



ESCAMBIA COUNTY  
**FIELD HOUSE & ARENA**  
*SUPPLEMENT TO UNSOLICITED PROPOSAL*  
OCTOBER 5<sup>TH</sup>, 2017



# PRIMARY DEVELOPMENT TEAM



## Developer/Financier

One of the world's largest P3 developers with over 200 public-private partnerships successfully completed across the globe.

### Primary Contact

**Jed Freedlander**

*Vice President, Development*



## Co-Developer

North America's leader in event center development having completed over a dozen multi-use event centers and community recreation facilities in the U.S.

### Primary Contact

**Rick Kozuback**

*President and CEO*



## Facility Management

A full service venue management, food and beverage coordinator and programming solution provider to arenas, theaters and convention centers throughout the U.S.

### Primary Contact

**Joe Romano**

*Executive Vice President*



## Design Builder

One of the nation's largest construction management firms primarily serving the Civic/Municipal and Education building sectors, frequently as part of P3 development teams.

### Primary Contact

**Roger Baum**

*Vice President,  
Public-Private Partnerships*



## Architect of Record

Award winning, full service architectural firm specializing in Civic/Municipal and Education facility design, frequently as part of P3 development teams.

### Primary Contact

**Vispi Karanjia**

*Partner, Business Unit Leader*

# CONCEPTUAL PROGRAM

- **100,000 SF FIELD HOUSE** (MULTI-USE SPORTS TOURISM VENUE)
- **6,500 FIXED SEAT ARENA** (MULTI-USE EVENT VENUE, PENSACOLA SPORTS HALL OF FAME & MUSEUM, & COMMUNITY ICE RINK)
- **120-150 KEY HOTEL**
- **MIXED-USE OUT PARCELS** (RETAIL, RESTAURANT, ETC.)
- **PEDESTRIAN PLAZA**
- **PARKING** (STRUCTURED & SURFACE)



# CONCEPTUAL SITE PLANS



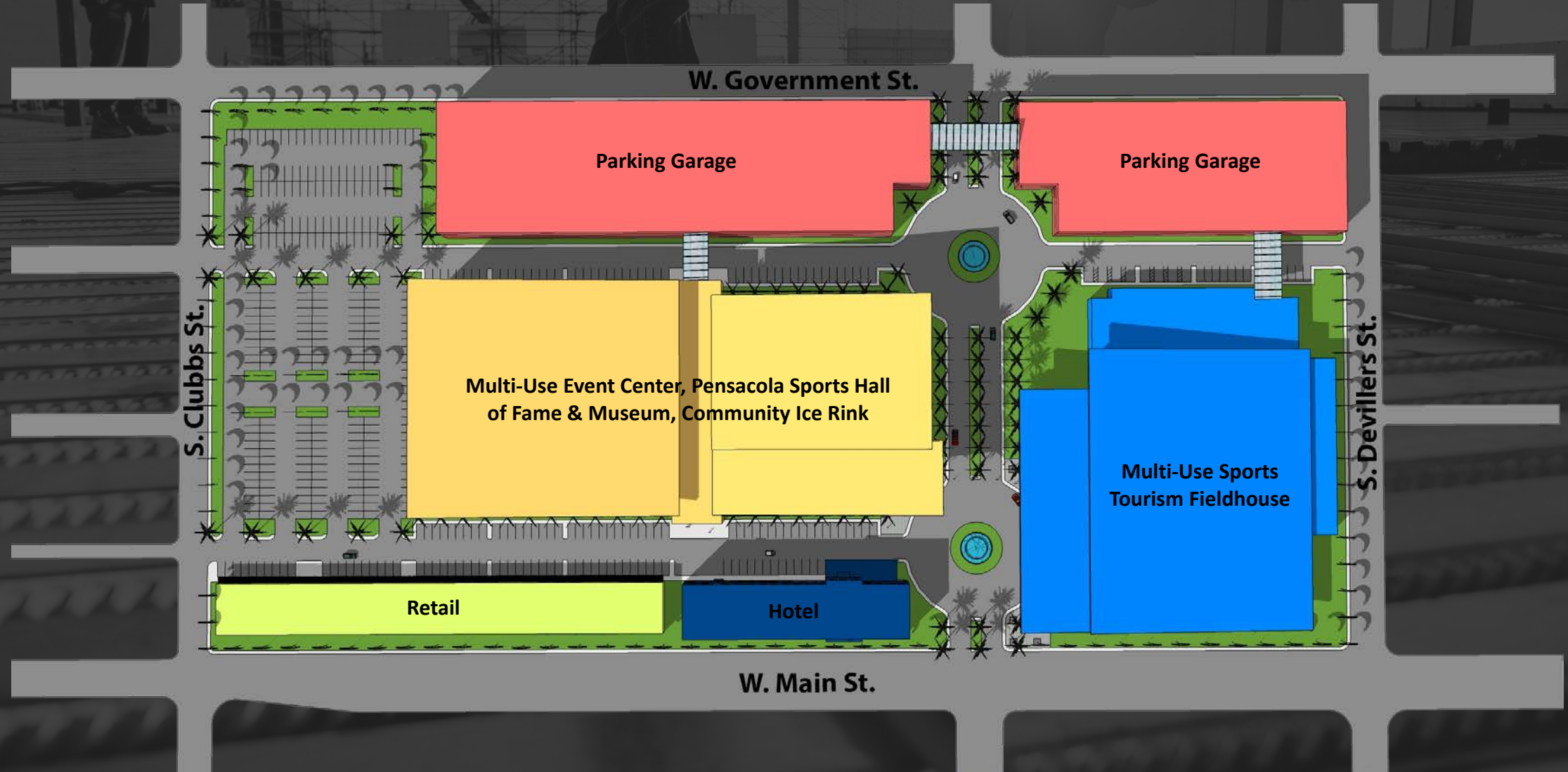
**OPTION A:**  
STUDER PROPERTIES SITE



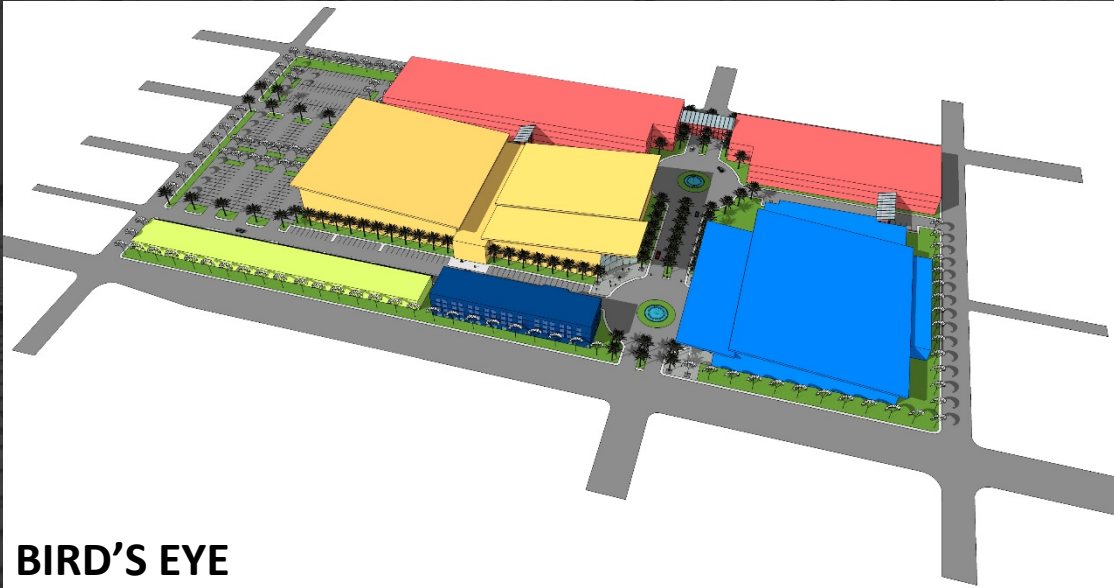
**OPTION B:**  
BAY CENTER SITE



# OPTION A: STUDER PROPERTIES SITE



# OPTION A: STUDER PROPERTIES SITE



**BIRD'S EYE**



**PROMENADE**



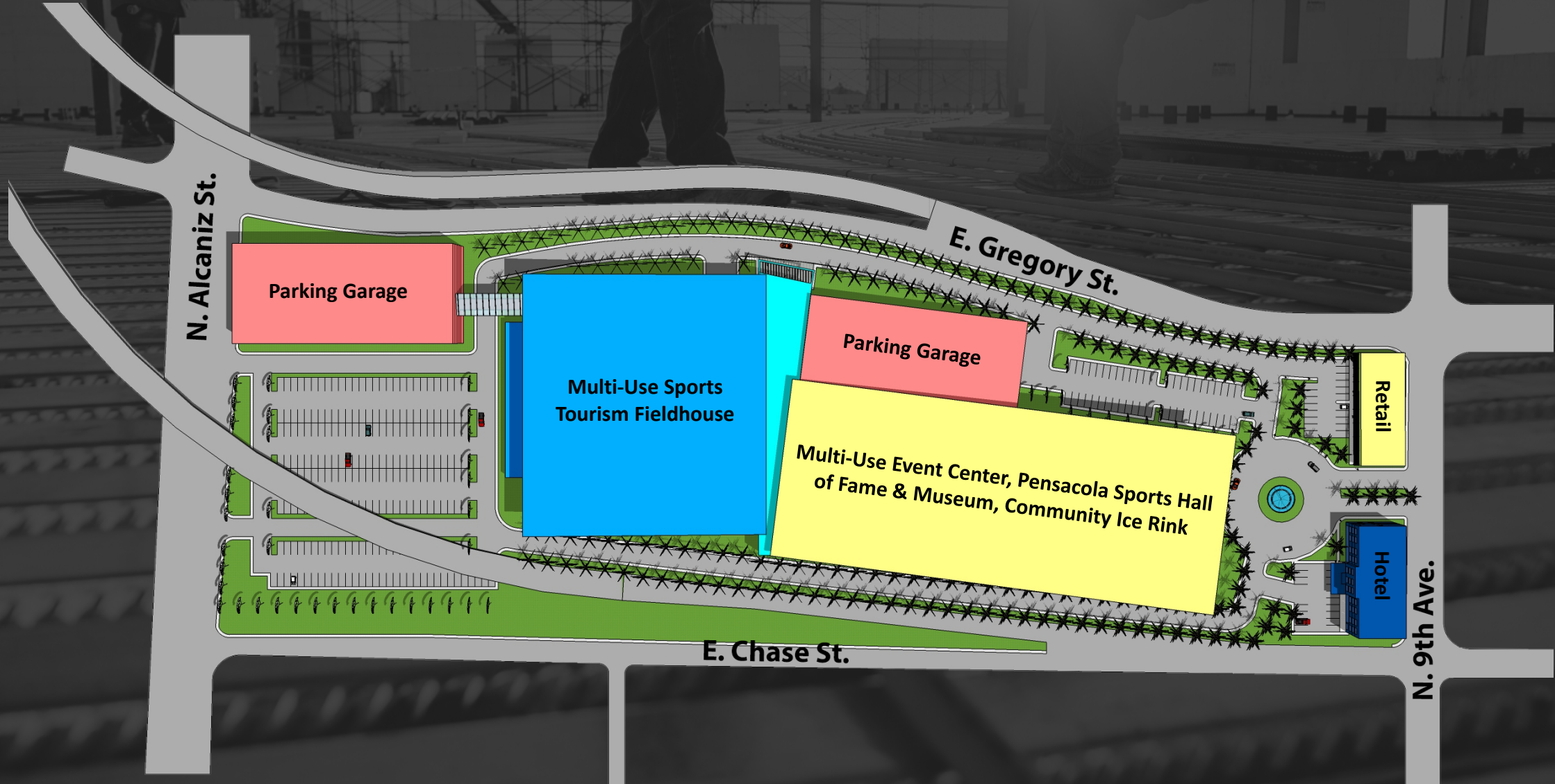
**EVENT CENTER**



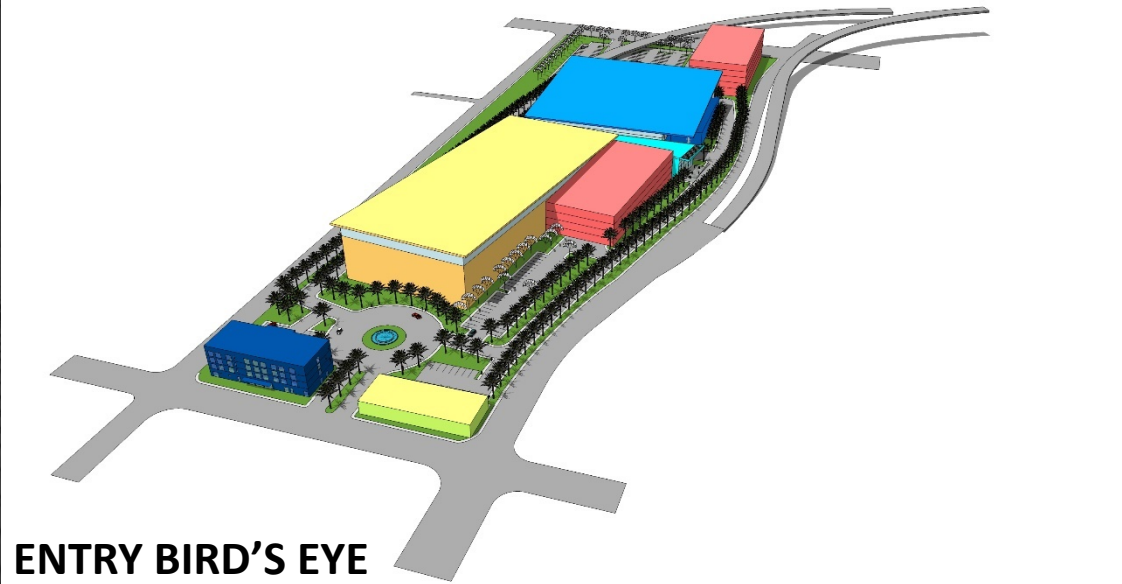
**PROMENADE 2**



# OPTION B: BAY CENTER SITE

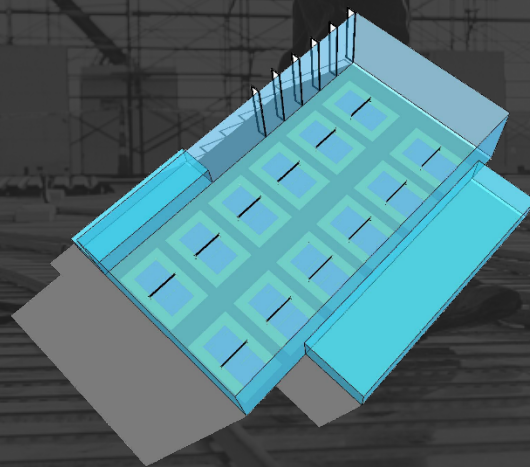


# OPTION B: BAY CENTER SITE

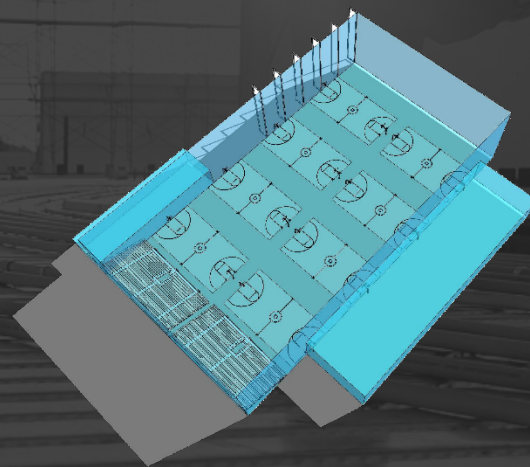




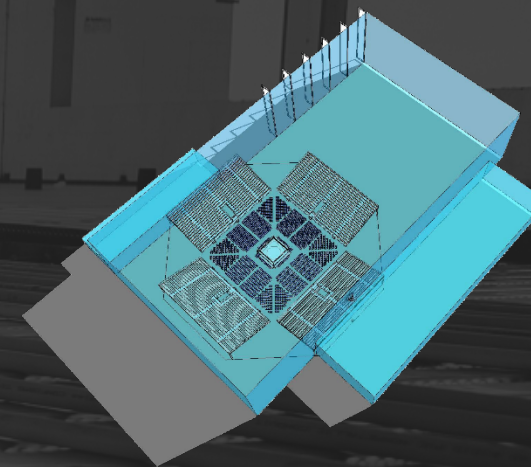
# MULTI-USE FIELD HOUSE LAYOUTS



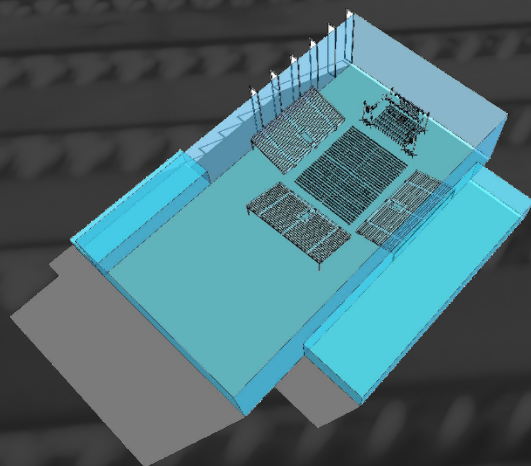
Volleyball Courts



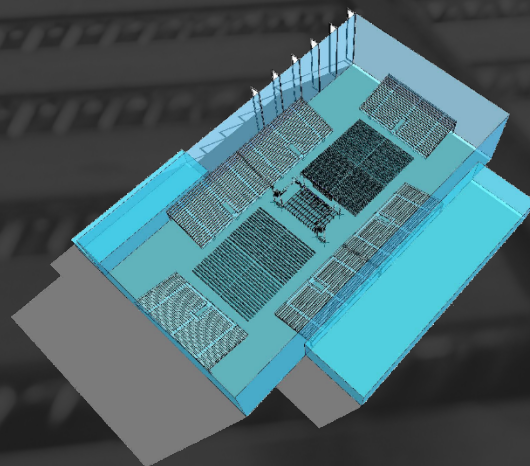
Basketball Courts



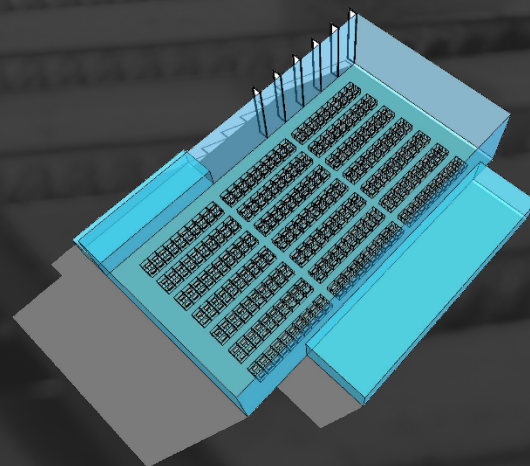
Boxing Arena



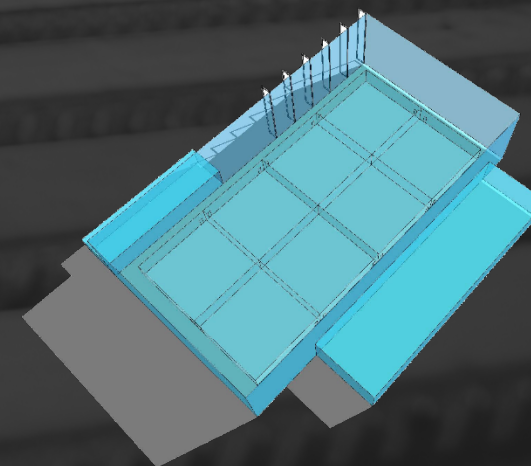
Stage - Side Layout



Stage - Center Layout



Trade Show



Conference Rooms

# MULTI-USE ARENA LAYOUTS

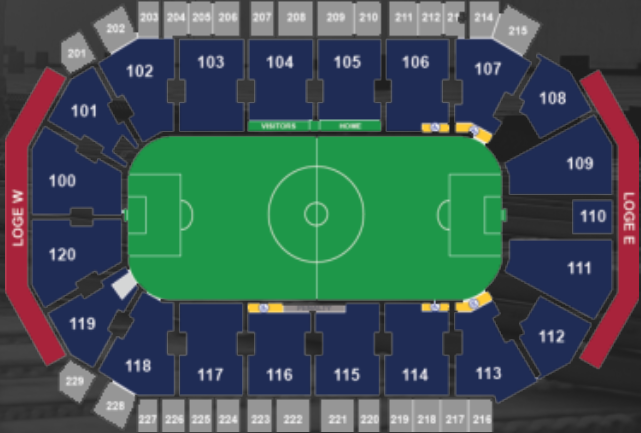
**Basketball**



**HOCKEY**



**SOCCER**



**END STAGE CONCERT**



**HALF HOUSE CONCERT**



**QUARTER HOUSE CONCERT**





# EXAMPLE ELEVATIONS & COST ESTIMATES



**MULTI-USE FIELD HOUSE**

\$17-\$25M



**MULTI-USE ARENA**

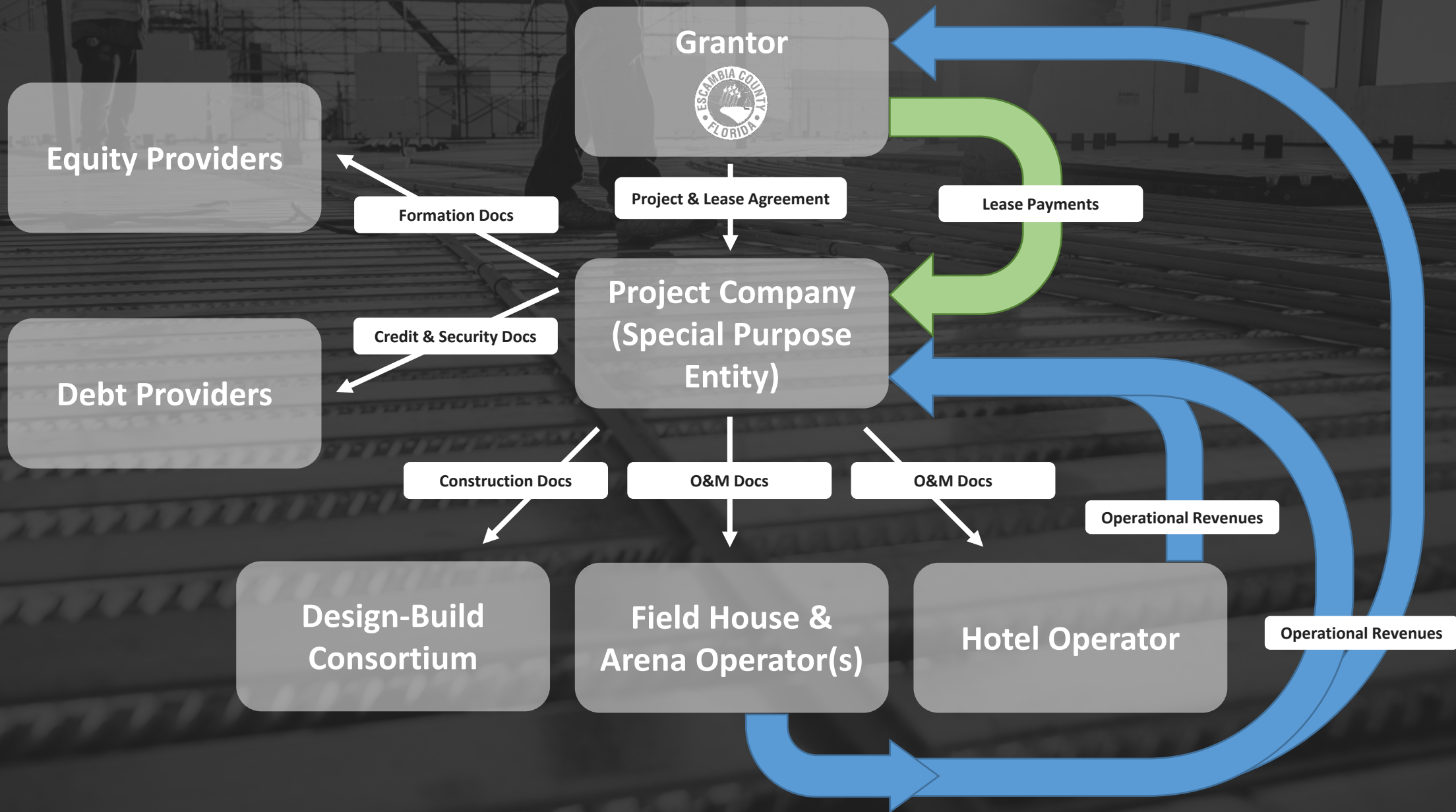
\$48M-\$65M

# PROPOSED DEVELOPMENT SCHEDULE





# PROPOSED LEASE STRUCTURE: FLOW CHART



# PROPOSED LEASE STRUCTURE: KEY ELEMENTS

## ➤ **FIXED PRICE, 30-YEAR LEASE BETWEEN COUNTY AND DEVELOPER**

- County lease payments do not begin until Arena and Field House are constructed per County requirements and readily available for occupancy. Developer will be responsible for the total project financing in the estimated amount of \$70M-\$100M.
- Lease payments cover repayment of initial developer cost of designing, building and financing the Arena and Field House.
- Additional rent covers a fixed portion of operations, maintenance and lifecycle investment for the Arena and Field House.
- Lease payments are subject to annual appropriation.
- Arena and Field House are transferred to County at no additional cost upon lease conclusion.

## ➤ **OTHER DEVELOPMENT ON SITE**

- Hotel operator makes a fixed lease payment to developer.
- Retail, parking and restaurant development—similar lease structure, as appropriate.
- Lease payments cover remaining cost of operations, maintenance and lifecycle investment for the Arena and Field House. Payments designed to account for fluctuations in operational demand and help eliminate County's obligation to pay additional rent over time.



# PROJECT FUNDING MECHANISMS

## TO BE FULLY EXPLORED, STRUCTURED & COMPETED IN DEVELOPMENT STAGE

### ➤ **UPFRONT PRIVATE CAPITAL FUNDS** (AVAILABLE AT CLOSING FOR FUNDING CAPITAL COSTS OF PROJECT):

- **Developer equity** - Fully committed by Hunt and any development partners. First loss position on Project throughout term.
- **Long-term debt** - Long-term debt will be sourced, structured and committed or underwritten. May be placed through a private placement (most likely) with institutional investors such as life insurance companies and pension funds or broadly marketed to qualified investors through an underwriter. (Developer will work with ratings agencies, issuers, underwriters and investors to ensure competitive tension during structuring process.)
- **New market tax credits (NMTC's)** - Inclusion of one or more tax equity investors with a (residual) allocation of new market tax credits would, if applicable, reduce the amount of debt or equity otherwise required.

### ➤ **ONGOING PRIVATE REVENUE STREAMS** (AVAILABLE OVER THE TERM TO SUBSIDIZE OPERATIONS, AS NEEDED, OR AS A COUNTY PROFIT SHARE):

- **Hotel Lease Revenue**
- **Retail and Concessions from Project Operations**
- **Parking Revenues from Operations**
- **Naming Rights**
- **Potential Future Development on Site** (residential, commercial, office)

### ➤ **EXISTING OR ALLOCABLE COUNTY REVENUE SOURCES** (AS COMMUNICATED TO PADP VIA LOCAL STAKEHOLDERS)\*:

- **Pensacola Bay Center Operations Subsidy (TDT)** - Approximately \$1.3M/year
- **Pensacola Bay Center Capital Improvement Funds (LOST)** - Approximately \$200K/year
- **Triumph Funds** - Approximately \$25M over five years—\$5M/year commencing from 2020 to 2025
- **Additional LOST Funds** - To be determined at a later date based on project's positive impact on local option sales tax

*\*No fiduciary or advisory relationship exists between PADP and the County, therefore, PADP has not independently verified the existence or amounts of existing or allocable county revenue sources. PADP is not an agent, municipal advisor or financial advisor to the County.*

# PROJECTED ECONOMIC IMPACT : FIELDHOUSE

- **DIRECT:** \$24,843,000 - \$28,454,000 / YEAR
- **INDIRECT & INDUCED:** \$12,951,000 - \$14,835,000 / YEAR
- **TOTAL NEW JOBS LOCALLY:** 450 – 520

**Source:** Crossroads Study: Pensacola, Florida - January 2016  
80,000 square foot field house facility.



# REPRESENTATIVE ECONOMIC IMPACT: ARENA

- **DIRECT: \$7,400,000 / YEAR**
- **INDIRECT & INDUCED: \$5,600,000 / YEAR**
- **TOTAL NEW JOBS LOCALLY: 250**

**Source:** Hunden Strategic Partners: Racine, Wisconsin - August 2016  
4,300 seat events center only. NBA G-League tenant.

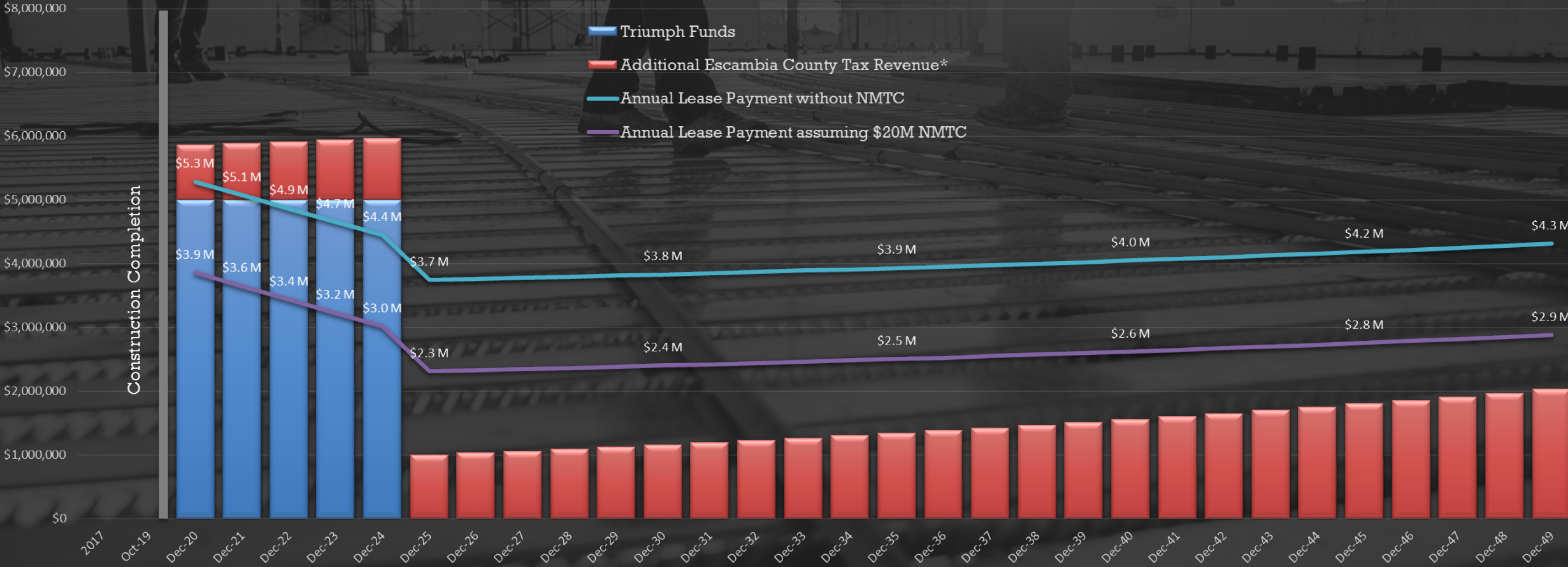
- **DIRECT, INDIRECT & INDUCED: \$13,000,000 / YEAR**
- **TOTAL NEW JOBS LOCALLY: 265**

**Source:** Texas Economic Development Corporation: Allen, Texas - 2015\*  
6,500 seat arena/events center and community ice rink.

\*After 5 years of operation

# ESTIMATED LEASE PAYMENTS & POTENTIAL COUNTY FUNDING SOURCES

(FULLY AMORTIZING)

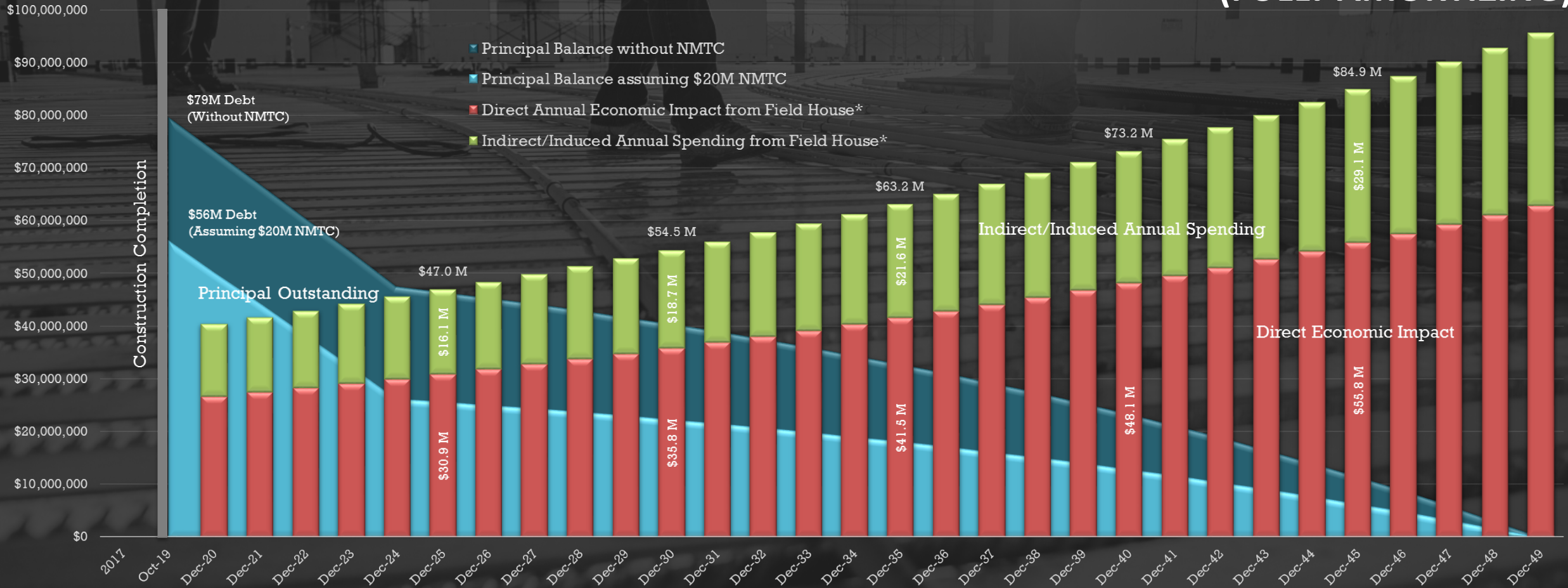


\* Additional Escambia County Tax Revenue provided in *Crossroads Draft Study on Escambia County Community Recreation and Sports Tourism Needs*, Dated January 2016. (inflated at 3% per annum)



# ESTIMATED DEBT REPAYMENT SCHEDULE & COUNTY ECONOMIC IMPACT

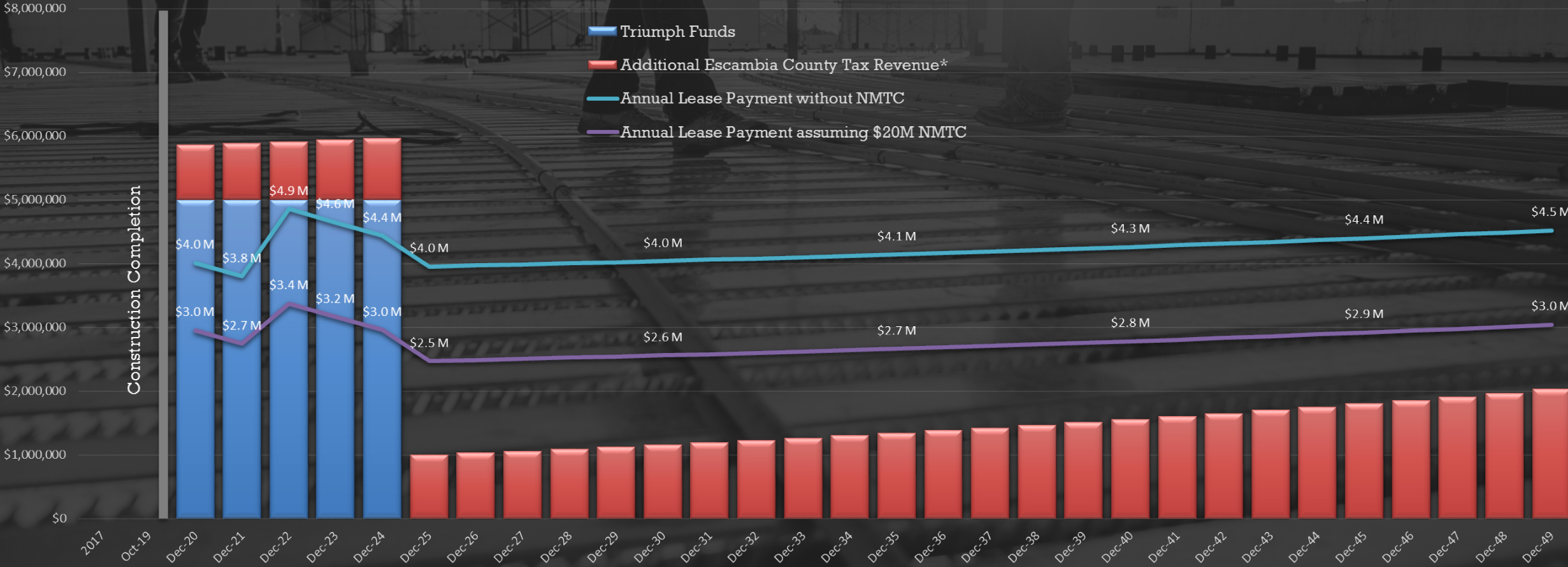
(FULLY AMORTIZING)



\* Average of estimated economic impact ranges provided in *Crossroads Draft Study on Escambia County Community Recreation and Sports Tourism Needs*, Dated January 2016.  
(Total Annual Economic Impact = Direct Annual Economic Impact + Indirect/Induced Annual Spending, inflated at 3% per annum)

# ESTIMATED LEASE PAYMENTS & POTENTIAL COUNTY FUNDING SOURCES

(WITH 2-YEAR INTEREST ONLY PERIOD)

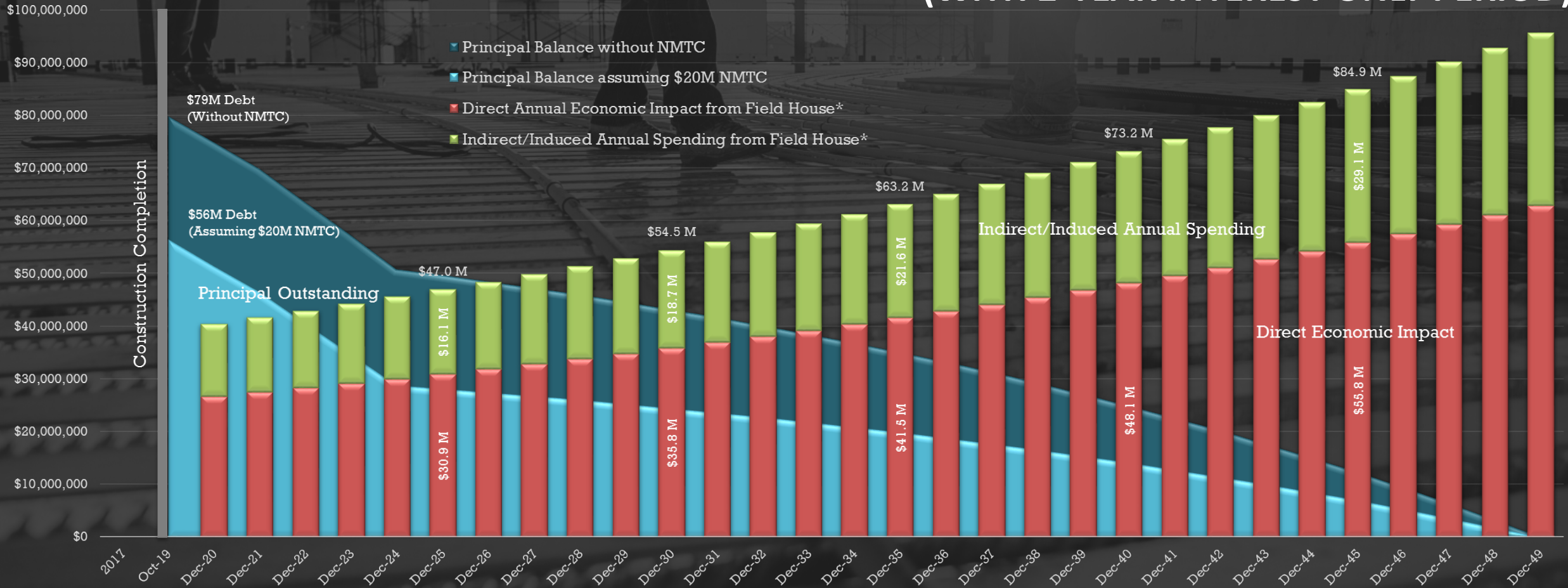


\* Additional Escambia County Tax Revenue provided in *Crossroads Draft Study on Escambia County Community Recreation and Sports Tourism Needs*, Dated January 2016. (inflated at 3% per annum)



# ESTIMATED DEBT REPAYMENT SCHEDULE & COUNTY ECONOMIC IMPACT

(WITH 2-YEAR INTEREST ONLY PERIOD)



\* Average of estimated economic impact ranges provided in *Crossroads Draft Study on Escambia County Community Recreation and Sports Tourism Needs*, Dated January 2016.  
(Total Annual Economic Impact = Direct Annual Economic Impact + Indirect/Induced Annual Spending, inflated at 3% per annum)

# FINANCIAL CHART DISCLAIMERS

## CHARTS ABOVE ARE SUBJECT TO THE FOLLOWING ASSUMPTIONS, QUALIFICATIONS & DISCLAIMERS

1. Figures are for discussion purposes only, based on \$65M of construction cost and 4.5% cost of debt. No figures, rates or time periods have been committed or confirmed at this point.
2. Charts assume a construction completion date of October 2019 and an initial lease payment from the County in January 2020. These time periods are subject to change as the program progresses.
3. We have not included any cost for land in these figures at this time.
4. We have included a lifecycle management reserve fund which is funded with \$200,000/yr. We propose that these funds be escrowed with the County to assure that they are available for needed upgrades and lifecycle replacement over time. We have also included an annual figure for preventative maintenance, which is part of the lease payment.
5. The anticipated operating loss on the arena and field house will be offset by a lease payment from a hotel and, as appropriate, future retail development. Any surplus funds received through this future development, after accounting for required project costs, will be shared with the County.
6. Annual figures relating to economic impact, tax revenue, lifecycle management and facilities maintenance are escalated at the inflation rate of 3% per year.
7. All graphs assume for illustration purposes the availability of \$25M of Triumph funds, spaced over 5 years starting in 2020. If available, it is anticipated that these funds would be used to prepay principal on the project. The application for Triumph funds has not yet been prepared or submitted by the County and we are not expressing an opinion on the appropriateness of such an application or on the likelihood of an allocation.
8. Certain scenarios indicate the impact of \$20M of New Market Tax Credits (NMTC's) to reduce the initial funding required on the project. We have not applied for NMTC's for this Project, nor do we have a definitive view on whether the project will qualify for them based on location of the site or projected economic development.
7. NOTE: No fiduciary or advisory relationship exists between the development team and the County. The developer has not independently verified the existence or amounts of existing or allocable county revenue sources. Developer is not an agent, municipal advisor or financial advisor to the County. Sources of County funds were identified in a report prepared by and presented to the DMO in 2016 and have been reproduced here for illustration purposes only. In connection with its evaluation of the proposal in the context of the Florida P3 Statutes, and as a matter of diligence, we recommend that the County engage the services of a qualified advisor to analyze the benefits of the Project to the County and to interact with Developer in advance of any financial close for the Project.



# NEXT STEPS

## FOLLOWING EXECUTION OF LOI BETWEEN COUNTY AND DEVELOPER

- Complete due diligence on potential sites.
- Select site and negotiate purchase/lease.
- Complete site plans and schematic design.
- Negotiate leases with key tenants.
- Complete market/feasibility studies. (e.g., 2<sup>nd</sup> Crossroads Study)
- Establish a guaranteed price and schedule for construction.
- Structure and secure financing package.
- Negotiate and structure final lease, hotel and property development agreements.
- Nominate public-private board to oversee project.
- Obtain required governmental approvals for project.



July 18, 2017

VIA FIRST CLASS MAIL  
AND EMAIL –

Re: Unsolicited Proposal for Delivery of New Arena and Field House in Pensacola, FL

To Whom It May Concern:

Pensacola Arena Development Partners, LLC ("PADP") is pleased to submit to Escambia County (the "County") this unsolicited proposal to develop, finance, construct, operate and maintain an efficient, resilient, attractive, versatile, technologically advanced arena and field house and related developments in Pensacola, FL (the "Project") on a to-be-agreed site of at 12 acres in or around downtown Pensacola, FL (the "Site").

Executive Summary

As set forth in greater detail in this unsolicited proposal, the Project is anticipated to initially include: (i) an approximately 100,000 square foot field house and associated parking (the "Field House"); (ii) an approximately 6,500 fixed seat arena and associated parking (the "Arena"); and (iii) one or more host hotel developments, and associated on-site retail or mixed use, to accommodate visiting teams, referees and other visitors and to provide a subsidy to operations of the Arena and Field House (collectively, "Phase One"). It is anticipated that any subsequent development on the Site will be subject to a profit share between PADP and Escambia County. All development on the Site, including the Project, will be delivered in cooperation with the County and in accordance with applicable approvals and permits. The Project will be advanced with the purpose of increasing revenue for the County, including tax revenue from property taxes in the immediate area, bed tax from sports tourism and sales taxes related to expenditures on or around the Site.

PADP consists of experienced, financially stable, innovative firms that are committed to fostering successful long-term relationships with public sector partners. The members of PADP have the collective skills, experience, and resources necessary to successfully deliver the Project. Our team is excited to submit this unsolicited proposal to meet the needs of Escambia County, the City of Pensacola (the "City") and various local business and residential stakeholders.

When we pursue public-private partnership ("P3") opportunities, it starts with our belief in the critical need for the infrastructure project. Hunt, together with its affiliates, partners and advisors, will then develop a financing plan and structure that:

- (i) is as low cost as possible, given the amount of risk transfer in the project;
- (ii) is flexible with respect to accommodating changes over time and potential requests by our public sector partners to have certain call or early termination options;
- (iii) is highly predictable and reliable with respect to execution and terms;
- (iv) is creative with respect to use of other assets and business opportunities to drive down the





- price of delivery of the essential infrastructure component;
- (v) aligns interests between public and private sectors so that the County/City share in any of the long-term upside of the project; and
- (vi) includes substantial, long term commitments from the developer with respect to, as appropriate, long-term cost of debt, equity commitment, construction cost and schedule, operating costs, maintenance and lifecycle investment, energy usage, engagement with the community and local stakeholders, etc.

**Hunt:** Hunt and its affiliates have closed over 200 P3 transactions worldwide, including long-term enhanced use leases and master developer agreements with federal, state and local governments. These partnership structures provide for the guaranteed delivery of critical infrastructure elements on a designated campus, at a competitive price, and within a specific time period. They also provide for a phased approach to supplemental development, with benefits accruing to the public sector from each incremental facility or revenue stream. We have enclosed several examples of these projects in the attached materials.

Hunt and its affiliates have successfully undertaken numerous relevant urban redevelopment projects in the U.S. and internationally. In the U.K., these projects are referred to as “regeneration projects” because of their mission of re-invigorating and re-energizing a city center that has suffered from under-investment and, in some cases, neglect. We have created and advanced a socially responsible business model to undertake these redevelopment projects, focusing on energy efficiency, sustainability, affordable housing, provision of digital infrastructure and consistent engagement with our public sector partners and stakeholders.

**CORE:** CORE Construction (**CORE**) is a Construction Manager at Risk, Design-Build, General Contracting and Job Order Contractor with over 1,200 employees providing annual revenue in excess of \$900 million. CORE has a proven track record of providing exemplary services, including numerous public-private partnerships, to a wide range of clients in the municipal, K-12, higher education, multifamily, healthcare and federal markets. We have 17 regional offices across nine states and a history reaching back almost 80 years. At CORE, our mission is to earn the trust of our employees, building partners and clients. This is done through adherence to our core values: Integrity, Fairness, Continuous Improvement and Results.  
<http://www.COREconstruction.com>

**ICC:** International Coliseums Company (**ICC**) is a leader in events center development. Since 2003, ICC has been involved in the development of eleven events center projects along with numerous smaller community recreation facilities. No other event center developer has done more during this time period. ICC brings an unparalleled level of expertise and a proven sole source, integrated approach for events center design, construction and start up. ICC’s business and technical reputation, capabilities and experience in the sport and entertainment spectrum have proven out over and over again through our successful track record of designing, building and financing small to mid-sized events center complexes from the Budweiser Event Center in Loveland, Colorado in 2003 to the United Wireless Arena and Conference Center in Dodge City Kansas in 2012. In addition, ICC is an events center development company that is engaged, with its partners in facility management and operations, sports tenant relations, food service, and venue sales and marketing.



**SPS:** Structured Parking Solutions (SPS) is a Pensacola-based parking development company which provides a full complement of in-house parking services including; consulting, master planning, design, development, financing, and operational services for parking projects throughout the United States. SPS has collectively designed and/or developed over 250 garages. Furthermore, SPS owns and operates parking projects which provides them a strategic advantage and depth of knowledge which carries forward into each project starting with consulting and design services, carrying into development, and extending into post-construction management and maintenance needs. [www.StructuredParkingSolutions.com](http://www.StructuredParkingSolutions.com)

**O|W:** Orcutt | Winslow (OW) specializes in the planning and design of people-oriented architecture with a strong foundation of a portfolio of work in Municipal, Education, Healthcare, Senior Living, Hospitality and Athletics facilities that have resulted in nearly \$7 billion in design and construction cost. The 46 years of experience our firm brings to the table comprise numerous projects with multiple users. The firm holds over 100 design awards that represent excellence in all areas of aesthetics, experiential design, sustainability, and fiscal responsibility. Their lasting contributions to the community are the resulting synthesis of Program, Context, People and Technology implemented into the building design and exterior expression. A world leader, OW is advancing architecture through continual development and beta testing in the virtual building information Management (BIM) process, partnering with companies like Apple and Graphisoft via ArchiCAD and other pending products, to provide input from the design community and supply major steps towards advanced design efficiency.

**SCD:** Sink Combs Dethlefs (SCD) has a long standing reputation for excellence and innovation with an emphasis in sports facility design. The firm, established in 1962, is headquartered in Denver, Colorado. Current projects include: Target Center Renovations, Portland State Stott Center Renovation and Viking Pavilion, the Town of Parker Recreation Center Renovation and the University of Michigan Athletic South Competition and Performance Project.

**TRC:** TRC Worldwide (TRC) was founded in 1989, and has focused on practical, yet innovative structural building design, attention to detail, and a firm-wide culture of outstanding, rapid response personal service. As technology increasingly influences architectural design, consultants must keep pace. TRC has company-wide expertise in the latest complex analytical platforms including REVIT, AutoCAD, RISA, Ram Steel, and ETABS. When TRC accepts a project, whatever its size or nature, it becomes the highest priority of its manager, and as a firm, every project carries the pride of the TRC Worldwide Engineering name.

Statutory Authority to Receive Unsolicited Proposals and Enter into Interim and Comprehensive Agreements.

Pursuant to § 255.065, Fla. Stat. (the “**Statute**”), Escambia County may: (i) receive unsolicited proposals from a private party for facilities or projects that serve a public purpose, including a public facility that will be used by the public at large and (ii) enter into a comprehensive agreement with the private party for the building, operations, ownership or financing of facilities. For convenience, a copy of the Statute is attached as **Exhibit "A"**. We would encourage the County and its advisors to review the Statute (and any other statutes that they deem applicable) and draw their own conclusions as to, among others, the definition of a qualifying project and the required procurement process. If the County believes that any other statute, procedure or party





has bearing on this Project, or would prefer another form of proposal, please do not hesitate to contact us.

Pursuant to the Project Approval Requirements set forth in the Statute, this unsolicited proposal includes our preliminary responses with respect the following, all of which will be subject to finalization in a Comprehensive Agreement and associated Lease Agreement:

- a) A description of the qualifying project, including the conceptual design of the facilities or a conceptual plan for the provision of services, and a schedule for the initiation and completion of the qualifying project.
- b) A description of the method by which the private entity proposes to secure the necessary property interests that are required for the qualifying project.
- c) A description of the private entity's general plans for financing the qualifying project, including the sources of the private entity's funds and the identity of any dedicated revenue source or proposed debt or equity investment on behalf of the private entity.
- d) The name and address of a person who may be contacted for additional information concerning the proposal.
- e) The proposed user fees, lease payments, or other service payments over the term of a comprehensive agreement, and the methodology for and circumstances that would allow changes to the user fees, lease payments, and other service payments over time.

If the County would like any additional material or information in conjunction with the submission of this unsolicited proposal, please do not hesitate to contact us. The information in our unsolicited proposal corresponds to the requirements set forth in the Statute and our proposed LOI would constitute the Interim Agreement referred to therein.

We look forward to working with you to develop and execute this important Project for Escambia County and the City of Pensacola.

Kind Regards,

Hunt Development Group, LLC

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Name: Jed Freedlander  
Title: Vice President  
Address: 230 Park Ave. 19<sup>th</sup> Fl.  
New York, NY 10169  
Tel: (212) 521-6385  
Email: jed.freedlander@huntcompanies.com

Attachments



## CONTENTS OF UNSOLICITED PROPOSAL

### A. Description of the Qualifying Project

PADP envisions a multi-phase development of the Site, which unfolds over a number of years, and is responsive to any major tenant on the Site, and more generally to what the Site's highest and best use appears to be after initial investments have been made and operations commenced. This unsolicited proposal concerns "**Phase One**" of the Site development- a proposal to design, build, finance, operate and maintain a  $\pm 100,000$  square foot field house, and associated parking (the "**Field House**") and approximately 6,500 fixed seat arena, and associated parking (the "**Arena**"), located on at least 12 acres on a to-be-identified site in or around downtown Pensacola, FL (the "**Site**"). The Arena will be modular to the extent that it will be capable of accommodating different sporting events (initially anticipated to be primarily basketball and/or hockey) and will also be capable of serving as a convention center. PADP is currently conducting initial due diligence on two parcels that appear to be viable options for the Site: (i) the approximately 12 acre site where the existing Bay Center is located; and (ii) the approximately 19 acre site owned by Studer Group directly North from the existing Wahoo stadium.

In order to subsidize the operations of the Project, PADP proposes to partner with one or more hotel developers ("**Hotel Developer**") to develop at least 120 hotel rooms on the Site (the "**Hotel**"). The Hotel Developer will make an annual lease payment to the Project that will supplement the lease payment by Escambia County for the Arena and Field House and that is sized to account for any expected operating loss from normal operations of the Project. Because the Hotel development is interconnected with the ongoing operating viability of Arena and Field House operations, the Hotel should be considered as a key part of Phase One of the Project.

Schematic Designs for the Arena and Field are provided as an attachment to this Unsolicited Proposal. In advance of executing a Comprehensive Agreement for the Project, we anticipate agreeing to final designs for the Project through extensive engagement with the County, the City and applicable stakeholders. The design of the Project has been guided by the philosophy that the Arena should be fit for multiple purposes, and adaptable to meet future anticipated and unanticipated needs of the County. The current anticipated needs are primarily for practice and play facilities for a Gatorade (G) League basketball team, such as the New Orleans Pelicans affiliate team and/or a Southern Professional Hockey League Team, such as the Pensacola Ice Flyers. There is also an anticipated need for office space for the resident teams, Pensacola Sports, Visit Pensacola, County offices, or other related events functions. Future anticipated needs might include conversion to a convention center able to accommodate modest-sized events. We have included designs illustrating one way in which the arena might be transformed into a convention center, including the number of trade show booths and meeting space that can be accommodated, and what other considerations should be included. Though not currently anticipated, the arena could accommodate future needs for other sporting events, entertainment events, or municipal functions.





P3 delivery models, and structures such as Master Developer relationships or Enhanced Use Leases, work best when the public and private sector cooperate over time to consistently position and re-position a Project toward its highest and best use. Interests between the parties must be aligned, and focused on long-term value. We have assembled a team that we believe has strong local connections and is well-equipped to deliver a Project to the County, City and stakeholders that meets all current goals and objectives, and assures for future growth and development. Our delivery team consists of:

- I. Overall project development responsibility- Led by Hunt Development Group
  - i. Equity investment, financial structuring and execution, construction completion guarantees, maintenance guarantees, oversight over each aspect of delivery, stakeholder engagement, negotiation and execution of commercial and financial package.
- II. Construction management- Led by CORE Construction
  - i. Provision of fixed price, date certain construction package for Phase One (Arena, Field House, and potentially Hotel, completion guarantee, surety bond, payment and performance bond, overall responsibility for design.
- III. Program management (Arena, Field House and Ancillary Development) – Led by ICC;
  - i. Responsibility for integration of operations with design, construction and maintenance workstreams. Responsible for leading and coordinating design, planning, programming and FF&E procurement of Arena and Field House.
- IV. Master Developer over Ancillary Developments – Led by Hunt Development
- V. Hotel Development during Phase 1 of Project- (to be identified)
  - i. Development under long-term lease with Project Company. Guaranteed provision of fixed lease payment.
- VI. Project Designer/Architect – – ICC will lead development of the comprehensive plans along with OW and SCD
- VII. Structural engineering – TRC Worldwide
- VIII. Ancillary development construction – CORE

In addition to the LOI and Lease Agreement, PADP is providing a conceptual site plan for the County to consider, attached hereto. The conceptual site plan is based on established precedents of high-quality facilities that PADP team members have completed in the past and which form the basis for what we propose to lease to the County.

We welcome further discussions with the County, the City and stakeholders concerning the proposed Project, and the terms of the LOI and Lease Agreement. We look forward to



working with you on this exciting Project to help fulfill the County's needs for a high-quality arena, field house and events district.

B. Description of the method by which the private entity proposes to secure the necessary property interests that are required for the qualifying project.

At this time, we contemplate transfer of a long-term 99-year lease from the County, as lessor, to the Developer, as lessee, for a nominal annual ground lease amount and in exchange for the undertakings set forth herein and in the Comprehensive Agreement, including provision of an arena, field house and events district, and a profit share on any subsequent future development of the Site.

The Lease Agreement, a form of which we have attached hereto, is a 30-year lease for the Arena and Field House, payable on an annual basis by the County, and subject to appropriation. It is currently contemplated that a lease payment from the Hotel Developer will cover the majority of anticipated operating losses on the Arena and Field House from normal operations. Because of broader economic development goals, the County may wish to cause PADP to accommodate events or tenants that pay result in a larger operating loss than anticipated (due to below market rent or ticket price). In the event that losses on the operation of the Arena and Field House exceed our projections, through no fault of PADP, we have proposed below (under Section J(5)) a biannual readjustment mechanism, with certain limits on periodic adjustment. In any case, we believe that it is appropriate for any guaranteed lease income from supplemental development to be made available to cover these Arena operating losses, so we do not anticipate requiring a further backstop from the County.

C. Description of PADP's general plans for financing the qualifying project, including the sources of the private entity's funds and the identity of any dedicated revenue source or proposed debt or equity investment on behalf of the private entity.

Hunt anticipates financing Phase One of the Project through a mixture of debt and equity. The principal collateral for the debt will be a lease between the County and the Developer for the Arena and Field House. The lease payment will cover the costs that PADP incurs as a result of the development, design, construction, finance and a portion of operations of Phase One of the Project. A proposed copy of the lease will be appended to the executed LOI. Significantly, the lease will provide that County is under no obligation to commence lease payments until the Arena and Field House have been fully delivered, in accordance with the applicable lease requirements (or other requirements documents), and have passed any required inspections or tests. Base Rent is fixed for the term of the lease, anticipated to be 30 years, and Additional Rent is fixed biannually, though with limits on the amount of such periodic increase, if any. The facilities will be transferred to the County at no cost at the end of the lease or as soon as the long term debt is repaid.

Hunt has multiple options to source equity for investment in to the Project. The exact source of the equity will depend on the risk that such equity must bear, and multiple sources may be required for different tranches of risk. One source of equity capital for Hunt's various



infrastructure pursuits is from a publicly-traded infrastructure fund called International Public Partnerships, which is managed by a Hunt affiliate and has over \$3 billion in assets. Together, Hunt and its affiliates have closed and continue to service debt on over \$40 billion of infrastructure transactions. Hunt has never failed to provide equity for a project to which it has made an equity commitment and Hunt has already budgeted for anticipated Phase One capital expenditures.

Hunt will look to source competitively priced, flexible long-term debt from numerous potential investors, and will thoroughly compare the pricing and execution of a private placement option with that of a broadly marketed bond and, if appropriate, commercial debt. Over the course of its 200+ infrastructure transactions worth over \$40 billion, Hunt has established strong relationships with underwriters, placement agents, and institutional investors in project debt. Hunt is highly confident in our ability to structure and execute a financing package that meets the County's objectives over the short and long term.

D. The name and address of a person who may be contacted for additional information concerning the proposal.

Name: Jed Freedlander  
Title: Vice President  
Address: 230 Park Ave. 19<sup>th</sup> Fl. New York, NY 10169  
Tel: (212) 521-6385  
Email: jed.freedlander@huntcompanies.com

E. The proposed user fees, lease payments, or other service payments over the term of a comprehensive agreement, and the methodology for and circumstances that would allow changes to the user fees, lease payments, and other service payments over time.

Once a final Site has been selected, final Construction Cost has been determined and the County and PADP and have agreed on an operating regime and major tenant, a final lease payment with fixed base rent will be set. We will focus on affordability, flexibility, creativity and long-term alignment of interests with any financing structure.

F. Disclaimer; No Fiduciary Relationship.

Neither PADP, Hunt nor any of their respective partners, employees or other representatives intends by or through this proposal, the LOI or its exhibits, to establish a fiduciary or advisory relationship with the County or the City. The roles of the parties shall be as service providers and not as agents, municipal advisors, financial advisors or otherwise. If a joint venture is established between any private party and the County or City, the relationship established will be set forth in a formal agreement which will govern such relationship. This proposal and exhibits do not establish a partnership or joint venture relationship between the County, City and/or any private party.





## LETTER OF INTENT

Pensacola Arena Development Partners  
(212) 521-6385  
Jed.freedlander@huntcompanies.com

July \_\_, 2017

Escambia County Board of  
County Commissioners  
221 Palafox Place.  
Pensacola, FL  
32502

RE: Proposed Phase 1 Development in Pensacola- Arena, Field House and Associated Development

To Whom It May Concern:

Pensacola Arena Development Partners (“**PADP**”) is pleased to present this Letter of Intent (“**LOI**”) to Escambia County (the “**County**”) for the design, development, financing, operation and maintenance of an approximately 6,500 fixed seat Sports and Entertainment Center (the “**Arena**”), an approximately 100,000 square foot Field House (the “**Field House**”) and associated development (collectively, the “**Project**”). The critical initial phase of the Project (“**Phase One**”) is anticipated to include the Arena, the Field House and a Hotel development that would provide additional fixed annual revenue to the Project, by way of a lease payment, thereby decreasing the additional rent required of the County to pay for operating losses on the Arena. The Project would be located on a site of at least 12 acres in or around downtown Pensacola, FL (the “**Site**”). PADP is currently conducting initial due diligence on two parcels that appear to be viable options for the Site: (i) the approximately 12 acre site where the existing Bay Center is located; and (ii) the approximately 19 acre site owned by Studer Group directly North of the existing Wahoo stadium. To the extent that any development on the Site is undertaken subsequent to Phase One, it is anticipated that profits would be shared between PADP and the County, and that any such development would generate additional benefits to the County and the City of Pensacola (the “**City**”) through tax revenue, including increased hotel occupancy tax, and increased consumer traffic.

PADP, a consortium led by Hunt Development Group, LLC (“**Hunt**”) has submitted an unsolicited proposal (the “**PAPD Proposal**”) simultaneous with the submittal of this LOI (“**LOI**”) which further sets forth design, concepts and site plans for the Project. This LOI is intended to constitute the Interim Agreement provided for in §255.065, Fla. Stat. (the “**Statute**”).



Hunt is signing this LOI on its own behalf and on behalf of the PADP consortium led by Hunt, CORE Construction and ICC, Structured Parking Solutions, Orcutt-Winslow, Sink Combs Dethlefs and TRC International (collectively, “PADP”). This LOI sets forth the mutual intentions and understandings of PADP and the County regarding the remaining due diligence that must be completed on the Site and the Project and the basic business terms to be negotiated with the County and, as applicable, the City, regarding development of the Project. The execution of this LOI does not give rise to any binding obligation on the part of any party under any other provision of law or equity, provided, however, that notwithstanding the foregoing, the parties agree to be bound by the provisions of the following Sections, in accordance with the terms of this LOI:

- a) the obligation to negotiate in good faith as described in Sections E(12) and L below, with a view to arriving at a Comprehensive Agreement, as provided under the Statute, for the design, construction, financing, operation and maintenance of the Project and any subsequent development to occur on the Site;
- b) the obligations of confidentiality set out in Section M below;
- c) the parties’ rights and obligations with respect to communication with the general public, set out in Section N below;
- d) the parties’ warranties and representations with respect to authority to execute this LOI, set out in Section O below;
- e) the parties’ Interim Development rights, responsibilities and liabilities, including for reimbursement of Development Expenses, as set out in Sections E and F below; and
- f) the ownership of work product as set forth in Section G below.

For greater clarity and certainty, the purpose of this LOI is to chart a series of deliverables, steps and milestones through which the Project Site, scope, design, Construction Cost, permitting and commercial terms will be finalized. This LOI will guide the parties’ discussion between the execution of this LOI and the financial closing for the Project as well as bring focus to the future negotiations of the Comprehensive Agreement for the Project, in each case, by ensuring that the requirements of the parties are clearly understood. No party is entitled to rely on this LOI nor any further discussions or negotiations regarding the transactions described herein, as a commitment, offer or agreement by the other party to enter into such transactions.

## **A. DEFINITIONS**

Capitalized terms used in the LOI and not otherwise defined shall have the meanings set forth below:

- 1) Ancillary Developments



“Ancillary Developments” means one or more anticipated developments on a portion of the Site, subsequent to commencement of Phase One of the Project, which shall be agreed upon by the County, the City and PADP. It is contemplated that any such subsequent development on the Site would be undertaken by Hunt as Master Developer, and would be subject to a profit share with the County. The Ancillary Developments will be designed, constructed, financed, operated and maintained with no financial support or obligation by the County.

2) Construction Cost

“Construction Cost” means the total hard cost of the completed construction of Phase One of the Project inclusive of: all hard construction costs; all architectural and engineering incurred at any stage of Phase One of the Project including without limitation the discussions preceding the execution of this LOI. “Construction Cost” does not include legal fees or and any additional fees paid or owing to consultants, municipal permit charges, development fees, utility installation fees,, contingencies, interim financing costs, private placement fees, advisory fees and all furniture, fixtures and equipment required in order to facilitate the proper operation and management of the Project. PADP agrees to work with the County to consider changes to its proposed design of the Project and mutually agree on a final cost of Phase One of the Project. For the purpose of this LOI, the Construction Cost for Phase One of the Project is estimated to be in the range of \$65-70 Million, exclusive of the Hotel Development, but will vary based on nature of the Site selected, scope, level of finish, number of requested design modifications by the County (if any) and required Site improvements, to name a few.

3) Closing Date

“Closing Date” means the date on which all applicable agreements forming the Comprehensive Agreement, and any associated financing agreements are executed.

4) Completion Date

“Completion Date” means the date that the Project will be ready for Occupancy.

5) Comprehensive Agreement

“Comprehensive Agreement” means the Lease Agreement to be signed by PADP (or a successor thereto) and the County for the Arena and Field House Facilities, as well as any other ancillary agreements that are required to effect Phase One of the Project as of Financial Close. These ancillary agreements may include but are not limited to the Ground Lease for the Site, a Development Agreement and guarantees, an Operations and Maintenance Agreement and guarantees, and a Project Financing Agreement. It is anticipated that a single agreement from PADP would include the Design-Build, Operations and Maintenance and Project Financing components.

6) Ground Lease





“Ground Lease” means a ground lease for the Site, negotiated and to be entered into between County as Landlord, and PADP as Tenant, having a term of ninety-nine (99) years unless earlier terminated in accordance with its terms. For the avoidance of doubt, the “Lease Agreement” refers to the lease of the Arena and Field House between PADP, as Landlord, and the County, as Tenant, as provided herein.

7) Operating Profits (or Losses)

“Operating Profits (or Losses)” means the excess (or shortfall), if any of, the total amount of revenue generated from the Facility less the direct costs of operation of the Project, including any financing expenses.

**B. PROJECT DEFINITION**

- 1) PADP will design, build and finance the Project, and will operate and maintain the Project throughout the term of the Ground Lease. The Arena Facility will be a sunken bowl design, with the concourse being at grade and with rounded corners. In the event that current conversations with the New Orleans Pelicans franchise advance to signing, the Arena will be primarily positioned as a G League basketball stadium, with the features set forth below. However, the Arena will be designed and constructed to accommodate other sports, such as ice hockey, as well as to accommodate convention center uses, and other future uses.
  - a) an NBA-sized basketball court, with fixed-seating for a minimum of 6,000 spectators. PADP and the County will discuss the number of fixed-seats for spectators as part of the negotiation of the Comprehensive Agreement;
  - b) a Pensacola Sports Museum and Hall of Fame, featuring notable events, athletes, coaches, administrators, officials and members of the media with origins in Pensacola, Escambia County or environs;
  - c) club seating, the number to be determined by a review of the market;
  - d) a minimum number of luxury suites along with corporate hospitality areas;
  - e) accessible viewing positions at a number of different levels within the building;
  - f) portable padded or upholstered seating for up to an agreed number of spectators, including dollies with an appropriate storage location at the ice level;
  - g) one Home Team Suite for each major tenant, including a dressing room complete with washroom facilities, showers and coach’s offices and suitable for a quality basketball and/or hockey team, weight and fitness room, trainer's room, workshop, laundry room and storage;

- h) home Team Administration area complete with offices, boardrooms and smaller meeting rooms, washroom and kitchen, easily accessible by the public when the Project building is not in use;
- i) six (6) Community Dressing Rooms, each with bench seating, coat hooks, toilets, sinks, bottle filler hose bibs and shower area, one of which would be suitable for use for visiting league basketball and/or hockey teams;
- j) one (1) Official's Room complete with bench seating, lockers, toilet, sink and shower area;
- k) stand-alone female and male accessible washrooms;
- l) men's and women's washrooms evenly distributed along the concourse, conforming to the Plumbing Code and assuming 60% men and 60% women based on a fixed seating capacity of 6,200;
- m) concession points located along the concourse complete with required furnishings and equipment. There shall be one point of sale for each 175 fixed seats; provision should also be provided for one temporary or portable point of sale for every 700 fixed seats. Portable or temporary points of sale along the concourse shall be provided an appropriate electrical power source;
- n) kitchen facilities, complete with required furnishings and equipment, for servicing the concession points of sale and corporate boxes luxury suites;
- o) press boxes with a full view of center ice and an unobstructed view of the playing surface, complete with counters and washroom facilities;
- p) the main lobby or entry point shall have enough space to accommodate lineups at the ticket counter without impeding flow into and out of the building;
- q) central security office with views (actual or electronic) to the loading area;
- r) facility administration offices complete with partitioning, finishes and washroom facilities;
- s) ticket sales office and adjoining cash room off the entry lobby, accessible when the building is not in use;
- t) retail and restaurants spaces providing both Project and street-front access;
- u) first aid room;

- v) staff room and janitor room;
  - w) associated back-of-house and other support spaces to facilitate the Project being used for concerts and other special events and flat-floor shows (including adequate storage, green rooms, ability for transport truck access into the building, etc.);
  - x) sufficient secure and open storage areas at both the east and west ends of the building with direct access to the basketball court (including storage for chairs, supplies, etc.);
  - y) loading / unloading areas (to accommodate shows, etc.) with two bays with adjustable loading docks, and one bay for direct drive-on access to the ice surface;
  - z) electrical and mechanical and refrigeration rooms located so that equipment can be easily accessed and replaced;
  - aa) rigging grid for both center and end-stage events;
  - bb) power distribution for both end-stage concerts, trade shows (electrical rooms at the 4 corners, and power for spot lights at the catwalk level.
- 2) PADP will design, build, finance, manage and operate the Field House component as a separate facility within the overall footprint of the Project Lands and in close proximity to the Arena. The Field House will be an at grade constructed facility with multiple access and egress points to accommodate a wide range of sport and entertainment uses.
- a) The Field House will be approximately 100,000 square feet with court side seating for spectators;
  - b) Full floor seating to accommodate major speaking or graduation type events will be approximately 6,000;
  - c) The Field House will be designed to accommodate 8 regulation size basketball courts suitable for high school and college participation;
  - d) The Field House is anticipated to be designed and constructed with the following features:
    - i. one “stadium” court for championship play;
    - ii. designed to accommodate 16 regulation volleyball courts;
    - iii. one “championship” court final volleyball playoffs;
    - iv. approximately 16 locker rooms with adjoining showers and washrooms;
    - v. two designated referee/official’s rooms;
    - vi. four designated meeting and/or pre-function space to be accessed for user groups hosting tournaments, meetings and/or conferences;



- vii. men's and women's washrooms evenly distributed along the main concourse of the Field House;
  - viii. two concession areas on either end of the main concourse area;
  - ix. administrative staff office in the main concourse area of the Field House and a break room and maintenance area located in the "back of house" area;
  - x. one main scoreboard – video board panel at one end of the facility and multiple and portable scoreboards to be positioned court side for all events;
  - xi. press box, spot light and video areas throughout the Field House;
  - xii. a first aid room;
  - xiii. main lobby area will have a ticket/security office for access control purposes into the Field House; and
  - xiv. a storage area properly sized to accommodate all equipment and machinery required to operate the building in the manner by which it will be programmed.
- e) The Field House will be designed to provide easy access for buses to load and unload athletes and all attendees
- 3) The Project is to be developed on plans to be finalized between PADP and the County, for a fixed-price, inclusive of hard and soft construction costs, financing fees, furniture, fixtures and equipment ("FF&E").
- 4) During the design, development and construction of the Project, PADP will maintain an "open book" policy permitting the County to review, copy and inspect all financial books, original invoices and contracts, agreements and records in connection with the construction of Project at any time, but on not less than forty-eight (48) hours' notice, with records being available at PADP's Construction Manager's office during construction, and at PADP's business office at the Project site after construction.
- 5) PADP agrees to work with the County and its external advisors to effect changes to its proposed design and development plan for the Project as directed by County Municipal Council. Such changes will be agreed upon prior to execution of the Comprehensive Agreement, and any subsequent requested changes will be handled as part of the agreed upon change order process.
- 6) The target date for completion of the Project will be agreed based on expected major tenant, and construction will proceed pursuant to an agreed upon schedule that is still to be developed, negotiated and agreed to by the parties as part of the Comprehensive Agreement.
- 7) PADP will be responsible for the payment of all Construction Costs over and above the costs agreed by the County and reflected in the financing agreements and Lease Agreement, unless such costs arise as a direct result of a change order initiated and / or approved by the County.



- 8) A construction security agreement, satisfactory to the County acting reasonably, will be entered into between PADP and CORE.
- 9) PADP will provide to the County such guarantees and indemnities with respect to its performance under the Comprehensive Agreement as are satisfactory to the County acting reasonably. For the purposes of this section “acting reasonably”, without limitation, shall permit the County to consider if it is prejudiced by the nature of the ownership structure proposed by PADP.
- 10) The Comprehensive Agreement will provide, among other things, for: compliance with law, assignment, indemnities, and guarantees of the builder/constructor, bonding, reporting, County right of entry and testing, non-disruption, construction safety, and all provisions associated with any funding agreement with a senior level of government.

### **C. PROJECT STRUCTURE**

- 1) The County presently owns, controls or otherwise has required procurement with respect to the Site and will continue to exercise such rights during the term of the Project.
- 2) On or before the Closing Date, Hunt shall create a special purpose entity (“**Project Co**”), solely for the purpose of delivering the Project over the term of the Comprehensive Agreement.
- 3) On the Closing Date, the County and Project Co shall enter into the Comprehensive Agreement (including the Lease Agreement, the Ground Lease and any related agreements providing for the design, construction, finance and operations of the Project) and shall execute a Hotel Lease providing for a fixed lease payment to cover any normal operating shortfall from the Project.
- 4) The County and Project Co shall enter into the Comprehensive Agreement and Ground Lease, such that the Project Co will have a leasehold interest in the Site expiring 99 years (the Term) from the Completion Date of the Project. Project Co will pay to the County rent of \$100 per year during the term of such lease.
- 5) Project Co will enter into an agreement with CORE for the construction of the Arena and Field House.
- 6) Project Co will enter into an operating and maintenance agreement with ICC or another to-be-named operator covering at least the initial period of the Comprehensive Agreement and with appropriate extension rights, that will, among other things, prescribe minimum performance standards and provide for certain rights of the County in relation thereto.
- 7) During the term of the Comprehensive Agreement, Project Co will assume all normal



Arena/Field House operating risk. To the extent that the County wishes to schedule events or activities in the Arena or Field House that exceed current biannual (or, if preferred, annual) budgeted and agreed activities and operating resources, without generating commensurate revenue, the parties agree to revisit whether any operating payment is required.

- 8) During the term of the Comprehensive Agreement, with respect to any subsequent Phases of Project development, it is intended that Project Co will share Operating Profits 50/50 with the County, after payment of a preferred equity return to be negotiated.

#### **D. FINANCING OF THE PROJECT**

- 1) As the seminal component of the Comprehensive Agreement, the parties agree to negotiate a fixed price Lease Agreement for the Arena and Field House, compensating PADP for the costs of development, design, construction, financing and operation of the Project. The County's approval of the Lease Agreement must be obtained prior to the Closing Date. The amount of the Annual Lease Payment will be finalized by the County and Hunt as part of the negotiation of the Comprehensive Agreement.
- 2) In advance of Financial Closing of the Project, and subsequent to execution of this LOI, Hunt and the County will work diligently, in consultation with their respective financial, legal and accounting advisors, to structure the transaction in a manner that satisfies any requirements of the County with respect to ownership of Site, appropriations risk and County credit and borrowing capacity to ensure that any financing package is structured in a manner that is compliant with the County's requirements.
- 3) The most efficient and lowest cost financing available for the Project is anticipated to be issuance of certificates of participation in the Lease. Any equity that is required for the Project will be invested by Hunt and its equity development partners, if any. We anticipate that some equity investment will be required to cover the operational risk of the Project as well of the development of subsequent Phases.
- 4) PADP and the County intend to finalize treatment of any property taxes that may be due and owing from Project Co or any other party with respect to the Site development. We have anticipated that a property tax abatement will be available during the operating phase of the Project in order to encourage Project development and reduce the County lease payment, and property taxes are not currently factored into our calculation of annual lease payment.

#### **E. INTERIM DEVELOPMENT SERVICES**

In light of current discussions, the County desires that the Project be available for occupancy on or before the start of the 2019 basketball season, and has determined that in order to accomplish completion of the Project by such date, that the Development Services described herein need to be promptly undertaken to permit construction of the Project to commence as soon as





practicable. Accordingly, upon execution of this LOI, the County hereby engages PADP to perform the following services (the "**Development Services**"):

- 1) selecting, contracting with and supervising third party (non-Hunt, non-CORE) design, engineering, construction and other professionals (individually a "**Professional**" and collectively the "**Professionals**") necessary for the planning, design, engineering, financing, legal approval, construction and development of the Project, provided that such contracts must be executed on a reasonable, arms-length basis, and the County shall have the right to reasonably request changes to the terms or service providers, assuming that such requests do not unreasonably delay or increase the cost of execution of the Project. For the avoidance of doubt, while Hunt and CORE will bear their own internal costs of performing the Development Services, in an effort to align our long-term interests with those of the County, the other members of PADP will be among the Professionals requested to provide Development Services. As such, PADP will be reimbursed for the provision of such Development Services by these Professionals in accordance with Section F below;
- 2) preparation of preliminary drawings, conceptual designs, schematic designs, preliminary specifications, design development and construction documents for the Project (collectively, the "**Plans**") for review and approval by the County and preliminary construction pricing and preliminary development analysis related to the Project;
- 3) final due diligence and detailed assessment of potential Project Sites, including title review, boundary/topographical surveys, soil borings and testing, and/or environmental site assessment;
- 4) further refinement of the Plans at the request of the County and based upon any Project Site constraints determined by the assessment of the Project Site and preparation of the final and complete Plans (including final and complete specifications) for the Project for review and approval by the County;
- 5) preparation of a detailed development schedule including sequencing of the development for review and approval by the County;
- 6) additional preliminary construction pricing based upon actual Project Site conditions, refined conceptual designs, and the ultimate development schedule for the Project for review and approval by the County;
- 7) pro forma analysis related to the development, construction, financing and operation of the Project;
- 8) obtaining all necessary and desirable governmental approvals, stakeholder approval and permits for the development and construction of the Project (subject to review and approval by the County and, as applicable, the City);
- 9) the preparation of a final development budget for the Project;

- 10) with the assistance of the County, as necessary, satisfying the requirements of the proposed financing, negotiating the terms of the financing documents, closing the financing and otherwise implementing the financing plan;
- 11) The Parties agree to reasonably and timely cooperate with one another in good faith in connection with the Project, the performance of the Development Services and the granting of any required approvals in connection therewith. PADP shall keep the County informed as to progress of all Development Services and provide the County with all information needed to make Project related decisions. The County, in turn, shall not support any competing developer for a Project of similar scope or substance. All Development Services shall be performed with due diligence, in good faith and in a professional and workmanlike manner, it being the goal that construction of the Project shall be commenced as soon as practicable, such that the Project will be available for occupancy on or before the start of the 2019 NBA basketball season, or such other agreed period;
- 12) In performing the Development Services, PADP will engage with the County and other stakeholders on a regular basis to present plans and designs and to solicit feedback on the Project. PADP may, in its reasonable discretion, retain the services of a local public relations firm and/or local legal advisor to serve as Professionals in assisting with engagement of the public; and
- 13) PADP will commit sufficient resources to this Project to advance all inputs relating to design, Construction Cost, development cost and supplemental development opportunities to assure that final figures will be available for presentation to the County Commissioners, City Council and applicable stakeholders.

#### **F. PAYMENT OR REIMBURSEMENT OF DEVELOPMENT EXPENSES.**

- 1) In the event that the Financial Closing occurs, the Development Expenses shall be included in the total Project development costs and shall be reimbursed to PADP out of Financial Closing proceeds. Further, subject to the terms of any financing agreements, any direct, related Project development costs incurred by the County shall also be eligible for reimbursement to the County out of Financial Closing proceeds.
- 2) In addition, the County will be required to reimburse PADP for the Development Expenses upon the occurrence of any of the following events:
  - a. the County terminates this LOI prior to the Financial Closing for any reason other than a default by PADP in the performance of its obligations hereunder;
  - b. the County cancels or terminates the Project or fails to diligently proceed with the Project for a period of greater than 45 days or the County cancels, terminates or suspends PADP's involvement in the Project for a reason other



than due to PADP's failure or refusal to diligently and in good faith perform the Development Services to enable the development and construction of the Project as contemplated in this LOI;

- c. the County proceeds with another developer or construction partner on this Project or another project which directly and materially decreases the value or benefit of this Project to PADP;
  - d. the County defaults in the performance of its obligations under this Agreement and, as a result, PADP terminates this Agreement. For purposes hereof, "County Delay" means any delay that PADP may encounter in the performance of PADP's obligations hereunder by reason of (x) changes, extra work, delays by County in timely submission of information or giving authorizations or approvals, (y) failure of the County to cooperate and with PADP in a commercially reasonable manner in all respects as set forth herein, or (z) a labor dispute caused in any way by County. Notwithstanding anything herein to the contrary, any termination of this Agreement by either Party by reason of an uncured default by the other Party in the performance of its obligations hereunder shall be subject to the notice and cure provisions set forth in Section R hereof.
- 3) The County shall reimburse PADP for any Development Expenses required to be reimbursed pursuant to this Section F within thirty (30) days after the occurrence of the event triggering such reimbursement, subject to PADP submitting to the County appropriate documentation evidencing each Development Expense incurred by PADP.

#### **G. OWNERSHIP OF WORK PRODUCT; ASSIGNMENT OF WORK PRODUCT AND INTEREST IN PROFESSIONAL AGREEMENTS.**

During the term of this Agreement, PADP shall own the work product prepared by the Professionals. Upon termination of this Agreement prior to Financial Closing and provided that PADP is reimbursed for the Development Expenses, PADP (i) shall deliver to County all of its rights in and to all work product created by the Professionals in connection with the Project (other than work product that is subject to attorney-client privilege) and originals or copies of all such work product created by the Professionals in connection with the Project, (ii) agrees that the County may, upon written notice to PADP, either exercise in the name and right of PADP, as owner hereunder, all rights and remedies of PADP under the contractual agreements with Professionals pertaining to the Project. Such work product shall include the following:

- (i) Data and information supplied to PADP by County or County's contractors or agents;
- (ii) All drawings, plans, logs, photographs, books, records, contracts, agreements, documents and writings in PADP's possession or control relating to the





Development Services or the Project; and

- (iii) Plans, specifications and drawings for the Project or any element thereof.

The County may use the work product without further compensation to PADP or any of its consultants and their respective contractors, subcontractors, and subconsultants, agents or employees. PADP shall also use commercially reasonable efforts to obtain a written acknowledgment from each Professional that prepared any such data or information that the data or information prepared by such third party is the County's property and that each such Professional shall continue to perform on behalf of the County in the event of the termination of this Agreement, for any reason, by the County or PADP as provided herein.

#### **H. PADP'S OBLIGATION UNDER COMPREHENSIVE AGREEMENT**

- 1) Among other things, the Comprehensive Agreement will provide that PADP will:
  - a) enter into the Ground Lease and the Lease Agreement;
  - b) finalize a fixed-price construction contract with CORE;
  - c) finalize an operation and management agreement for the Project with ICC, or such other to-be-named party as is appropriate for the Project;
  - d) finalize architectural drawings to the satisfaction of the County;
  - e) arrange for and secure financing of Phase One of the Project;
  - f) obtain all necessary government consents for construction and occupancy of Phase One of the Project, and will complete Phase One of the Project, including occupancy of the Project by the agreed date, retaining any necessary project management expertise;
  - g) obtain all necessary government consents for construction and occupancy of the Ancillary Development on the Site;
  - h) as appropriate, secure a lead tenant from either the NBA, G League and/or the SPHL, or such other professional sports league as the parties agree.

#### **I. COUNTY'S OBLIGATIONS UNDER COMPREHENSIVE AGREEMENT**

- 1) Upon execution of this LOI, the County will be obligated to:
  - a) hold the freehold interest in the Site, free and clear of all encumbrances except for easements and other encumbrances necessary for the Project;
  - b) enter into the Ground Lease and Lease Agreement with PADP;
  - c) support and co-operate in obtaining requisite approvals and permits including any necessary amendments to statutory plans or the Land Use Bylaw amendments, minor variances, site plan approvals, development reviews and building permits, consistent with the principle that Council's legislative discretion shall not be fettered;
  - d) provide complete access to the Site, including the removal of all current tenants, to allow for Project construction to begin on schedule. As an option, the Comprehensive Agreement may provide that PADP will demolish any

- existing buildings on Site at a cost to be negotiated between PADP and the County;
- e) furnish PADP with any environmental reviews (e.g. Phase 1 Environmental Site Assessments, surveys, utility information, tenant information (if any) and any liens or claims on the Site;
  - f) work with PADP, specifically Hunt, to address the key elements of the proposal relative to the development of the Ancillary Lands;
  - g) make lease payments as required under the Lease Agreement with Project Co.

## **J. OPERATION OF THE PROJECT**

- 1) PADP will be responsible for the development, design, construction, financing, operations and maintenance of the Project. PADP will oversee the construction of the Facility, including obtaining all necessary development approvals. [PADP will also manage the day-to-day operations of the Project, including securing a lead basketball or hockey team tenant, securing facility rentals for concerts and other spectator events, selling advertising and sponsorships, selling concessions and merchandise, leasing space within the Project to third party commercial tenants for restaurants and retail commercial purposes].
- 2) PADP will also maintain and repair the Project throughout the term of the Project Lease, including both day-to-day maintenance and repairs and capital and major capital repairs and maintenance.
- 3) PADP agrees, throughout the term of the Lease, to assume all operating risk.
- 4) PADP will proceed in good faith to settle the Comprehensive Agreement, including the Lease and Ground Lease, construction and development agreements, financing agreements, operating agreement, and Facility tenancy agreements, by the Closing Date.
- 5) The Comprehensive Agreement will provide that the annual payment by the County to PADP under the Lease Agreement, includes an operating subsidy in each year of the Ground Lease Term equal to the anticipated amount by which the total expenses from the operation of the Project will exceed the total revenue from the operation of the Project (the “**Shortfall**”). The amount of anticipated Shortfall may increase if a major NBA or NHL tenant is sought, but, in this event, it is anticipated that economic growth in the area will more than offset such losses. The Comprehensive Agreement will provide for biannual adjustment of the Shortfall, based on actual Operating Profits or Losses, provided that there may be a limit on the extent to which such projected Shortfall may vary from one period to the next. Once an expected Shortfall has been established, in accordance with an accepted budget and projected event schedule, PADP will assume all operating risk for such period and (to the extent the County has not requested a material change to the budget or event schedule) PADP will be responsible for the amount of any Shortfall that may exceed what is anticipated during such Period.

## **K. CONDITIONS TO PROCEEDING**



- 1) The Comprehensive Agreement will contain, inter alia, the following conditions, to be fulfilled in a timely manner, prior to the Closing Date; except as otherwise set out in the Comprehensive Agreement.
  - a) By PADP:
    - a. obtaining all required internal, consortium, construction and other governmental approvals by the Closing Date; we also anticipate considerable time will be needed to secure all necessary approvals and permits which may go beyond the anticipated Closing Date;
    - b. completing customary legal, land-use, regulatory, environmental and economic due diligence including independent financial analysis and tax efficient business structuring being satisfied by the Closing Date; and
    - c. obtaining the required financing for the Project, including satisfactory lien searches, title searches, and, as applicable, appraisals.
  - b) By the County:
    - a. public consultation process and approval by City Council, County Commissioners and other applicable stakeholders;
    - b. obtaining any property rights or control of the Project Site that is required to procure and aware the Project as contemplated;
    - c. obtaining any necessary approval for the transaction from the County, the City or the State of Florida; and
    - d. finalizing the Comprehensive Agreement including obtaining County Commissioner approval of the Comprehensive Agreement in an open and public meeting.
- 2) The parties recognize that this LOI is subject to review by the County's Legal Counsel to ensure the power and authority of the County to complete all aspects of the transactions herein contemplated.
- 3) The parties also recognize that the execution of this LOI, and the terms and conditions and execution of all Comprehensive Agreement are subject to approval by County Commissioners, acting in their absolute and unfettered discretion.

## **L. GOOD FAITH**

The County and Hunt agree that the Comprehensive Agreement and other arrangements required prior to the Closing Date are subject to negotiations between them and others. The County and Hunt (and each member of PADP) shall proceed in good faith and as expeditiously as possible (and subject always to the absolute and unfettered discretion of the County to decline to authorize execution of Comprehensive Agreement) to conclude, by no later than the





Closing Date, all necessary acts, the satisfaction of all necessary conditions and the finalization of all Comprehensive Agreement in order to facilitate Closing. The Parties agree to cooperate with each other to the extent reasonably possible to fulfill each of their obligations and conditions under this LOI. It is acknowledged and agreed that, subject to the mutual agreement of PADP and the County, the parameters for negotiation set out in this LOI may be amended to make the Project more tax-efficient, so long as doing so does not adversely impact the other Parties. The County and Hunt shall cooperate in good faith to finalize the location of the Site and to acquire for the County the rights to the Site contemplated under the Ground Lease.

#### **M. CONFIDENTIALITY**

Subject to the following, neither of the parties and none of the other PADP Team Members shall disclose any confidential or proprietary information obtained in the course of negotiations for Comprehensive Agreement to any third party (except for advisors, consultants and solicitors retained by them to act in connection with this LOI and the proposed Project), without the prior written consent of the other party or as may be required by law. The foregoing confidentiality provisions shall not apply to any information: (a) that County elects to make public, provided that County gives PADP notice prior to making any such information public; (b) that is already in the possession of such party and not subject to any obligation of confidentiality; (c) that is or becomes generally available to the public other than as a result of an unauthorized disclosure by or through such party; or (d) that is or becomes available to such party on a non-confidential basis from the other party. PADP acknowledges that County is bound by the Freedom of Information Act or similar State acts regarding public documents and transactions.

#### **N. COMMUNICATIONS**

- 1) Both parties agree that they shall coordinate and agree upon all media releases and other publicly released information concerning the Project or this LOI before any such media releases or other public disclosures are made. PADP acknowledges that the County will widely publicize as much information as possible concerning the proposed Project with the objective of engaging the public and obtaining public feedback on:
  - a) the proposed design of the Project, and
  - b) the essential elements of the proposed commercial arrangement for construction and operation of the Project, prior to the County voting on approval of the Comprehensive Agreement in respect thereof. PADP therefore agrees that forthwith upon execution of this LOI, the County may publicize in any manner and through any media it sees fit both the conceptual design of the proposed Project and a copy of this LOI.
- 2) PADP further covenants and agrees that notwithstanding the non-binding nature of this LOI with respect to design and commercial terms, it shall be obligated to comply with all reasonable requests from the County for assistance in preparing and implementing a public communication and public engagement plan and strategy, including without limitation attendance by representatives of other members of PADP at public and media events to answer questions concerning the proposed Project. PADP agrees that it will



have the appropriate representatives from PADP present for public information meetings about the Project that the County is planning for a date in Summer/Fall 2017, to be mutually agreed upon by the County and PADP.

- 3) Hunt further acknowledges and agrees that the County may fully take into account any and all feedback received from the public concerning the proposed Project and may request revisions to drafts of definitive contracts or may elect not to enter into definitive contracts for the design, construction or operation of the proposed Project, based in whole or in part on such public feedback, without being in any way in breach of its obligation to negotiate such definitive contracts in good faith.

#### **O. INTERPRETATION**

- 1) The headings are for convenience only and do not form part of this LOI and are not intended to interpret, define or limit the scope, extent or intent of this LOI, or any of its provisions.
- 2) Unless otherwise specifically provided for herein, all calculations to be made hereunder are to be made in accordance with Generally Accepted Accounting Principles (GAAP).
- 3) Any reference to a statute includes, and is a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto which are in force from time to time and to any statute or regulations that may be passed which supplement or supersede such statute or such regulations.
- 4) This LOI shall be governed by and construed in accordance with the laws of the State of Florida.
- 5) The signatories for each entity set out below hereby warrant and represent that they are authorized to bind the corporation or entity for which they are signing.
- 6) This LOI may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or pdf form and the parties to this LOI will adopt any signatures received by a receiving email as original signatures of the parties to this LOI.

#### **P. NO DEROGATION**

Nothing contained in this LOI or in any other document or matter contemplated hereunder is intended to, nor shall it, derogate from the County's statutory authorities or responsibilities as a municipal government, including without limitation its rights and responsibilities as a development approving authority.

#### **Q. RESPONSIBILITY FOR COSTS**



Except as provided in this LOI (e.g. with respect to reimbursement of Development Expenses), each of Hunt, CORE (but not, for the avoidance of doubt, the other members of PADP) and the County shall be responsible for its own fees, expenses, and other costs incurred in connection with the preparation and negotiation of this LOI and the matters set out in this LOI.

## **R. EXERCISE OF RIGHTS OR REMEDIES**

Prior to exercising any rights or remedies in the event of an uncured default by either Party in the performance of its obligations hereunder, including without limitation termination of this Agreement, the non-defaulting Party shall first give the defaulting Party written notice of such default and thirty (30) days within which to cure such default (provided that, in the event that any such default cannot reasonably be cured within such thirty (30) day period, the non-defaulting Party may not exercise any right or remedy so long as the defaulting party commences curative efforts within such thirty (30) day period and thereafter proceeds with reasonable diligence to cure such default). In the event of any default which remains uncured after any applicable notice and cure periods, the non-defaulting Party may terminate this Agreement by written notice thereof to the defaulting Party and shall have all rights and remedies provided at law and in equity.

## **S. TERMINATION**

This LOI will automatically terminate and be of no further force or effect if the Comprehensive Agreement has not been fully executed by PADP and the County by the Closing Date that is ultimately agreed to by the parties.

## **T. NOTICES**

- 1) Any notice or other communication which may or is required to be given pursuant to this LOI shall be in writing and shall be sufficiently given or made if (a) delivered personally; (b) sent by prepaid courier service or mail; or (c) sent by electronic mail (email), in each case to the applicable address set out below:

- a) If to the County:

Escambia County Board of County Commissioners  
221 Palafox Place.  
Pensacola, FL 32502  
Email: [admin@myescambia.com](mailto:admin@myescambia.com)  
Phone: 850-595-4970

- b) If to PADP:

Jed Freedlander  
Hunt Development Group





230 Park Ave., 19<sup>th</sup> Fl  
New York, NY 10169  
Email: [jed.freedlander@huntcompanies.com](mailto:jed.freedlander@huntcompanies.com)  
Phone: (212) 521-6385

- 2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing, provided that such day in either event is a day other than a Saturday, Sunday, statutory holiday or civic holiday in the State of Florida (a "Business Day") and the communication is so delivered, faxed, emailed or otherwise sent prior to 4:30p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following mailing thereof, provided however that no such communication shall be mailed during any actual or apprehended disruption of postal service.

#### **U. NO FIDUCIARY RELATIONSHIP**

Neither PADP, Hunt nor any of their respective partners, employees or other representatives intend by or through this LOI, to establish a fiduciary or advisory relationship with the County or the City. The roles of the parties shall be as service providers and not as agents, municipal advisors, financial advisors or otherwise. If a joint venture is established between any private party and the County or City, the relationship established will be set forth in a formal agreement which will govern such relationship. This LOI does not establish a partnership or joint venture relationship between the County, City and/or any private party.

Please indicate your agreement to the foregoing by signing below. If you have any questions or if you require any further information, please do not hesitate to contact the undersigned.

Yours truly,

HUNT DEVELOPMENT GROUP, LLC

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By: Jed Freedlander  
Title: Vice President



We hereby agree to the foregoing this \_\_\_\_ day of July 2017:

ESCAMBIA COUNTY BOARD OF COUNTY COMMISSIONERS  
ESCAMBIA COUNTY, FLORIDA

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By:

Title: