIC AND ECONOMIC TRENDS

For purposes of the market assessment, based on the location of the Fairgrounds site, access to the site and estimated drive times and other transportation access, the primary market area for non-Fair events and activities at the Fairgrounds that appeal to local residents is expected to be within a 20-minute drive time. For purposes of this assessment, we have analyzed key market characteristics of the population within a 10-minute, 20-minute and 30-minute drive time of the grounds, as shown in the map below.



Population Trends

The chart below shows the 2010 Census, 2014 estimated and 2019 projected population living within 10-minutes, 20-minutes and 30-minutes of the Fairgrounds.



Households

The table below presents the number of households, by drive time, for the Fairgrounds market. Based on the number of households and population with the various drive times, the average household size is about 2.4 persons for the households within 20 minutes of the Fairgrounds.

North Florida Fairgrounds
Household Trends, 2010 - 2019

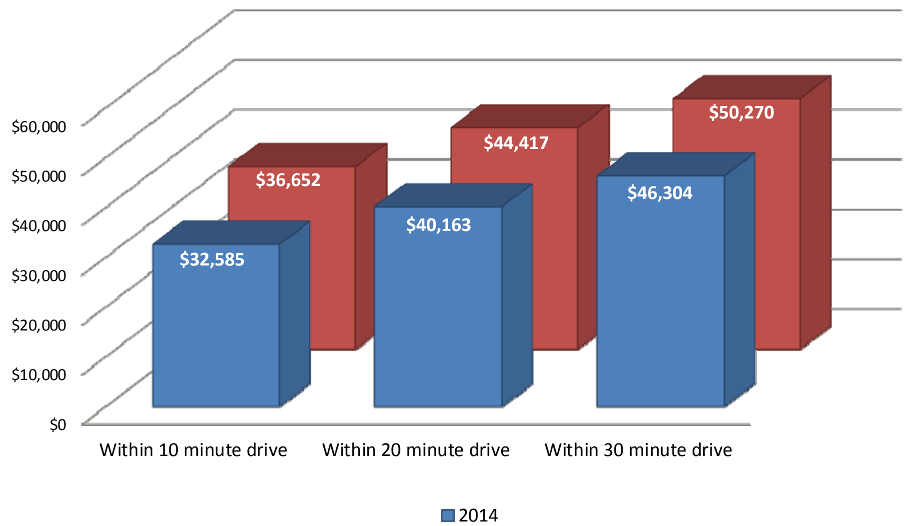
Market Area	2010	2014	2019
Within 10 minute drive	28,272	29,486	31,124
Within 20 minute drive	86,454	90,445	95,816
Within 30 minute drive	115,233	120,195	127,067

Source: The Nielsen Company, 2014

Income Trends

The charts below present the estimated 2014 and projected 2019 median household incomes and average household incomes, by drive times, for the Fairgrounds.

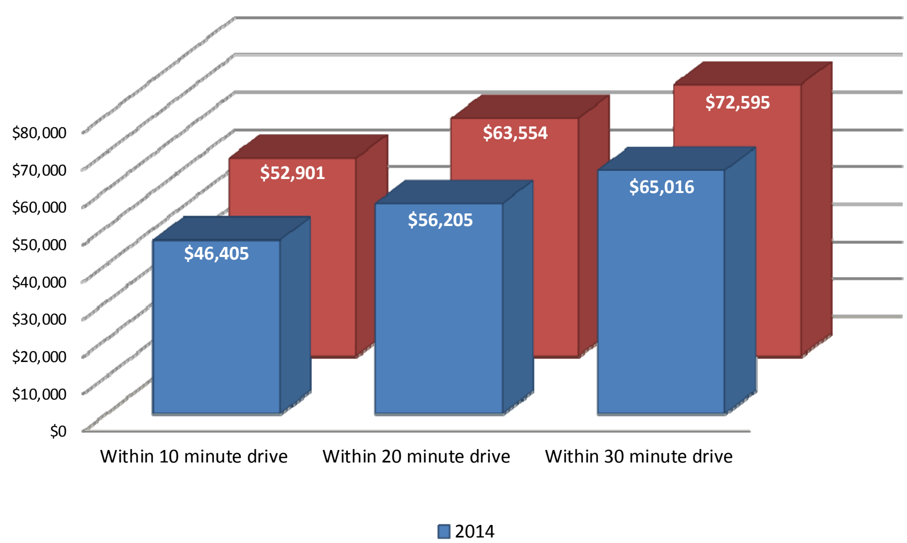
North Florida Fairgrounds
Median Household Income by Drivetime



The median and average incomes of households within 20 minutes of the Fairgrounds, $40,163 and $56,205, respectively, are substantially lower than those of both the US and State of Florida. The 2014 US median household income was $51,939 and the 2013 median household income in Florida was $46,036, according to the U.S. Census Bureau.

The low median and average household incomes shown in the above tables, reflects the presence of the large student population of both FSU and FAMU.

North Florida Fairgrounds
Average Household Income by Drivetime



Age Trends

The median age of the population within 20 minutes of the Proposed Site is estimated at just under 29 years, as shown in the table below. Again, the student populations of FSU and FAMU significantly affect these statistics.

North Florida Fairgrounds
Median Age

Market Area	2010	2014	2019
Within 10 minute drive	25.0	25.9	27.9
Within 20 minute drive	28.1	28.7	30.7
Within 30 minute drive	30.8	31.2	32.9

Source: The Nielsen Company, 2014

The table below presents the age segments for the population within 10-minutes, 20-minutes and 30-minutes of the Fairgrounds for the years 2010, 2014 and 2019.

North Florida Fairgrounds
Population Distribution Percentages

	Ages						
Market Area	0 - 14	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65+
2010							
Within 10 minute drive	13.8%	35.6%	16.3%	9.0%	9.2%	7.8%	8.3%
Within 20 minute drive	14.0%	34.5%	16.8%	10.0%	8.5%	8.2%	8.0%
Within 30 minute drive	14.4%	30.9%	16.5%	12.5%	8.3%	7.9%	9.5%
2014							
Within 10 minute drive	13.0%	26.4%	16.6%	13.1%	9.4%	9.4%	12.1%
Within 20 minute drive	14.8%	29.2%	16.3%	10.5%	9.6%	9.5%	10.0%
Within 30 minute drive	15.1%	25.7%	16.2%	12.8%	9.1%	9.2%	11.8%
2019							
Within 10 minute drive	16.3%	25.0%	14.7%	11.3%	12.4%	10.8%	9.4%
Within 20 minute drive	15.7%	25.1%	14.7%	11.1%	11.3%	11.0%	11.0%
Within 30 minute drive	15.5%	22.6%	15.0%	12.3%	10.5%	10.9%	13.2%

Source: The Nielsen Company, 2014

As noted above, the student population of FSU and FAMU significantly affect the distribution of the population's ages, with over 25 percent of the population in the 15 to 24 age range.

Race/Ethnicity

The table below shows the 2010, 2014 and 2019 estimated percentage breakdown of the population, by race/ethnicity, within 10-minutes, 20-minutes and 30-minutes of the Fairgrounds.

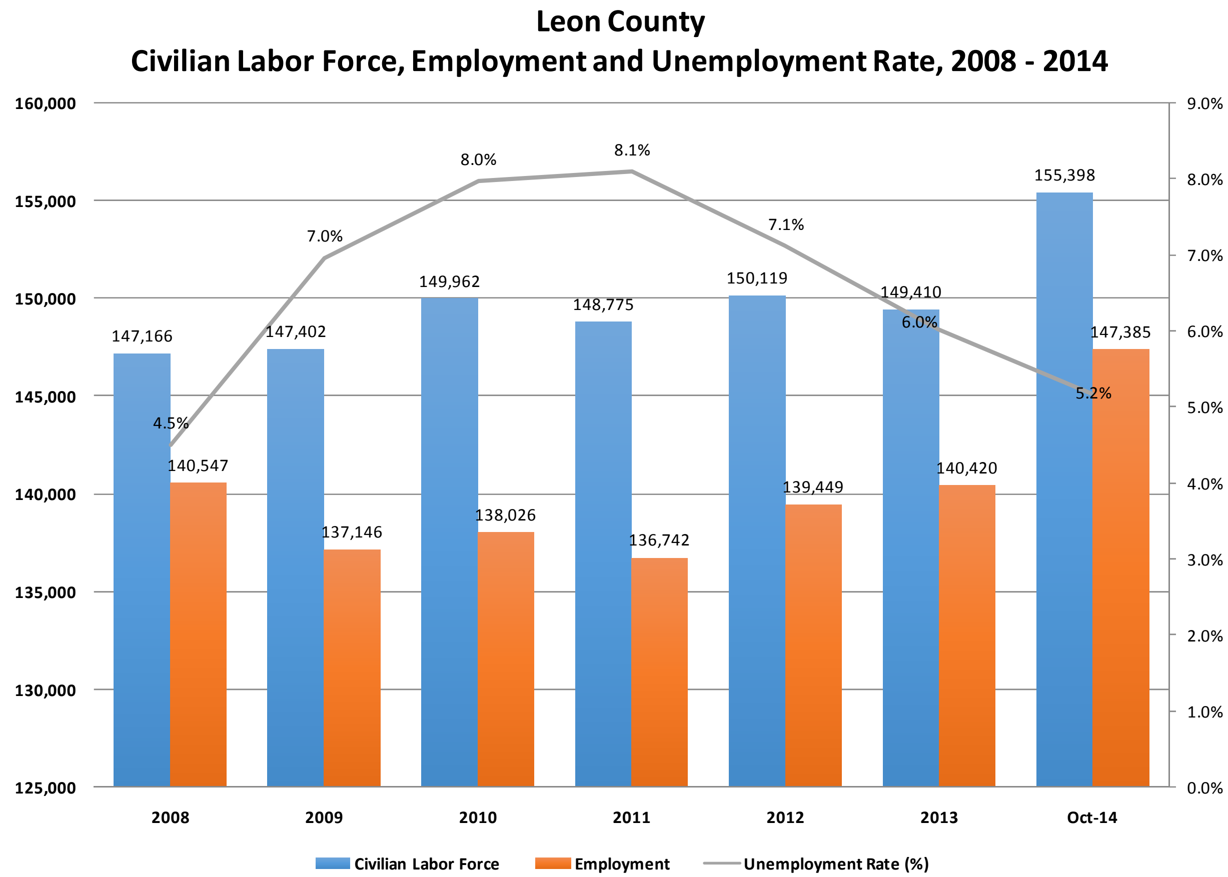
North Florida Fairgrounds
Race/Ethnicity Trends by Drive Time

	Ethnicity							
Market Area	White	Black	American Indian	Asain	Pacific Islander	Other Race	Two or More Races	Hispanic
2010								
Within 10 minute drive	46.7%	46.8%	0.3%	2.9%	0.1%	1.0%	2.1%	5.2%
Within 20 minute drive	46.2%	46.8%	0.3%	3.0%	0.1%	1.2%	2.4%	6.3%
Within 30 minute drive	45.3%	47.1%	0.3%	3.1%	0.1%	1.3%	2.8%	7.7%
2014								
Within 10 minute drive	57.6%	35.4%	0.3%	2.9%	0.1%	1.3%	2.4%	6.0%
Within 20 minute drive	56.1%	36.2%	0.3%	3.0%	0.1%	1.6%	2.7%	7.4%
Within 30 minute drive	54.2%	37.2%	0.3%	3.1%	0.1%	1.9%	3.2%	9.3%
2019								
Within 10 minute drive	62.9%	30.5%	0.3%	2.8%	0.1%	1.2%	2.2%	5.5%
Within 20 minute drive	61.5%	31.2%	0.3%	2.9%	0.1%	1.5%	2.6%	6.8%
Within 30 minute drive	59.7%	32.1%	0.3%	3.0%	0.1%	1.8%	3.0%	8.6%

Source: The Nielsen Company, 2014

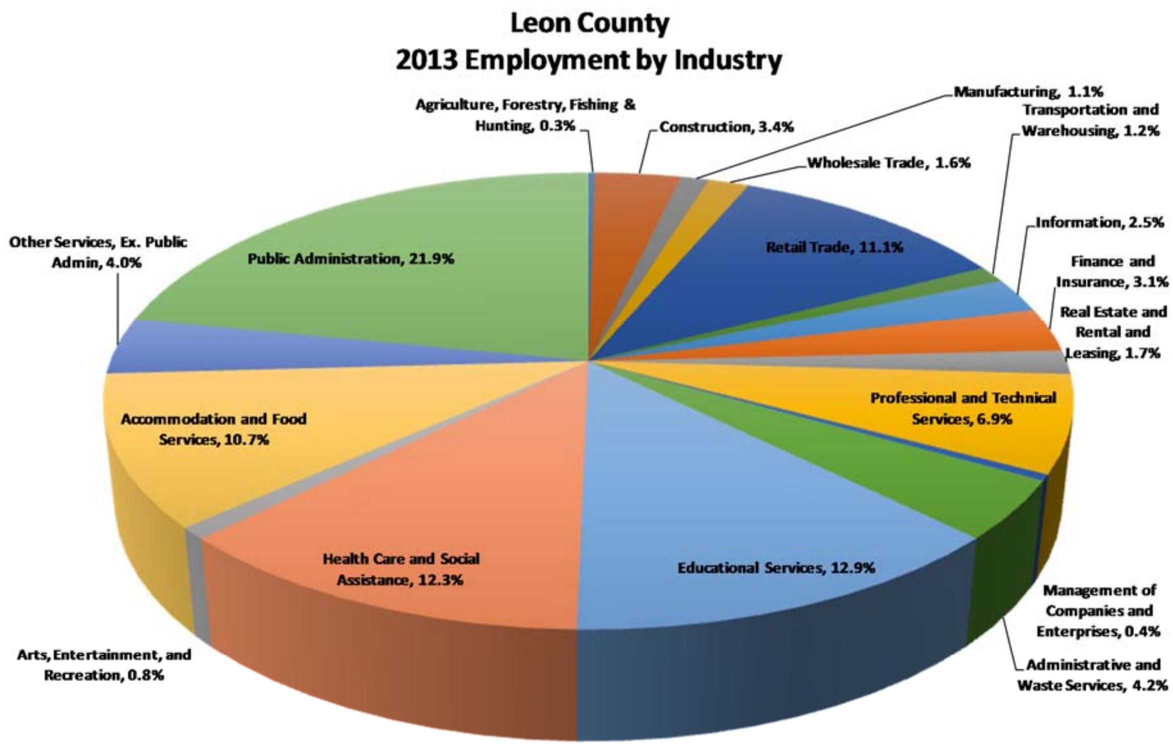
Labor Force Trends

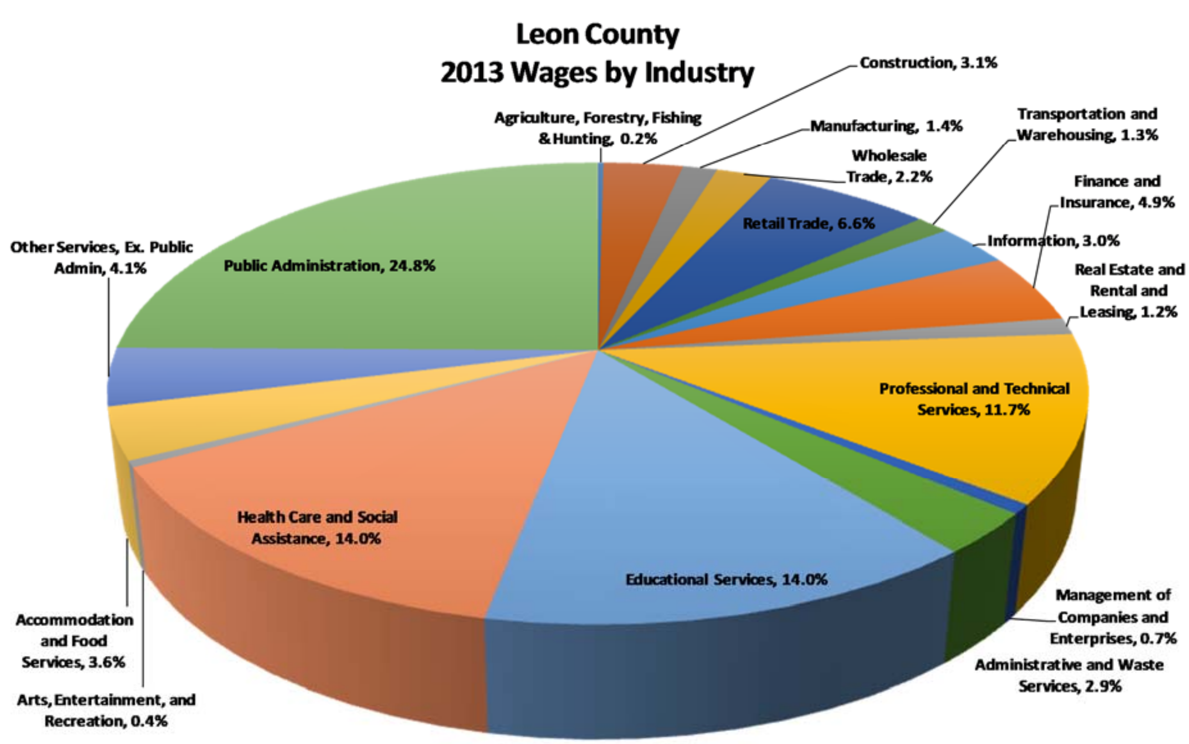
The Leon County labor force trends, including the size of the labor force number employed and unemployment rates, from 2008 to October 2014 (most recent available data) is presented in the chart below.



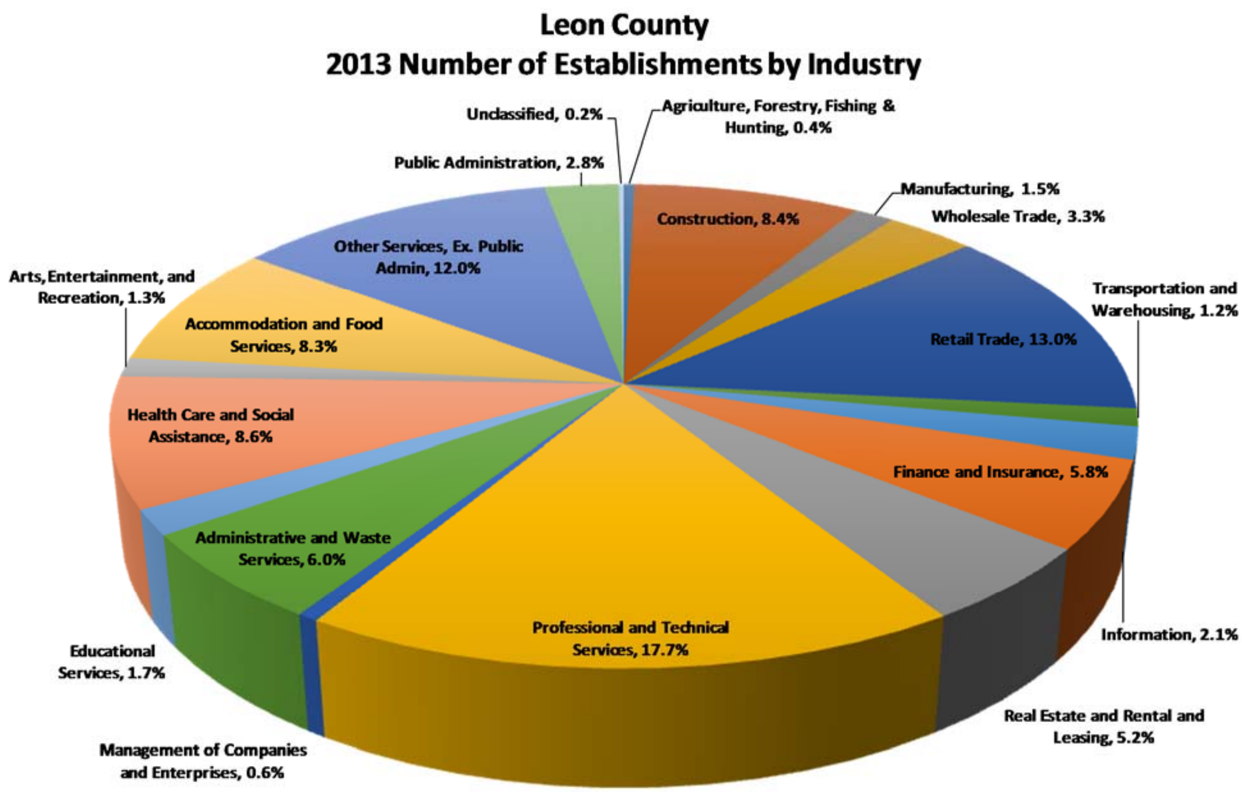
The chart above reflects the effects of the national recession that occurred between 2008 and 2011.

Major employers in the Tallahassee/Leon County area include government, education services and heath care, in terms of both the number of employees and wages paid, as illustrated in the chart below.





In contrast to the distributions on the previous page, the chart below shows the distribution of employers, by industry, for Leon County, with professional and technical services having the most employers, followed by retail and other services. Public administration (government) and educational services only make up 4.5 percent of all employers, but account for almost 35 percent of the employees and wages paid in the County – reflecting the State Capitol, FSU, FAMU and Tallahassee Community College.



Socio-Economic Analysis

In addition to analyzing population and business trends within the Fairgrounds' market area, a look at the socio-economic make-up of households reveals much about the general propensity of those households with regard to spending habits, media, activities and interests. This data can help identify possible events and activities at the Fairgrounds that may appeal to the local households.

To assess the socio-economic trends of households related to the Fairgrounds, we obtained ESRI's Tapestry Segmentation data for households within 10-minutes, 20-minutes and 30-minutes of the Fairgrounds. Below is the top ten Tapestry Segments for households within 10-minutes, 20-minutes and 30-minutes of the Fairgrounds – organized in descending order for the 20-minute drive time.

North Florida Fairgrounds
ESRI Tapestry Top 10 Segments

Segment	Within 10 Minutes	Within 20 Minutes	Within 30 Minutes
Dorms to Diplomas	16.5%	14.5%	11.2%
Young and Restless	15.4%	13.1%	10.1%
College Towns	10.2%	11.5%	8.9%
Down the Road	9.5%	6.2%	5.0%
Exurbanites	0.0%	5.5%	5.0%
Emerald City	11.5%	5.2%	4.0%
Bright Young Professional:	0.0%	5.0%	3.9%
Southern Satellites	0.9%	4.6%	7.1%
Old and Newcomers	3.1%	4.5%	3.8%
Savvy Suburbanites	0.0%	4.0%	6.6%
	67.1%	74.1%	65.6%

Source: ESRI, 2015

Following are summary descriptions of the top 6 of the above Tapestry segments for households within 20-minutes of the Fairgrounds, per the ESRI website.

On their own for the first time, ***Dorms to Diplomas*** residents are just learning about finance and cooking. Frozen dinners and fast food are common options. Shopping trips are sporadic, and preferences for products are still being established. Many carry a balance on their credit card so they can buy what they want now. Although school and part-time work take up many hours of the day, the remainder is usually filled with socializing and having fun with friends. They are looking to learn life lessons inside and outside of the classroom. This is the first online generation, having had lifelong use of computers, the Internet, cell phones, and MP3 players. Median household income - $17,000.

Socio-Economic Traits:

- They're the youngest market with half of the population aged 20–24.
- They're impulse buyers who experiment with different brands. They buy trendy clothes on a budget.
- Vehicles are just a means of transportation—economy and environmental impact are factors in purchases; used, imported subcompact cars are a popular choice.
- They value socializing, having fun, and learning new things.
- They're always connected; their cell phone is never out of reach.

Gen Y comes of age: Well-educated young workers, some of whom are still completing their education, are employed in professional/technical occupations, as well as sales and office/administrative support roles. These residents are not established yet, but striving to get ahead and improve themselves. This market ranks in the top 5 for renters, movers, college enrollment, and labor force participation rate. Almost 1 in 5 residents move each year. Close to half of all householders are under the age of 35, the majority living alone or in shared nonfamily dwellings. Median household income is still below the US. Smart phones are a way of life, and they use the Internet extensively. ***Young and Restless*** consumers are diverse, favoring densely populated neighborhoods in large metropolitan areas; over 50% are located in the South (almost a fifth in Texas), with the rest chiefly in the West and Midwest. Median household income - $36,000.

Socio-Economic Traits:

- Education completed: 2 out of 3 have some college, an associate's degree, or a bachelor's degree or higher. Education in progress: almost 15% are still enrolled in college (Index 185).
- Labor force participation rate is exceptionally high at 75.4%; unemployment is low at 7.8%.
- These are careful shoppers, aware of prices, and demonstrate little brand loyalty.
- They like to be the first to try new products, but prefer to do research before buying the latest electronics.
- Most of their information comes from the Internet and TV, rather than traditional media.
- Carry their cell phone everywhere they go.

About half the residents of ***College Towns*** are enrolled in college, while the rest work for a college or the services that support it. Students have busy schedules, but make time between studying and part-time jobs for socializing and sports. Students that are new to managing their own finances tend to make impulse buys and splurge on the latest fashions. This digitally engaged group uses computers and cell phones for all aspects of life including shopping, school work, news, social media, and entertainment. *College Towns* are all about new experiences, and residents seek out variety and adventure in their lives. Median household income - $28,000.

Socio-Economic Traits:

- Their limited incomes result in thrifty purchases.
- They do not eat the healthiest foods, nor do they see a doctor regularly.
- They dress to impress with the latest fashions of the season.
- They prefer environmentally friendly products and vehicles that get good gas mileage.
- They're heavily influenced by celebrity endorsements and trends in magazines.
- They feel anything that can be done online is easier than in person.
- They have liberal political views.

Down the Road is a mix of low-density, semirural neighborhoods in large metropolitan areas; half are located in the South, with the rest chiefly in the West and Midwest. Almost half of householders live in mobile homes; approximately two-fifths live in single-family homes. These are younger, diverse communities, with the highest proportion of American Indians of any segment. These family-oriented consumers value their traditions. Workers are in service, retail trade, manufacturing, and construction industries, with higher proportions in agriculture and mining, compared to the US. This market has higher unemployment, much lower median household income and home value, and a fifth of households with income below poverty level. Median household income - $36,000.

Socio-Economic Traits:

- Education completed: 37% with a high school diploma only, 38% with some college education or a degree.
- Unemployment rate is 11.6%, higher than the US rate.
- Labor force participation rate is 59.6%, slightly lower than the US.
- Family-oriented, outgoing consumers; they place importance on preserving time-honored customs.
- They put a premium on convenience rather than health and nutrition.

Ten years later, **Exurbanites** residents are now approaching retirement but showing few signs of slowing down. They are active in their communities, generous in their donations, and seasoned travelers. They take advantage of their proximity to large metropolitan centers to support the arts, but prefer a more expansive home style in less crowded neighborhoods. They have cultivated a lifestyle that is both affluent and urbane. Median household income - $98,000.

Socio-Economic Traits:

- Residents are college educated; more than half have a bachelor's degree or higher; almost 80 have some college education.
- This labor force is beginning to retire. 1 in 3 households currently receive Social Security or retirement income. Labor force participation has declined to less than 60% (Index 94).
- Unemployment remains low at 5.5% (Index 64); more of the residents prefer self-employment (Index 184) or working from home (Index 181).
- Consumers are more interested in quality than cost. They take pride in their homes and foster a sense of personal style.
- Exurbanites residents are well connected, using the Internet for everything from shopping to managing their finances.
- Sociable and hardworking, they still find time to stay physically fit.

***Emerald City*'s** denizens live in lower-density neighborhoods of urban areas throughout the country. Young and mobile, they are more likely to rent. Well educated and well employed, half have a college degree and a professional occupation. Incomes close to the US median come primarily from wages and self-employment. This group is highly connected, using the Internet for entertainment and making environmentally friendly purchases. Long hours on the Internet are balanced with time at the gym. Many embrace the "foodie" culture and enjoy cooking adventurous meals using local and organic foods. Music and art are major sources of enjoyment. They travel frequently, both personally and for business. Median household income -$52,000.

Socio-Economic Traits:

- Well educated, these consumers research products carefully before making purchases.
- They buy natural, green, and environmentally friendly products.
- Very conscious of nutrition, they regularly buy and eat organic foods.
- Cell phones and text messaging are a huge part of everyday life.
- They place importance on learning new things to keep life fresh and variable.
- They are interested in the fine arts and especially enjoy listening to music.

Competitive and Comparable Facilities

To further assess the demand potential for event facilities at the Fairgrounds site, it is necessary to understand the nature and operation of competitive event facilities (existing and planned) and their potential impact on new/expanded facilities at Fairgrounds.

This section presents an overview of event facilities that are considered competitive with both existing facilities and potential new/expanded facilities at the Fairgrounds site. During the course of our study, we identified a number of facility types as potential competition with new/expanded facilities at the Fairgrounds:

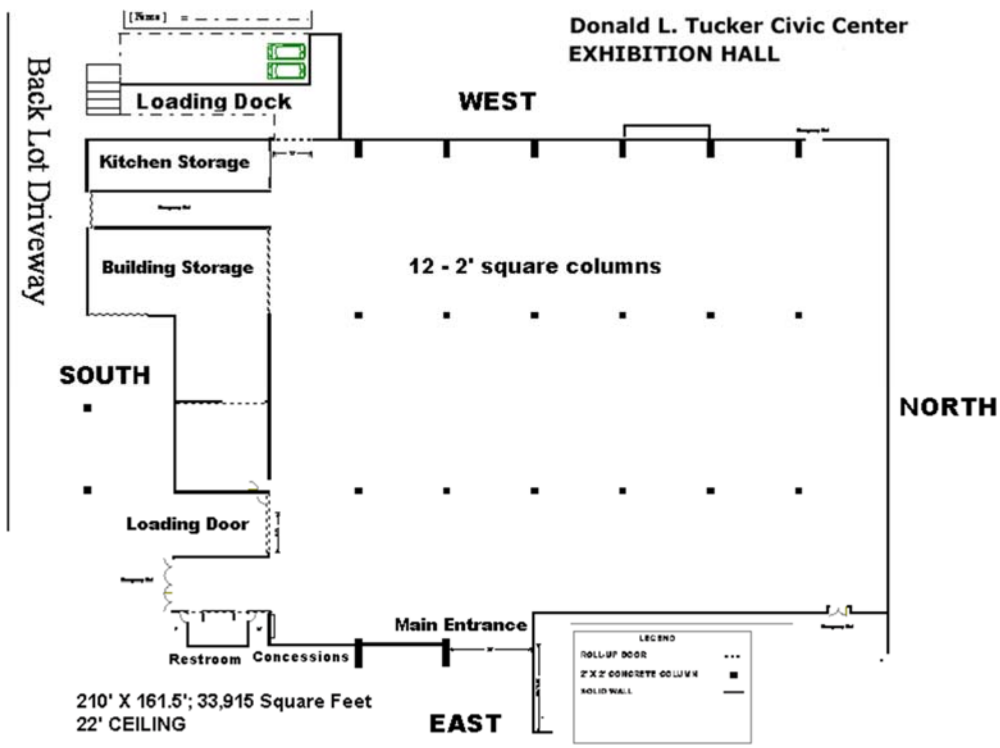
- Local Competition – These are event facilities that management of the Fair Association identified as direct competition.
- Lodging Facilities – These are facilities that are host meetings, tradeshows, consumer shows, swap meets and similar events in area lodging facilities.
- Stand-Alone Meeting Spaces – These are facilities that are smaller, stand-alone meeting venues.
- Sports Attractions – These are local sports related facilities that host indoor and outdoor sporting events.
- Planned Facilities – These are significant planned event facilities in the Tallahassee area.

Local Competition

Management of the Fair Association identified four local event venues as being competition for non-Fair events and activities – Donald L. Tucker Civic Center, Tallahassee Automobile Museum, The Moon nightclub and the National Guard Armory. We also added the Capitol City Amphitheater to this category. The location of these event facilities, in relation to the Fairgrounds, is shown in the map below.

Donald L. Tucker Civic Center

Formerly the Tallahassee-Leon County Civic Center, the Donald L. Tucker Civic Center (the Civic Center) is owned by Florida State University and operated by Global Spectrum. The Civic Center is a multi-purpose complex comprised of a 12,500-seat arena (home to the FSU Seminoles), a 34,000-square foot exhibit hall and almost 15,000 square feet of dividable meeting space. The exhibit hall portion of the Civic Center is the venue that the Fair Association considers its competition. A review of the 2014 events calendar for the Civic Center, provided by Global Spectrum, showed that the Civic Center Exhibit Hall is principally used for FSU related events. Non-FSU uses of the Exhibit Hall in 2014 included Fitness Festival, Pro Style Volleyball, Home Show NCEES Exams, Golden Gala, Lincoln Senior Convocation, The One Week Boutique and various local fundraisers and banquets.



Tallahassee Automobile Museum

Located near the intersection of Interstate 10 and U.S. Highway 90 (Mahan Drive), the Tallahassee Automobile Museum is a privately-owned car museum featuring over 140 rare vehicles, as well as boat motors, Native American artifacts and more. A part of the museum property includes over 46,000 square feet of lower-ceiling banquet and meeting space in six different spaces. The largest spaces, the Duesenberg Banquet Hall and the Cord Banquet Hall, each have 15,000 square feet of space. In addition to weddings and private parties, events held at this facility include Bridal Shows, Brewfest, regional trade association banquets and similar activities.

The Moon

The Moon is a local nightclub and music venue that produces and rents its facilities for ticketed events. In addition, this venue is available for private rental receptions and banquets, with capacity of 1,500 in its 14,400 square foot Main Room and 200 in its 3,000 square foot Silver Moon Room.

National Guard Armory
The Florida National Guard Armory has a 6,300 square foot space available to rent for a variety of events and activities – with a 400 person capacity.

Capital City Amphitheater
Located in Cascades Park, the Capital City Amphitheater opened in 2014. This outdoor venue has 1,500 fixed seats and can accommodate another 1,500 people on grass. Operated by the City of Tallahassee, this venue is used by Leon County Division of Tourism Development to stage concerts. Events planned for 2014 for this venue include:

Passion Play	Tallahassee Symphony Orchestra
North Florida Veg Fest	Shakespeare Festival
The Avett Brothers	Health Communities Festival
World of South Festival	Wilco
Sublime with Rome	The Beach Boys

Lodging Facilities with Meeting Spaces

Five lodging facilities in the Tallahassee area have meeting spaces over 2,500 square feet: Residence Inn, Double Tree, Four Points by Sheraton, Hotel Duval and Killearn County Club.

The table below shows the number of spaces and total meeting square footage for these facilities.

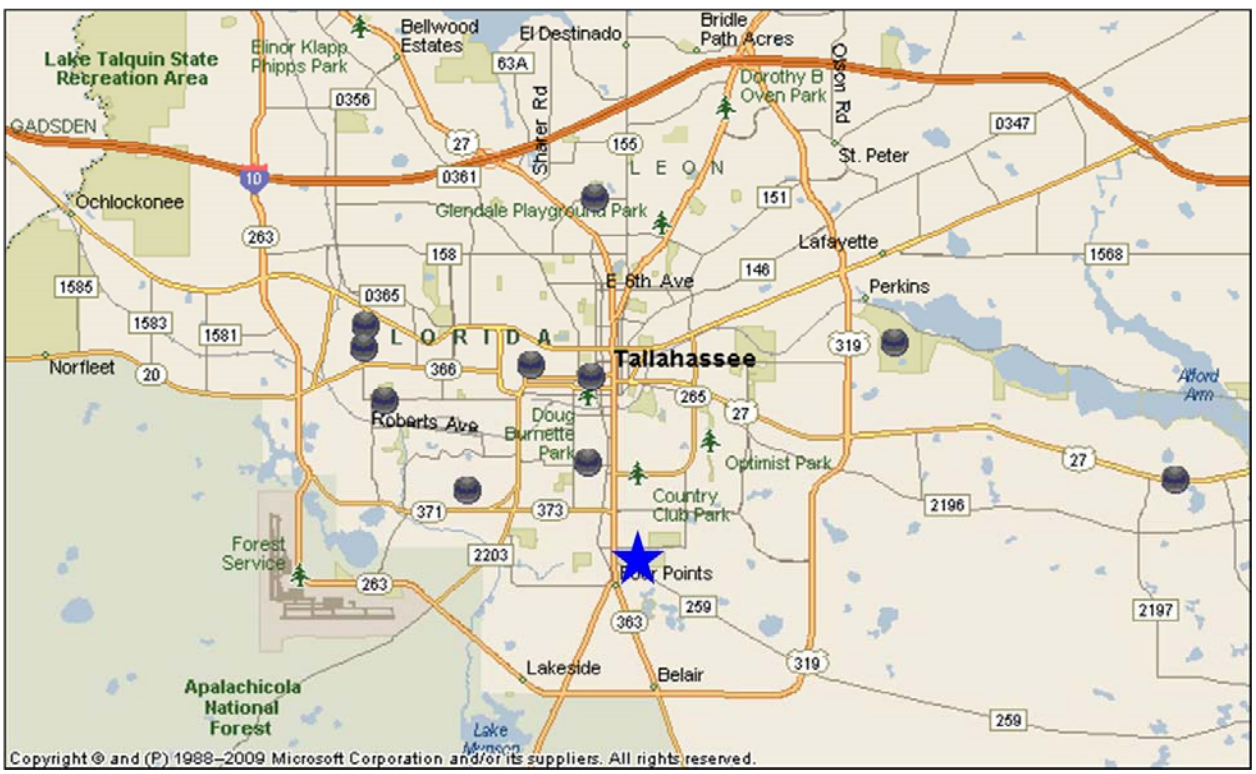
Facility	# of Meeting Spaces	Largest Total Meeting Space	Square Footage
Double tree	6	2,520	6,000
Four Points by Sheraton	8	2,520	7,000
Hotel Duval	7	2,700	6,350
Killearn Country Club	3	2,100	5,484
Residence Inn University	5	3,400	7,520

Source: Leon County Division of Tourism Development

Stand-Alone Meeting Spaces

In addition to the facilities identified as direct competition (discussed above), there are other stand-alone facilities in the Tallahassee area that are used for meetings, conferences and similar events. The larger of these facilities are Challenger Learning Center, Augustus B. Turnbull III Florida State Conference Center, American Legion Hall, FSU Alumni Center, FSU Moore Auditorium, FSU Oglesby Union, Tallahassee Community College and Doak Campbell Stadium.

Sport Facilities
The map below shows the location of numerous sports facilities in the Tallahassee area, in relation to the location of the Fairgrounds.



Included in these facilities are venues that accommodate indoor sports activities, including local and regional tournaments:

- Tully Gymnasium at FSU – This facility has four indoor multi-sports courts and one championship volleyball court. The main court has a capacity of about 1,160 people. In addition to FSU sports activities and practices, Tully Gymnasium is rented for basketball and volleyball tournaments.
- Al Lawson Jr. Multipurpose Center at Florida A & M University – this facility, located less than 3 miles from the Fairgrounds, has 4 basketball/volleyball courts that can be rented for sports tournaments, practices and non-sports activities.
- Tallahassee Community College – The Lifetime Sports Complex at this Community college has three indoor multi-sport courts that can be used for basketball, volleyball, cheerleading and martial arts.

Planned Facilities

Two planned facilities were identified during the course of this study that may impact the demand for facilities at the Fairgrounds – a downtown convention/conference center and a proposed amphitheater at the Tallahassee Mall.

Convention Center – Local city and county public officials, FSU representatives, Leon County Division of Tourism Development and other community/business leaders have been meeting and planning the possible addition of a convention/conference center in the area adjacent to the Donald L Tucker Civic Center. Though not solidified as of the date of this report, features of this center that have been discussed include a minimum 85,000 square foot, Class A convention/meeting space, an adjacent 200-300 room headquarters hotel and other convention features. This type of facility is not considered to be competitive with facilities at the Fairgrounds; appealing to state, regional and national associations for meting and trade show space that can accommodate several thousand people with possible auditorium, conference rooms and lecture halls, as well as adjacent lodging that serves as headquarters hotel for conventions. This type of space is also inconsistent with the needs of the North Florida Fair and year-round uses and use potential at the Fairgrounds.

Tallahassee Mall Amphitheater – Another planned facility is an amphitheater of some sort that would be part of the Tallahassee Mall renovation. It is unknown at this time if the planned amphitheater component will actually be built.

Summary of Factors Affecting Demand for Fairground Facilities

Based on the review of the various factors that affect demand for facilities at the Fairgrounds (site location, market area characteristics, support services and competitive factors, we noted the following:

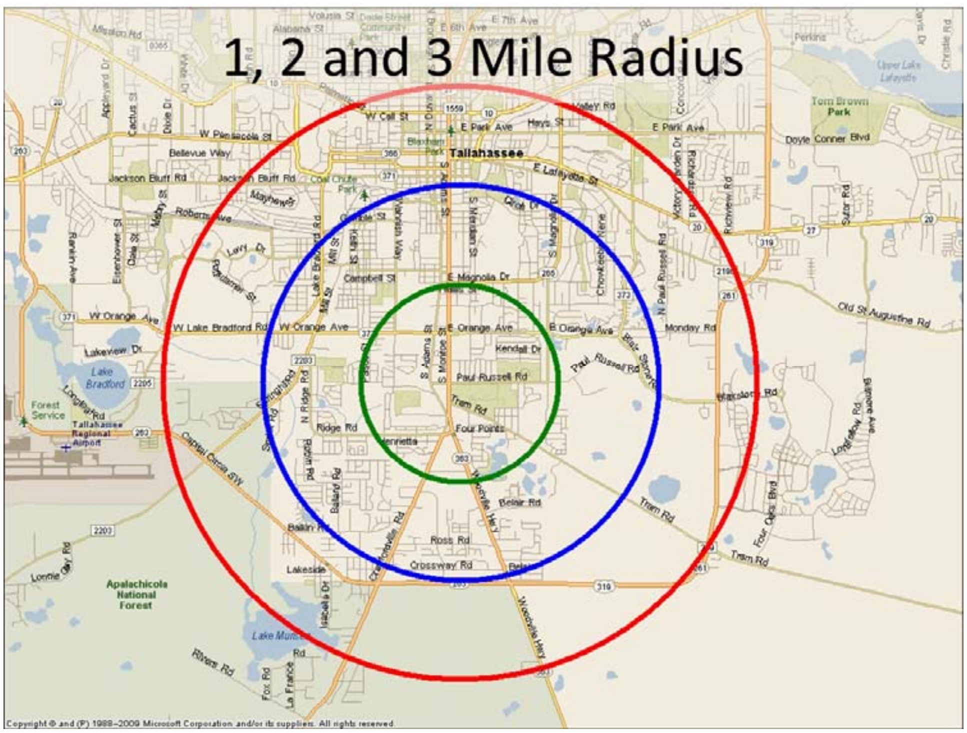
- The Fairgrounds is located in a highly visible and easily accessible location within the Tallahassee/Leon County area
- The Fairground's market area within a 20-minute drive has about 200,000 residents – with another 100,000 between 20 minutes and 30 minutes
- The Socio-Economic makeup of the local market, with low median and average household incomes (reflecting both university student population and a lower-class resident population in close proximity of the Fairgrounds), may preclude many more locally-focused consumer shows
- The Civic Center offers superior size and quality of exhibition and meeting spaces, making it the most competitive event facility for the Fairgrounds
- The Tallahassee/Leon County market area has sufficient entertainment facilities and events
- Planned new facilities in the Tallahassee area will not impact current or future Fairground events/uses
- The Fairground's indoor/outdoor space totals (square footage) and parking availability exceed other venues in the market area

PRIVATE DEVELOPMENT OPPORTUNITIES

In addition to assessing the opportunities for expanded and/or new event facilities at the Fairgrounds that would increase usage of the grounds and contribute to the economic vitality of the area, we were tasked with assessing opportunities for private development of parts of the Fairgrounds property. It was surmised that Fairgrounds' parcels along South Monroe Street might be well suited for sale or lease for retail or similar commercial development.

A key consideration of this assessment is that any private development on Fairground's property would need to be compatible with and supportive of year-round activities and the annual North Florida Fair.

To assess the opportunities for such private development, we reviewed the amount and nature of retail and commercial development within a 1, 2 and 3 mile radius of the Fairgrounds property, including retail, restaurants, lodging and similar businesses.



The discussion and maps presented on pages 17 to 21 show those types of businesses in proximity to the Fairgrounds.

In addition, we obtained retail purchasing and retail sales data, by type of store, within a 1, 2 and 3 mile radius of the Fairgrounds from The Nielson Company – Retail Opportunity Gap[2]. The Retail Opportunity Gap analysis provides a comparison of the estimated expenditures (purchases) made by residents within the various radii of the Fairgrounds, by store type, with the estimated sales reported by the stores within the various radii. If the expenditures of residents within the various radii exceed the reported sales of retailers and businesses, then an opportunity exists for more outlets. If the reported sales of retailers/businesses within the various radii exceed the expenditures made by the residents within the same radii, that indicates an oversupply of businesses (excess sales come from residents living outside of the various radii).

The following table presents a summary of the Retail Gap Opportunity analysis prepared by The Nielson Company for the areas within a 1, 2 and 3 mile radius of the Fairgrounds.

North Florida Fairgrounds Study
RMP Opportunity Gap Summary, 2014

	Amount of Opportunity Gap or (Surplus)		
General Category	**1 Mile Radius**	**2 Mile Radius**	**3 Mile Radius**
Clothing and Clothing Accessories	$833,341	$2,709,332	($73,681,599)
Electronics and Appliance Stores	$1,631,318	$5,334,404	$1,591,518
Food and Beverage Stores	($48,146,362)	($31,267,486)	($84,871,204)
Food Service and Dining Places	($1,651,350)	($2,450,699)	($99,173,423)
Furniture and Home Furnishings	$1,506,138	$3,056,290	($6,775,925)
Gasoline Stations	$1,559,379	$9,128,421	$11,470,095
General Merchandise	$248,285	$14,914,670	($93,790,426)
Health and Personal Care Stores	($20,712,322)	($15,872,631)	($43,570,303)
Sporting Goods, Hobby, Book and Music Stores	$658,957	$4,565,930	($3,189,364)
Building Materials and Garden Equipment	$6,949,767	$13,959	$12,769,992

Source: The Nielson Company, 2014

Using the Retail Opportunity Gap analysis summary, shown above, the greatest absolute dollar opportunities appear to exist for Building Materials and Garden Equipment Stores, Gasoline Stations and Electronic and Appliance Stores. Using the Opportunity Gap dollar amounts and general per square foot sales by store type, those three top ranked opportunities would support stores that would be substantially smaller than typically be built. In addition – and even more important to the study – these types of retail/commercial developments are incompatible with the annual North Florida Fair and with events and activities held at the Fairgrounds, as well as with actual land uses.

Based on the presence of significant numbers of lodging facilities, retail outlets and restaurants already operating within close proximity of the Fairgrounds and the lack of demand for compatible retail/commercial developments, any type of private development on parcels of the Fairgrounds is not considered feasible at this time.

Exhibit A contains the detailed Retail Opportunity Gap analyses for the Fairgrounds.

[2] The Nielson Company uses the Consumer Expenditure Survey by Bureau of Labor and Census of the Retail Trade by US Census Bureau.

ASSESSMENT OF POTENTIAL USES

To develop estimates of market demand for event facilities at the North Florida Fairgrounds, in addition to the implications of the demographic and economic trends and competitive facilities, the following work tasks were conducted:

- Discussed event potential and felt community needs with the following stakeholders:

Big Bend Bird Club	Market Days
Bully Bash	North Florida Fair Association
Dale Earnhardt Jr. Auto Sales	Ochlochonee River Kennel Club
Family Campers & RV'ers	Pigfest
Leon County Administration	Repticon
Leon County Division of Tourism Development	Southern Classic Gun & Knife Show
Leon County Extension	Tallahassee Boat Show
Leon County Office of Resource Stewardship	Tallahassee Parks and Recreation
Leon County Schools	Tallahassee Sports Council
Maranatha Health Fair	Tallahassee-Leon County Planning

- Reviewed last 3 years of events and activities held at the Fairgrounds and conducted phone interviews with major uses of the Fairgrounds to ascertain need for new, larger/expanded facilities.
- Reviewed recent calendar of events held at competitive event facilities and conducted interviews with select event promoters and organizers to discuss interest in staging an event(s) at the Fairgrounds site and facilities needed; as well as overall assessment of the market area for events and activities. Key interviews of potential users included volleyball and basketball tournament organizers, RV clubs and consumer show promoters.
- Evaluated the overall market potential for the Fairground's market area in comparison to events held in similar size markets with similar market characteristics.

Market Niches

On the basis of factors affecting demand for facilities at the Fairgrounds (i.e., location, area economics and demographics, competitive factors, usage trends and the like) and interviews/surveys of stakeholders and current and potential users of Fairground facilities, our review of facility needs for the annual North Florida Fair and our assessment of the optimal market opportunities for the future of Fairgrounds, the following expanded and new market opportunities exist for facilities at the North Florida Fairgrounds:

- Regional consumer and public shows, as well as local specialty sales events
- Indoor sports tournaments, such as volleyball, cheerleading and dance
- Festivals (music, ethnic, community, etc.)
- Spectator events such as martial arts and wrestling
- Small animal shows, such as dog, cat, bird and rabbit
- Banquets, receptions, fundraisers and similar events
- State and regional RV rallies
- Community events and users

Market Opportunities and Operating Focus

Generally, the facilities at Fairgrounds have limited use due to current conditions, ages and sizes, as well as competition from larger event facilities in the Tallahassee area. In spite of the limitations of existing facilities, there are opportunities to increase the number of events held at the Fairgrounds throughout the year by attracting new markets/events with new facilities. In addition, there are a number of events held at the Fairgrounds that would benefit greatly from new and larger facilities; enabling those events to grow in both participation and attendance.

With expanded/new event facilities, the Fairgrounds could successfully attract and stage events associated with both new markets and build on existing markets, as well as better participation in the annual North Florida through additional growth in attendance, participation and net revenues.

Existing markets that could be expanded with new event facilities include consumer and public shows, trade and industry shows, regional RV rallies, indoor sports tournaments, mid-sized banquets/receptions, small animal shows and sales and auctions. All of these types of events have been limited in size at Fairgrounds; constrained by its relatively small exhibition spaces.

Event Potential

Based on medium to strong market potential, below are estimates of the existing and new events and activities that could be successfully staged at the Fairgrounds with new event facilities. We have presented a low scenario and high scenario, in terms of the number of events and activities.

North Florida Fairgrounds Exhibition Building
Potential Range of Events by Type

Event Types	Range of Number of Events		
Existing Shows and Events	21	to	21
New Consumer Shows	10	to	11
Trade and Industry Shows	2	to	3
Sporting Events	6	to	9
Animal Shows	1	to	2
Banquets and Receptions	12	to	18
Conferences/Meetings	36	to	48
Regional RV Rallies	1	to	2
Fundraisers	3	to	5
Religious Gatherings	2	to	3
Spectator Events	2	to	3
Festivals	2	to	2
Community Uses	4	to	6
	102		133

The tables below present a low and high scenario for potential events, number of events, move-in/out days, estimated average space needs per event, total square footage rented per event type and total amount of move-in/move-out space rented – by event type.

Low Scenario

Potential Events, Low Scenario -- Stabilized Year

Event Type	Number of Events	Average Event Days	Move-In and Move-Out Days	Total Use Days	Event Days	Square Footage	Total SF Event Days	Total SF MIMO
Existing Shows/Events								
Gun & Knife Show	5	2	1.00	15.00	10.00	25,000	250,000	125,000
Take Me Home	1	1	1.00	2.00	1.00	20,000	20,000	20,000
ORKC Dog Show	1	6	2.00	8.00	6.00	40,000	240,000	80,000
LC Schools	1	1	1.00	2.00	1.00	30,000	30,000	30,000
Smart Club Liquidation Sale	2	4	2.00	12.00	8.00	35,000	280,000	140,000
Pigfest	1	1	1.00	2.00	1.00	15,000	15,000	15,000
Maranatha Health Fair	1	1	1.00	2.00	1.00	30,000	30,000	30,000
Kidsfest	1	1	1.00	2.00	1.00	25,000	25,000	25,000
Dale Earnhardt Jr. Sale	2	5	2.00	14.00	10.00	25,000	250,000	100,000
Repticon	1	1	1.00	2.00	1.00	15,000	15,000	15,000
Market Days	1	2	6.00	8.00	2.00	40,000	80,000	240,000
FAMU Kickoff	1	1	2.00	3.00	1.00	25,000	25,000	50,000
City Back to School	1	2	1.00	3.00	2.00	35,000	70,000	35,000
BBMRA Train Show	1	2	1.00	3.00	2.00	15,000	30,000	15,000
Boat Show	1	5	1.00	6.00	5.00	30,000	150,000	30,000
	21			84.00	52.00		1,510,000	950,000
New Consumer Shows								
Sportsman Show	1	3.0	2.00	5.00	3.00	40,000	120,000	80,000
Energy Home Show	1	3.0	2.00	5.00	3.00	40,000	120,000	80,000
Bridal Fair	1	1.0	0.50	1.50	1.00	25,000	25,000	12,500
Electronics Show	1	2.0	0.50	2.50	2.00	20,000	40,000	10,000
Specialty Sale	1	2.0	0.50	2.50	2.00	15,000	30,000	7,500
One Week Boutique	2	4.0	1.00	10.00	8.00	40,000	320,000	80,000
Pet Expo	1	2.0	0.50	2.50	2.00	30,000	60,000	15,000
Seasonal Shows	2	2.0	0.50	5.00	4.00	15,000	60,000	15,000
	10			34.00	25.00		775,000	300,000

Event Type	Number of Events	Average Event Days	Move-In and Move-Out Days	Total Use Days	Event Days	Square Footage	Total SF Event Days	Total SF MIMO
New Trade and Industry Shows	2	3.0	1.00	8.00	6.00	30,000	180,000	60,000
New Sporting Events	6	2.0	1.00	18.00	12.00	40,000	480,000	240,000
New Animal Shows								
New Animal Shows	1	3.0	1.00	4.00	3.00	30,000	90,000	30,000
	1			4.00	3.00		90,000	30,000
New Banquets/Receptions								
Small-Mid Sized	9	1.0	0.00	9.00	9.00	5,000	45,000	0
Mid-Large Sized	3	1.0	0.00	3.00	3.00	10,000	30,000	0
	12			12.00	12.00		75,000	0
New Conferences/Meetings/Seminars								
Other	36	1.0	0.00	36.00	36.00	2,000	72,000	0
	36			36.00	36.00		72,000	0
Other New Uses								
RV Rallies	1	5.0	0.00	5.00	5.00	25,000	125,000	0
Fundraisers	3	1.0	0.50	4.50	3.00	12,500	37,500	18,750
Religious Gatherings/Events	2	1.5	0.00	3.00	3.00	30,000	90,000	0
Spectator Events	2	1.0	0.00	2.00	2.00	40,000	80,000	0
Festivals	2	2.0	1.00	6.00	4.00	25,000	100,000	50,000
Community Uses	4	2.0	1.00	12.00	8.00	20,000	160,000	80,000
	14			32.50	25.00		592,500	148,750
Total Exhibit Building Uses	102			228.5	171.0		3,774,500	1,728,750

High Scenario

Potential Events, High Scenario -- Stabilized Year

Event Type	Number of Events	Average Event Days	Move-In and Move-Out Days	Total Use Days	Event Days	Square Footage	Total SF Event Days	Total SF MIMO
Existing Shows/Events								
Gun & Knife Show	5	2	1.00	15.00	10.00	25,000	250,000	125,000
Take Me Home	1	1	1.00	2.00	1.00	20,000	20,000	20,000
ORKC Dog Show	1	6	2.00	8.00	6.00	40,000	240,000	80,000
LC Schools	1	1	1.00	2.00	1.00	30,000	30,000	30,000
Smart Club Liquidation Sale	2	4	2.00	12.00	8.00	35,000	280,000	140,000
Pigfest	1	1	1.00	2.00	1.00	15,000	15,000	15,000
Maranatha Health Fair	1	1	1.00	2.00	1.00	30,000	30,000	30,000
Kidsfest	1	1	1.00	2.00	1.00	25,000	25,000	25,000
Dale Earnhardt Jr. Sale	2	5	2.00	14.00	10.00	25,000	250,000	100,000
Repticon	1	1	1.00	2.00	1.00	15,000	15,000	15,000
Market Days	1	2	6.00	8.00	2.00	40,000	80,000	240,000
FAMU Kickoff	1	1	2.00	3.00	1.00	25,000	25,000	50,000
City Back to School	1	2	1.00	3.00	2.00	35,000	70,000	35,000
BBMRA Train Show	1	2	1.00	3.00	2.00	15,000	30,000	15,000
Boat Show	1	5	1.00	6.00	5.00	30,000	150,000	30,000
	21			84.00	52.00		1,510,000	950,000
New Consumer Shows								
Sportsman Show	1	3.0	2.00	5.00	3.00	40,000	120,000	80,000
Energy Home Show	1	3.0	2.00	5.00	3.00	40,000	120,000	80,000
Bridal Fair	1	1.0	0.50	1.50	1.00	25,000	25,000	12,500
Electronics Show	1	2.0	0.50	2.50	2.00	20,000	40,000	10,000
Specialty Sale	2	2.0	0.50	5.00	4.00	15,000	60,000	15,000
One Week Boutique	2	4.0	1.00	10.00	8.00	40,000	320,000	80,000
Pet Expo	1	2.0	0.50	2.50	2.00	30,000	60,000	15,000
Seasonal Shows	2	2.0	0.50	5.00	4.00	15,000	60,000	15,000
	11			36.50	27.00		805,000	307,500

Event Type	Number of Events	Average Event Days	Move-In and Move-Out Days	Total Use Days	Event Days	Square Footage	Total SF Event Days	Total SF MIMO
New Trade and Industry Shows	3	3.0	1.00	12.00	9.00	30,000	270,000	90,000
New Sporting Events	9	2.0	1.00	27.00	18.00	40,000	720,000	360,000
New Animal Shows								
New Animal Shows	2	3.0	1.00	8.00	6.00	30,000	180,000	60,000
	2			8.00	6.00		180,000	60,000
New Banquets/Receptions								
Small-Mid Sized	12	1.0	0.00	12.00	12.00	5,000	60,000	0
Mid-Large Sized	6	1.0	0.00	6.00	6.00	10,000	60,000	0
	18			18.00	18.00		120,000	0
New Conferences/Meetings/Seminars								
Other	48	1.0	0.00	48.00	48.00	2,000	96,000	0
	48			48.00	48.00		96,000	0
Other New Uses								
RV Rallies	2	5.5	0.00	11.00	11.00	25,000	275,000	0
Fundraisers	5	1.0	0.50	7.50	5.00	12,500	62,500	31,250
Religious Gatherings/Events	3	1.5	0.00	4.50	4.50	30,000	135,000	0
Spectator Events	3	1.0	0.00	3.00	3.00	40,000	120,000	0
Festivals	2	2.0	1.00	6.00	4.00	25,000	100,000	50,000
Community Uses	6	2.0	1.00	18.00	12.00	20,000	240,000	120,000
	21			50.00	39.50		932,500	201,250
Total Exhibit Building Uses	133			283.5	217.5		4,633,500	1,968,750

FACILITY RECOMMENDATIONS

Based on the projected market demand, we have determined that there exists current and potential future market demand/support for new event facilities at the North Florida Fairgrounds, consisting of the following (the Recommended Facilities):

Exhibition Building

- 35,000 to 40,000 square feet of rentable exhibition space, including clear-span, high-ceiling flat floor multi-purpose space, dividable into 2 separate spaces
- 2,000 square feet of dividable into 3 to 4 smaller meeting space areas
- Catering kitchen that is expandable to a full commercial kitchen as needed
- Restrooms to serve separate function areas
- Foyer area for pre-function space
- Multiple concession areas servicing the large exhibition space
- Show office, technology amenities
- Close proximity/adjacent to paved parking

Upgrades and Beautification

- New fencing and gate entries
- Electrical infrastructure upgrades
- On-grounds landscaping and beautification

Possible Locations of Exhibition Building

In December 2014, as part of this study's process, a representative of Populous conducted an assessment of optional locations on the Fairgrounds for a multi-purpose event facility and other features (though not defined in size or configuration).

Three different possible layouts, including an undefined multi-purpose building, were prepared and presented by Populous at a gathering of stakeholders as a part of this process. The layouts are presented on the following pages.

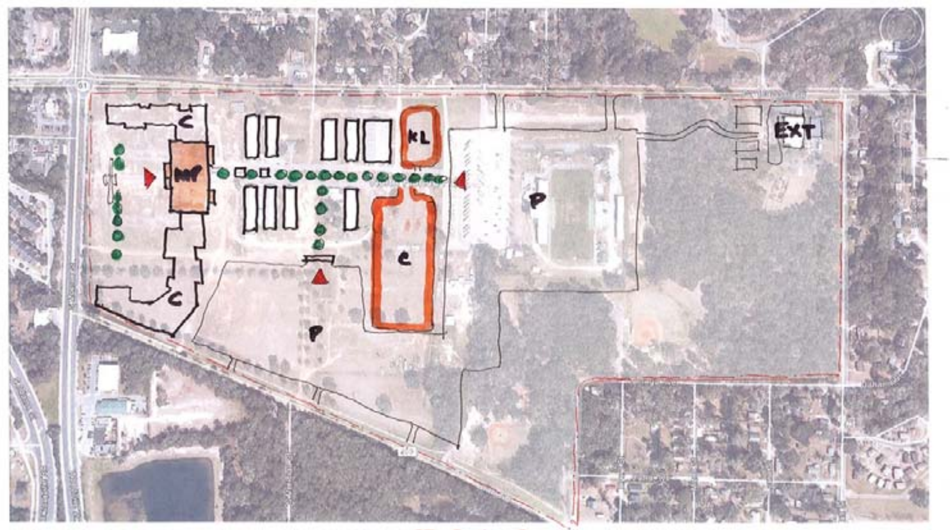
Option A – This option locates a multi-purpose building in the shared parking lot with the stadium – with the stadium being relocated to another site and that current stadium area turned into parking. During the course of this study, it was determined that the stadium relocation was not a foreseeable option.

25. Option A
North Florida Fair
Tallahassee, Florida, USA
POPULOUS

Option B – This option located a multi-purpose building where Buildings 2, 4 and 6 are currently located on the Fairgrounds, as well as reducing the carnival size and adding potential commercial developments on the west end of the Fairgrounds. As presented on page 42, our analysis determined there is not sufficient retail or commercial demand for selling or leasing Fairground property. In addition, the location of a multi-purpose building that would replace Buildings 2, 4 and 6 would eliminate high use and revenue generating buildings for the Fair Association.

26. Option B
North Florida Fair
Tallahassee, Florida, USA
POPULOUS

Option C – This option reduces the size of the carnival/midway area and relocates it to the east side of the Fairgrounds, siting a multi-purpose building in the current carnival lot area, with even greater space designated as possible retail and commercial development. As mentioned above, the assessment of demand for retail and commercial development in the area of the Fairgrounds revealed no actionable demand for such developments at the Fairgrounds site.



27. Option C

North Florida Fair
Tallahassee, Florida, USA
POPULOUS

Alternative Options

Two alternative places on the Fairgrounds are possible locations for the Exhibition Building and are presented as Alternative Option D and Alternative Option E on the next page. Both of these locations may offer better operating and layout options than Options A, B or C. ***The shaded areas in the aerials below are not to scale and are to show approximate locations only.***

Alternative Option D – Locating the proposed Exhibition Building where Buildings 1, 3 and the office are currently located (or moving slightly east and preserving the office), would leave in place Buildings 2, 4 and 6 which could continue to be used for low cost events and would remain in place during the construction of the Exhibition Building, preserving the revenue potential of the Fair Association during the construction period.

Alternative Option E – As a variation of Option B, the Exhibition Building could be sited just west of Building 2, leaving the revenue producing Buildings 2 and 4. To offset the space occupied by the Exhibition Building in this location, Buildings 1 and 3 might have to be removed to accommodate the carnival space lost with the siting of the Exhibition Building here.

FINANCIAL ASSESSMENT

This section presents the projected incremental cash flows before replacement reserves and debt service for the market-driven Recommended Facilities at Fairgrounds. The projected statements of revenues and expenses are based on (1) the projected utilization of the Recommended Facilities, recommended rental rates presented in this document, (2) the estimated incremental revenues that could be realized from operating the Recommended Facilities and (3) the estimated incremental expenses associated with operating the improvements and additions. There will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The projections of cash flow, before replacement reserves and debt service, for the Recommended Facilities are presented on page 56. These projections are presented in current year dollars and do not reflect any increase due to inflation.

Rental Rate Assumptions

Based on the rental rate schedule of competitive and comparable facilities, as well as discussions with potential users, we have developed a proposed rental rate structure for the Recommended Facilities, presented in the following table.

North Florida Fairgrounds Exhibition Building
Proposed Pricing of Recommended Facilities

Facility	Rental Rates
Exhibit Space	
Consumer/public shows/festivals/community uses	\$0.0725 to \$0.075 per square foot
Trade and industry shows	\$0.0575 per square foot
Youth sporting events	\$0.05 per square foot
Banquet Meeting Space	
Banquets, meetings, fundraisers	\$0.15 to \$0.20 per square foot 10% plate fee for catered events
Move-In/Out Rate	50% of regular rate
Camping fee for RV rallies	\$12.50 per night
Parking (consumer shows, spectator events, festivals)	\$2 net to facility

Operating Approach

The financial projections assume the Fair Association (1) continues to serve its existing and new clients with high quality service (2) hires the necessary support staff for event coordination and facility maintenance (see page 55), (3) works in close relationship with Leon County Division of Tourism Development and local sports organizations to attract the identified sports tournaments and (4) co-markets the entire Fairgrounds with Leon County Division of Tourism Development and other Tallahassee and Leon County organizations that will help insure its overall success.

Operating Revenue Assumptions

For purposes of the projections, it is assumed that the proposed Exhibition Building would have 40,000 square feet of net rentable exhibit space and would generate revenues from building rental income, concession income, parking income, camping income, incremental fair revenues and advertising/signage based on the event potential shown on pages 45 and 46.

Building Rentals

Building income includes revenues generated from renting the recommended exhibition building. Below are the assumptions for the low and high scenarios that were used to estimate the potential incremental building rental income for the Recommended Facilities.

NORTH FLORIDA FAIRGROUNDS EXHIBITION BUILDING
BUILDING RENTAL REVENUE - LOW SCENARIO

EVENT	NUMBER OF EVENTS	MIMO SQUARE FOOTAGE	EVENT DAY SQUARE FOOTAGE	MIMO BASIC RENTAL	EVENT DAY BASIC RENTAL	BASIC RENTAL	
EXISTING SHOWS/EVENTS	21	950,000	1,510,000	$34,438	$109,475	$143,913	
NEW CONSUMER SHOWS	10	300,000	775,000	10,875	56,188	67,063	
TRADE AND INDUSTRY SHOWS	2	60,000	180,000	1,725	10,350	12,075	
SPORTING EVENTS	6	240,000	480,000	6,000	24,000	30,000	
ANIMAL SHOWS	1	30,000	90,000	1,088	6,525	7,613	
BANQUETS AND RECEPTIONS	12	0	75,000	0	11,250	11,250	
MEETINGS AND SEMINARS	36	0	72,000	0	10,800	10,800	
SPECTATOR EVENTS	2	0	80,000	0	5,800	5,800	
RV RALLIES	1	0	125,000	0	9,063	9,063	
FUNDRAISERS	3	18,750	37,500	680	5,625	6,305	
RELIGIOUS GATHERINGS/EVENTS	2	0	90,000	0	6,525	6,525	
FESTIVALS	2	50,000	100,000	1,813	7,250	9,063	
COMMUNITY USES	4	80,000	160,000	2,900	11,600	14,500	
	102	1,728,750	3,774,500	$59,517	$274,450	333,967	$334,000

NORTH FLORIDA FAIRGROUNDS EXHIBITION BUILDING
BUILDING RENTAL REVENUE - HIGH SCENARIO

EVENT	NUMBER OF EVENTS	MIMO SQUARE FOOTAGE	EVENT DAY SQUARE FOOTAGE	MIMO BASIC RENTAL	EVENT DAY BASIC RENTAL	BASIC RENTAL	
EXISTING SHOWS/EVENTS	21	950,000	1,510,000	$35,625	$113,250	$148,875	
NEW CONSUMER SHOWS	11	307,500	805,000	11,531	60,375	71,906	
TRADE AND INDUSTRY SHOWS	3	90,000	270,000	2,588	15,525	18,113	
SPORTING EVENTS	9	360,000	720,000	9,000	36,000	45,000	
ANIMAL SHOWS	2	60,000	180,000	2,250	13,500	15,750	
BANQUETS AND RECEPTIONS	18	0	120,000	0	24,000	24,000	
MEETINGS AND SEMINARS	48	0	96,000	0	19,200	19,200	
SPECTATOR EVENTS	3	0	120,000	0	9,000	9,000	
RV RALLIES	2	0	275,000	0	20,625	20,625	
FUNDRAISERS	5	31,250	62,500	1,172	12,500	13,672	
RELIGIOUS GATHERINGS/EVENTS	3	0	135,000	0	10,125	10,125	
FESTIVALS	2	50,000	100,000	1,875	7,500	9,375	
COMMUNITY USES	6	120,000	240,000	4,500	18,000	22,500	
	133	1,968,750	4,633,500	$68,541	$359,600	428,141	428,000

The above estimates of building rental revenue for the Exhibition Building includes revenue potential of existing events listed on pages 45 and 46 for which the North Florida Fair Association received about $93,000 in 2014. This amount is deducted from the total revenue potential in the projections of revenues and expenses on page 56 in order to reflect only the incremental revenues associated with these events.

Concession Income

For purposes of the projections, it is assumed that the Fairgrounds would have sufficient volume of event activity to enter into a multi-year contract with a third-party concessionaire to provide food service/concessions for consumer shows, spectator events, animal shows and community events, paying Fairgrounds 30% of gross concession sales. For banquets, receptions, fundraisers and meetings where food is catered, it is assumed that Fairgrounds would receive a 10% caterer's fee. Below are the detailed assumptions and calculations of concessions and concession income. Attendance estimates are based on Fair Association records for existing shows/events, discussions with current and potential event organizers, survey results, review of similar events held at competitive facilities and location/access factors.

NORTH FLORIDA FAIRGROUNDS EXHIBITION BUILDING
CONCESSION INCOME POTENTIAL - LOW SCENARIO

EVENT	NUMBER OF EVENTS	ASSUMED TOTAL ATTEND.	PER CAP SALES	TOTAL SALES	30% PERCENT TO FACILITY
EXISTING SHOWS/EVENTS	21	20,800	$1.50	$31,200	$9,400
NEW CONSUMER SHOWS	10	15,400	$1.50	$23,100	6,900
TRADE AND INDUSTRY SHOWS	2	1,600	$20.00	$32,000	3,200
SPORTING EVENTS	6	3,600	$1.50	$5,400	1,600
ANIMAL SHOWS	1	1,200	$1.00	$1,200	400
BANQUETS AND RECEPTIONS	12	5,550	$20.00	$111,000	11,100
SPECTATOR EVENTS	2	3,600	$4.50	$16,200	4,900
FUNDRAISERS	3	2,500	$20.00	$50,000	5,000
FESTIVALS	2	7,000	$2.00	$14,000	4,200
COMMUNITY USES	4	3,200	$1.00	$3,200	1,000
					$48,000

NORTH FLORIDA FAIRGROUNDS EXHIBITION BUILDING
CONCESSION INCOME POTENTIAL - HIGH SCENARIO

EVENT	NUMBER OF EVENTS	ASSUMED TOTAL ATTEND.	PER CAP SALES	TOTAL SALES	30% PERCENT TO FACILITY
EXISTING SHOWS/EVENTS	21	20,800	$1.50	$31,200	$9,400
NEW CONSUMER SHOWS	11	16,400	$1.50	$24,600	7,400
TRADE AND INDUSTRY SHOWS	3	2,400	$20.00	$48,000	4,800
SPORTING EVENTS	9	5,400	$1.50	$8,100	2,400
ANIMAL SHOWS	2	2,400	$1.00	$2,400	700
BANQUETS AND RECEPTIONS	18	9,000	$20.00	$180,000	18,000
SPECTATOR EVENTS	3	5,400	$4.50	$24,300	2,400
FUNDRAISERS	5	4,167	$20.00	$83,333	8,300
FESTIVALS	2	7,000	$2.00	$14,000	4,200
COMMUNITY USES	6	9,000	$1.00	$9,000	2,700
					$60,000

Equipment Rentals

Equipment rentals consist of estimated incremental income form table and chair rentals for new consumer shows and similar events. For purposes of the projections, it is assumed the Fair Association would receive $8.00 per table and $2.00 per chair. Based on the estimated events in which table and chairs would be rented, equipment rental revenues are estimated to range between $22,000 and 23,000.

Parking Revenue

For purposes of the projections, it is assumed that the Fairgrounds would contract with a third-party parking operator to manage, control and collect parking revenues for certain existing and new events, such as consumer shows, spectator events and festivals. It is assumed that Fairgrounds would receive a net of $2.00 per car parked. The tables below present the assumptions and calculations of parking revenue potential for the Recommended Facilities.

NORTH FLORIDA FAIRGROUNDS EXHIBITION BUILDING
PARKING INCOME POTENTIAL - LOW SCENARIO

EVENT	NUMBER OF EVENTS	ASSUMED TOTAL ATTEND.	ASSUMED PERSONS PER CAR	NUMBER OF CARS PARKED	PARKING REVENUE	
EXISTING SHOWS/EVENTS	21	20,800	3.00	6,933	$13,867	
NEW CONSUMER SHOWS	10	15,400	3.00	5,133	10,267	
SPECTATOR EVENTS	2	3,600	4.00	900	1,800	
FESTIVALS	2	7,000	2.50	2,800	5,600	
					$31,533	**$32,000**

NORTH FLORIDA FAIRGROUNDS EXHIBITION BUILDING
PARKING INCOME POTENTIAL - HIGH SCENARIO

EVENT	NUMBER OF EVENTS	ASSUMED TOTAL ATTEND.	ASSUMED PERSONS PER CAR	NUMBER OF CARS PARKED	PARKING REVENUE	
EXISTING SHOWS/EVENTS	21	20,800	3.00	6,933	$13,867	
NEW CONSUMER SHOWS	11	16,400	3.00	5,467	10,933	
SPECTATOR EVENTS	3	5,400	3.00	1,800	3,600	
FESTIVALS	2	7,000	2.50	2,800	5,600	
					$34,000	**$34,000**

Camping Income

The Fairgrounds could generate camping income from RV rallies held at the Fairgrounds. With the presence of the Exhibition Building, it is assumed that 1 to 2 large regional RV rallies, with 600 to 700 rigs over a 5 day period each, could be attracted to Tallahassee. Camping income is estimated based on an assumed nightly rate of $12.50 for these RV rallies.

Incremental Fair Revenue

With the availability of the proposed Exhibition Building, it would be possible to increase the number of indoor commercial vendors (both new and relocated), as well as food booths, during the annual North Florida Fair. In addition, signage and sponsorship revenues can be generated with the new exhibition building, providing incremental revenue for the Fair ranging between $25,000 and $35,000 per year.

Sponsorship Revenues

It is assumed that the Fair Association could generate sponsorship/signage revenue on a year-round basis with the addition of the proposed exhibition building, ranging from $20,000 to $30,000 per year.

Operating Expense Assumptions

Operating the Recommended Facilities will consist of a variety of expenses, including incremental staffing costs, utilities, general and administrative costs, supplies, repairs and maintenance, marketing and advertising and contracted services. Following is an overview of the assumptions used in preparing the operating expense projections, based on historical financial operating costs at Fairgrounds.

Salaries, Wages and Benefits

In addition to the current staffing levels of non-fair operations at the North Florida Fairgrounds, based on the additional events and activities under the high and low scenarios, the following new positions would be required:

Event Coordinator – Needed for both the low and high scenarios, this position would assist in marketing the facilities, with emphasis on contract management and scheduling, facility tours and event coordination.

Maintenance Staff – Under the low scenario, one and one-half full-time maintenance staff would be needed. For the high scenario, two additional full-time maintenance staff would be needed. These positions would assist with overall facility maintenance, as well as specific set-up and clean-up activities at Fairgrounds.

Using current approximate salary and wage levels for similar positions in the Tallahassee market area (per the Florida Department of Economic Opportunity, below are the expected incremental labor costs associated with the above positions.

North Florida Fairgrounds Exhibition Building
Estimated Incremental Personnel Costs

Staff Position	Low Scenario	High Scenario
Event Coordinator	$40,000	$40,000
Maintenance Staff	40,000	40,000
Maintenance Staff	20,000	40,000
	$100,000	$120,000
Taxes and Benefits @ 40%	40,000	48,000
Total Personnel Costs	$140,000	$168,000

Utilities

Utility costs include electricity, gas, water, sewer and trash removal for the operation of the Recommended Facilities.

General and Administrative Expenses

General and administrative expenses cover the incremental costs of operating the Recommended Facilities including office supplies, travel, postage, telephone, equipment rentals and other costs.

Supplies

Supply costs include supplies used in the operation and maintenance of the facilities, such as rest room supplies and those supplies used in cleaning and maintaining the facilities.

Repairs and Maintenance
Repairs and maintenance costs include the cost of normal repairs and maintenance of the facilities; not extraordinary costs associated with new facilities.

Advertising and marketing
These costs include the production of brochures, marketing materials, travel and tours, mailing and other costs associated with advertising and promoting the Recommended Facilities.

Contractual Services
It is assumed that Fairgrounds would contract for certain services associated with operating and maintaining the facilities, such as hourly works for event set-up and clean-up, as well as equipment rentals and special services.

Projected Revenues and Expenses

The projected revenues and expenses for the proposed exhibition building and expanded equestrian facilities at the North Florida Fairgrounds, in a stabilized year of operation (3rd year of operating the proposed exhibition building), are presented in the table below. The projected cash flows are based on the assumed rental rates presented in this document, the projected utilization of the proposed facilities, and the estimated revenues and expenses associated with operating the facilities.

These projections and the assumptions herein represent the revenues and expenses associated with operating the Recommended Facilities and are considered to be incremental to current revenues and expenses. There will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The projections are presented in 2015 dollars.

North Florida Fairgrounds Exhibition Building
Projected Incremental Operating Revenues and Expenses
Stabilized Year of Operations

	Low Scenario	High Scenario	Average Scenario
Operating Revenues			
Rental income	$334,000	$428,000	$381,000
Concession income	48,000	60,000	54,000
Equipment rentals	22,000	23,000	22,500
Fair revenues	25,000	35,000	30,000
Sponsorship revenues	20,000	30,000	25,000
Camping Income	38,000	44,000	41,000
Parking income	32,000	34,000	33,000
Total revenues	519,000	654,000	586,500
Less: Revenues from existing events	(93,000)	(93,000)	(93,000)
Incremental revenues	426,000	561,000	493,500
Operating Expenses			
Salaries, wages & benefits	140,000	168,000	154,000
Utilities	55,000	75,000	65,000
General & administrative	5,000	8,000	6,500
Supplies	10,000	15,000	12,500
Repairs and maintenance	20,000	30,000	25,000
Marketing and advertising	15,000	25,000	20,000
Contractual services	20,000	30,000	25,000
Incremental expenses	265,000	351,000	308,000
Incremental cash flow	$161,000	$210,000	$185,500

ESTIMATED CONSTRUCTION COSTS

Populous, an international fairgrounds architectural firm, prepared estimates of the potential costs of constructing the Recommended Facilities. These costs are based on general construction methods and do not reflect any special or extraordinary site development or other unanticipated costs. These costs are based on visual observations, allowances, historic data and local cost indicators (Leon County and Tallahassee). No detailed architectural or engineering studies have been developed. Neither Markin Consulting nor Populous make any representation as to the accuracy of these estimates as they relate to facilities that may be built at the North Florida Fairgrounds. An architectural firm should be engaged to prepare cost estimates specific to the Tallahassee and Leon County building codes and construction cost experience.

North Florida Fairgrounds Order of Magnitude Square Footages & Costs	Area	Cost per Square Foot	Total Estimated Cost
EXHIBITION BUILDING			
Exhibition Hall	40,000 sf	$150	$6,000,000
Meeting Rooms	2,000 sf	$250	500,000
Restrooms	1,600 sf	$250	400,000
Catering/Demonstration Kitchen	800 sf	$300	240,000
Storage	800 sf	$100	80,000
Show Office	200 sf	$250	50,000
Mechanical/Electrial/Fire/Data/ Communications Rooms	600 sf	$100	60,000
Foyer/Circulation	7,000 sf	$300	2,100,000
SUB-TOTAL	53,000 sf		$9,430,000
Soft Costs and FF&E		25%	2,357,500
TOTAL EXHIBITION BUILDING			$11,787,500
SITE ELECTRIAL (Allowance & All Included)			$500,000
GATES, SITE LANDSCAPE & ENHANCEMENTS (Allowance & All Included)			3,000,000
TOTAL ORDER OF MAGNITUDE COST			$15,287,500

Source: Populous

The FF&E estimates included in this table are approximate for table/chairs, portable bleachers, sports floor and technology requirements of the building (e.g., WIFI, energy saving lights, media equipment in meeting rooms, etc.).

FUNDING OPTIONS

A review of funding source options that might apply for the construction of the proposed Exhibition Building and the identified general upgrades and beautification of the Fairgrounds revealed the following:

- Public funding – the taxpayers of Leon County passed a one cent option tax extension in November 2014 that is collected on all taxable sales within the County. Approximately $12 million of the one cent sales tax generated between 2020 and 2040 has been earmarked for Fairground improvements.
- Bond or loan financing – the revenue generating proposed exhibition building (with estimated construction costs of almost $12 million) could possibly support some level of debt financing, estimated in the range of $2 million to $2.75 million, based on the low and high scenario cash flows. The balance of the funding would need to be raided from other sources.
- Other sources – county, state and federal grants, as well as private fund raising could all be additional sources of capital to pay for the cost of the Recommended Facilities

ESTIMATED ECONOMIC IMPACTS

Overview

This section of this report presents the approach and methodology used to develop estimates of the potential economic and fiscal impacts of visitors to the Tallahassee/Leon County area resulting from specific potential events that attract visitors to the area.

Approach

Economic impacts are generally described as the amount of expenditures that occur in a defined geographic area, including subsequent re-spending of the initial expenditures. The new events that could be attracted to the Tallahassee/Leon County area with the construction and operation of the proposed Exhibition Building that would have significant economic impacts to the area are the 1 to 2 regional RV rallies and the 6 to 9 sports tournaments – generating impacts from the spending of non-local participants, spectators and event promoters for lodging, meals, retail purchases, entertainment and the like. The re-spending of the initial expenditures within the Tallahassee/Leon County area of these non-local participants, spectators and event promoters are captured through multipliers that reflect the economic makeup of the area, as well as account for the leakage out of the area. In addition, certain expenditures result in state and local sales and lodging taxes, referred to as fiscal impacts.

RV Rallies

For the RV rallies, we utilized expenditure data from similar regional RV rallies that we surveyed as part of economic impact studies conducted for similar fairgrounds facilities. The impacts include the spending of the (1) rally organizer for meals/catering, materials and supplies, entertainment and fuel, (2) vendors at the rally for food, fuel, entertainment, retail and other local services and (3) rally participants for groceries, fuel, retail, entertainment, other purchases and some per-rally lodging. The tables below presents the estimated spending by these three rally groups. The low scenario assumes a 5-day rally with 600 rigs and 12 vendors. The high scenario adds a 6-day rally with 700 rigs and 12 vendors to the low scenario.

Total Estimated Direct Expenditures of RV Rallies - Low Scenario

Total expenditures	Promoters	Vendors	Participants	Total
Lodging	$0	$0	$0	$0
Meals	23,000	6,300	58,400	87,700
Transportation	6,500	1,800	48,300	56,600
Entertainment	5,000	2,700	9,300	17,000
Retail	15,000	4,500	0	19,500
Services	0	3,600	57,200	60,800
Other	0	13,500	37,900	51,400
Total	$49,500	$32,400	$211,100	$293,000

All amounts rounded to $100's of dollars

North Florida Fairgrounds
Total Estimated Direct Expenditures of RV Rallies - High Scenario

Total expenditures	Promoters	Vendors	Participants	Total
Lodging	$0	$0	$21,200	$21,200
Meals	46,000	12,600	131,100	189,700
Transportation	13,000	3,600	101,100	117,700
Entertainment	10,000	5,400	19,500	34,900
Retail	30,000	9,000	103,200	142,200
Services	0	7,200	0	7,200
Other	0	27,000	89,500	116,500
Total	$99,000	$64,800	$465,600	$629,400

All amounts rounded to $100's of dollars

To estimate the potential total economic impacts associated with the estimated direct expenditures of the 1 to 2 new RV rallies, we purchased RIMS II multipliers from the Bureau of Economic Analysis for Leon County and applied those multipliers to the estimated direct expenditures presented in the above two tables. The calculations of total economic impacts for these RV rallies are shown in the table below, along with the estimated impacts to local earnings and jobs.

North Florida Fairgrounds
RV Rally Impacts - Low Scenario

			Multiplier			Results		
RIMS #	Account Name	Initial Expenditures	Output	Earnings	Jobs	Expenditures	Earnings	Employment
59	Lodging	$0	1.5584	0.4217	13.3527	$0	$0	0.0
60	Meals	87,700	1.5517	0.4471	20.0980	136,100	39,200	1.8
28	Transportation	56,600	1.5553	0.4487	15.5398	88,000	25,400	0.9
711500	Entertainment	17,000	1.5021	0.4346	14.2403	25,500	7,400	0.2
28	Retail	19,500	1.5553	0.4487	15.5398	30,300	8,700	0.3
61	Services	60,800	1.7353	0.4697	13.7480	105,500	28,600	0.8
28	Other	51,400	1.5553	0.4487	15.5398	79,900	23,100	0.8
		$293,000				$465,300	$132,400	4.8

Source for Multipliers: RIMS II Bureau of Economic Analysis

North Florida Fairgrounds
RV Rally Impacts - High Scenario

			Multiplier			Results		
RIMS #	Account Name	Initial Expenditures	Output	Earnings	Jobs	Expenditures	Earnings	Employment
59	Lodging	$21,200	1.5584	0.4217	13.3527	$33,000	$8,900	0.3
60	Meals	189,700	1.5517	0.4471	20.0980	294,400	84,800	3.8
28	Transportation	117,700	1.5553	0.4487	15.5398	183,100	52,800	1.8
711500	Entertainment	34,900	1.5021	0.4346	14.2403	52,400	15,200	0.5
28	Retail	142,200	1.5553	0.4487	15.5398	221,200	63,800	2.2
61	Services	7,200	1.7353	0.4697	13.7480	12,500	3,400	0.1
28	Other	116,500	1.5553	0.4487	15.5398	181,200	52,300	1.8
		$629,400				$977,800	$281,200	10.5

Source for Multipliers: RIMS II Bureau of Economic Analysis

The estimated fiscal impacts associated with these expenditures include state sales tax, state fuel tax, county sales tax and tourism development tax, as presented in the table below.

North Florida Fairgrounds
Estimated Fiscal Impacts of RV Rallies

	Low Scenario	High Scenario
State sales tax	$14,200	$30,700
State fuel tax	6,800	14,200
County sales tax	3,500	7,700
Tourism development tax	0	1,100
	$24,500	$53,700

Sports Tournaments

For purposes of estimating the economic and fiscal impacts for the potential sports tournaments, we used data contained in the ***Leon County Economic Feasibility Assessment Report***[3]*,* dated June 29, 2012, adjusted for the number of tournaments and number of tournament days. Below are the calculations of the estimated impacts of the sports tournaments.

North Florida Fairgrounds
Estimated Impacts of Sports Tournaments

	Low	High
Economic Impacts		
Number of tournaments	6	9
Average number of teams	20	20
Average number of visitors per team	27	27
Average number of days/nights in Tallahassee	2	2
Average daily spending per visitor	143	143
Estimated direct spending	$926,640	$1,389,960
Multiplier for indirect/induced spending	1.44	1.44
Total estimated economic impact	$1,334,400	$2,001,500
Fiscal Impacts		
State sales tax	$55,600	$85,400
County sales tax	13,900	20,900
Tourism development tax	6,800	10,000
Total estimated fiscal impacts	$76,300	$116,300

Source: Leon County Economic Feasibility Assessment Report, June 29, 2012 (p. 54)

[3] A feasibility study for a sports complex in Tallahassee.

TOTAL IMPACTS

The table below presents a summary of the estimated total potential economic and fiscal impacts associated with the RV rallies and sports tournaments that could be staged at the Fairgrounds with the construction of the proposed Exhibition Building.

North Florida Fairgrounds Study
Summary of Estimated Annual Economic Impacts
From New Events Attracted to Tallahassee

Event Type	Low Scenario		High Scenario
Regional RV Rallies	$465,000	to	$978,000
Sports Tournaments	1,334,000	to	2,002,000
Total Annual Impacts	$1,799,000	to	$2,980,000
Estimated Fiscal Impacts	$101,000		$170,000

Exhibits

North Florida Fairgrounds Study
RMP Opportunity Gap - Retail Stores, 2014

	Total Building Material, Garden Equipment Stores	Building Material and Supply Dealers	Lawn, Garden Equipment Supplies Stores
One Mile Radius			
Consumer Expenditures	$8,281,986	$6,998,389	$1,283,597
Retail Sales	1,334,219	398,296	935,923
Opportunity Gap (Surplus)	$6,947,767	$6,600,093	$347,674
Two Mile Radius			
Consumer Expenditures	$32,616,503	$27,620,979	$4,995,524
Retail Sales	32,602,547	31,214,075	1,388,472
Opportunity Gap (Surplus)	$13,956	($3,593,096)	$3,607,052
Three Mile Radius			
Consumer Expenditures	$77,851,105	$65,846,893	$12,004,212
Retail Sales	65,081,113	63,096,987	1,984,126
Opportunity Gap (Surplus)	$12,769,992	$2,749,906	$10,020,086

Source: The Nielson Company, 2014

North Florida Fairgrounds Study

RMP Opportunity Gap - Retail Stores, 2014

	Total Food and Beverage Stores	Grocery Stores	Specialty Food Stores	Beer, Wine and Liquor Stores
One Mile Radius				
Consumer Expenditures	$11,615,929	$7,991,927	$982,355	$2,641,647
Retail Sales	59,762,291	40,795,153	83,409	18,883,730
Opportunity Gap (Surplus)	($48,146,362)	($32,803,226)	$898,946	($16,242,083)
Two Mile Radius				
Consumer Expenditures	$45,061,337	$29,262,213	$3,552,955	$12,246,169
Retail Sales	76,328,823	55,852,792	433,708	20,042,323
Opportunity Gap (Surplus)	($31,267,486)	($26,590,579)	$3,119,247	($7,796,154)
Three Mile Radius				
Consumer Expenditures	$107,330,267	$67,474,766	$8,186,450	$31,669,052
Retail Sales	192,201,471	119,747,275	1,434,112	71,020,084
Opportunity Gap (Surplus)	($84,871,204)	($52,272,509)	$6,752,338	($39,351,032)

Source: The Nielson Company, 2014

North Florida Fairgrounds Study
RMP Opportunity Gap - Retail Stores, 2014

	Total Food Service and Drinking Places	Full-Service Restaurants	Limited-Service Eating Places	Specialty Foodservices	Drinking Places-Alcoholic Beverages
One Mile Radius					
Consumer Expenditures	$8,157,856	$3,648,100	$3,309,340	$884,777	$315,638
Retail Sales	9,809,206	6,714,508	2,948,507	45,582	100,609
Opportunity Gap (Surplus)	($1,651,350)	($3,066,408)	$360,833	$839,195	$215,029
Two Mile Radius					
Consumer Expenditures	$36,410,743	$16,543,214	$14,362,086	$3,842,187	$1,663,256
Retail Sales	38,861,442	23,015,464	4,946,507	7,674,575	3,224,896
Opportunity Gap (Surplus)	($2,450,699)	($6,472,250)	$9,415,579	($3,832,388)	($1,561,640)
Three Mile Radius					
Consumer Expenditures	$96,637,448	$44,194,789	$37,854,678	$10,110,008	$4,477,972
Retail Sales	195,810,871	74,436,874	54,713,032	56,701,540	9,959,424
Opportunity Gap (Surplus)	($99,173,423)	($30,242,085)	($16,858,354)	($46,591,532)	($5,481,452)

Source: The Nielson Company, 2014