



Dr. P. Phillips Orlando Performing Arts Center
Final Food Service Feasibility Study



June 19, 2008

JGL Management Services has been retained to prepare a food service feasibility study for the Dr. P. Phillips Orlando Performing Arts Center to be located in downtown Orlando. The study addresses pre performance dining, catering and intermission bar opportunities at the center. We also discuss how best to structure the food service program to respond to the owners desire to have an exemplary customer service experience. This final report responds to the owner's and other stakeholder's questions and responses from our preliminary report issued in May of 2008. This final report includes information from extensive interviews in the past few weeks, adds a detailed discussion of the catering potential from convention groups, addresses luncheon business, compares several options under consideration by the DPAC team, and updates financial projections.

Process

The JGL team has reviewed the program and the architectural plans. We have had several interviews with the owner, the project manager, and other stakeholders associated with the project. We have reviewed anticipated calendar usage. We have interviewed with two of the largest off premise caterers in Orlando – Puff n Stuff and Arthur's Catering. We have toured facilities available for catering including cultural facilities such as the Orlando Museum of Art and commercial facilities such as the Church Street Ballroom. We have gathered comparables from our files and peer institutions. We have interviewed Jessie Allen from the Orange County Convention Center. We have interviewed senior executives from Ustler Development, Seminole Hard Rock, and Disney. We have gathered competitive pricing from Disney properties. We have toured several of the Disney properties and the major convention hotels. We have met with the Tampa Bay Performing Arts Center and discussed their food service operation with the management team. We have interviewed the largest destination management company in Orlando.

Space Overview

There are several subsets of scenarios under consideration that have been discussed and mutually agreed upon by the owner.

Scenario One – The complex of three rooms formerly described as the Donors, Sponsor, and Reception Rooms will be consolidated into one room seating at least 300 with appropriate pantry support. For the sake of consistency, we are identifying this room as the Banquet Room. Dependent upon architectural issues, this space may or may not be programmed to include the adjacent lobby on dark nights. There will be two donor's areas – identified as the Mayor's Room and the Governor's Room. Each will adjoin one theater. They will be approximately 1,000 square feet including pantry space and rest room(s). Location is not yet definite. Although the current program calls for intermission bar service at all performances in these rooms, they may be available for catering when the hall each supports is dark or when donor attendance at a given performance does not warrant intermission use.

The Banquet Room will be used for pre-performance dining for appropriate performances. The remainder of the time, it will be prioritized for external event rentals. It will be acoustically separated so that it can be used during a performance.

Scenario Two – A small 1,200 square foot Donor’s Club will be developed on the roof of the Banquet Room. It will have an adjoining terrace. The space will serve beverages prior to, at intermission, and post concerts. The Club will have restricted eligibility. It will be open for all performances.

Scenario Three – We understand there is some consideration given to the elimination of the flat floor capability of the multi-form theater. We will illustrate the impact of this decision on the above scenarios.

Intermission Bars

From a guest service perspective, intermission bar service is probably an oxymoron. Most audience members are annoyed by the length of lines and resent high prices and often small servings. This problem is exacerbated at fifteen minute intermissions. It is scarcely a good guest experience to chug a glass of wine as the lights flicker or to try to finish a hot cup of coffee.

Within the realm of reasonable economics, it is very difficult to really eliminate lines. In an ideal guest friendly world, no line would ever be longer than ten customers, but since all customers arrive at the same time, this policy might require scores of points of sale. The effective selling window for intermission bars is only twelve minutes for a twenty minute intermission. Typically, it takes two or three minutes for the bulk of the audience who choose to leave their seats to reach the lobby. In most theaters, the warning lights or chimes are timed for five minutes until curtain. This equation can be improved by allowing beverages to be brought to the seats. Service time is thereby increased to fifteen minutes. Even if service continues until the chime, only twelve minutes are available for service. In all cases speed is critical.

Unless intermission bartenders are cross utilized from another job function, their four hour pay period must be offset by twelve to fifteen minutes of sales. Any outsourced provider that pays a commission will need to balance guest satisfaction with maintaining productivity. The gross margin for intermission bars is high, but in most major markets, a raw labor cost of fifty to sixty dollars is needed to attract and maintain staff. Since revenue by point of sale can fall below \$100, the number of points of sale must be carefully controlled by type of event.

Operators will design bar programs to speed service and thereby increase productivity. These programs may include:

- Price all items in even dollars to speed transaction
- Limit the number of selections
- Pre pour wine, water and sodas

- Large easy to read menu boards
- Sell hot beverage cups – customer self serves coffee and tea
- Reduce the number products offered at bars adjacent to less expensive seats

While the above program designs speed flow, they do not enhance the guest experience. Partial offsets can include providing a full service bar with glass ware and mixed drinks for patrons and donors or offering free wine and water for that group. These services are rarely self supporting and are generally subsidized by development or by a presenting company.

Another option is to offer specialized kiosks or bars that offer specialized products. These might include an espresso or cappuccino bar, a champagne bar or a martini bar. Because of the labor expense, even with elevated prices, these services are nearly always loss leaders. If a house self operates their beverages, the loss can be subsidized from other outlets. If the service is outsourced, commissions on beverages may be reduced or eliminated.

Bar service innovation can be seen in the sports and leisure market and in cinemas. Most of the business models rely upon packaging the incremental service and space costs into the ticket price. Premium seats in arenas often include full food and beverage service. If the food is substantial, there is a small table adjacent to the seat. This is essentially the Hollywood Bowl or Boston Pops model. The food and beverage service is rarely self supporting, but the price is included in the ticket. Often a ticket may be loaded. For instance, it might include two drinks. At Radio City Music Hall, many attractions include a soda and popcorn which is either pre-set at the seat or picked up as the customer enters. Like a dinner theater the common denominator of these programs is that the incremental profit is priced into the seat. Often the additional food and beverage services break even or lose money.

We have been challenged to think outside the box in order to increase customer satisfaction. Some of the ideas suggested below have a long history. Others are innovative and indeed may rely upon future technology:

Intermission bar size – The surf board shape designed by BMA should be very attractive. We would recommend installing four register stations at each. Generally, only two would be used, but a for a rock concert, middle of the road concert, or Broadway show with good intermissions, three or four could be staffed.

Roving Servers – This idea would work best in conjunction with a pre-performance dinner service on the roof terrace level. Servers could then be staff from the buffet that would be paid only an incremental wage plus gratuity. We envision servers carrying a tray with one or two products only – white wine, water, champagne etc. The products would vary by the type of show. Lion King would include soda; the opera and ballet would emphasize champagne. A server would only have a maximum of two priced items, priced in whole dollars. The server could make change out of a change apron or ideally accept prepaid coupons. These coupons could be sold to subscribers, issued during ticket

purchase, or perhaps vended like the drink coupons for an airline. When the technology is available a cashless transaction with a PDA might be possible. We do not think pre-payment through a coupon or loaded ticket would deter usage. Service speed will be much faster if cash transactions are minimized. Although credit card acceptance is frequently assumed to be the preferred payment method, at Madison Square Garden where all bars accept credit cards, only four per cent of sales are credit.

London Bar – Pre-purchased drinks have never really caught on in the US market although the idea has been tried in a number of concert halls in Manhattan, Minneapolis, and the West Coast. We suspect that the reason for failure may lie with the lack of commitment by venue management. The idea has generally begun and ended with a vendor. POS systems could easily be connected to both the internet and/or box office. There is no technical reason why a customer could not pre-pay parking and their intermission drinks. Once the customer accepts the security and convenience of the system, we think it can be a very positive benefit.

Vended Product – Vending has traditionally been perceived as inferior. We believe that the new technology in wine vending with sleek, high tech argon filled cabinets might have great appeal to foodies. The Enoteca might be particularly popular in the Donor's Club if eligibility is large enough to generate a viable sales level. Pre-payment through purchase of a Smart Card after proof of age is required. Portions can be one, three, or six ounces. The three ounce portion might be perfect for those who want quality but not quantity.

Satellite Bars – In our opinion, there will not be a great many shows that require more points of sales than are programmed, but in discussion with Dave Miller of the Hard Rock Casino and Hotel in Tampa, we considered specialized satellite bars. The terraces on the first tier would be excellent locations in good weather. For shows with several intermissions like opera or shows that attract a crowd that favor alcoholic beverages, these satellites could boost per capita spending. For instance, an opera performance might feature varietal wines from Italy or France while Jimmy Buffet's parrot heads would be treated to margaritas.

In Seat Service – We have discussed technology and service issues with Chuck Troccoli, Food and Beverage GM of Madison Square Garden, and Jeff Wineman, President of the Sports & Leisure Division of the Levy Restaurant Group. Both organizations have extensive experience in arenas, large theaters, and cinemas providing in seat service. In fact, there will be a premium section at the Magic Event Center offering this service. Both were in agreement that the revenue must come from the premium ticket price. The food and beverage service is subsidized

We also discussed in seat service with Disney. Although technologically feasible, Dieter Hannig suggested that the labor component would be difficult to cover and that both attraction and training of qualified personnel would be difficult for a sporadic part time position. All interviewees agreed that there must be aisle space between each row of seats and if any substantial food is offered, a table is required. In concert hall venues, this same

approach is used for the Boston Pops and Hollywood Bowl. The servers are on the floor except when the headliner is on stage. Tampa Bay tried cart service in the aisles at intermission several years ago, but the effort was unsuccessful. The carts blocked the aisles and inconvenienced other customers. Performing art's audiences are also unwilling to pass the beer along as one might at a ball park. We do not see how this type of service could work without being too intrusive to the other audience members in a PAC.

We can envision two other possibilities. One could involve pre-orders of drinks to be delivered at intermission. That pre-order could be accomplished at ticket purchase, later on the internet, or perhaps at a POS station upon entering the lobby. To allow a server to be productive, there would need to be a very wide aisle suitable for wheeling in a beverage cart. This system would be similar to the portable bars that we experimented with in the box section of the outdoor Mann Center in Philadelphia several years ago. The grade of the ramp would need to be shallow enough that spillage from the carts would not be an issue.

In either case we believe the seat count would have to be reduced to create wider aisles. If food items were served an even greater reduction might be needed to accommodate small tables like the Boston Pops or Hollywood Bowl. Regardless of the price charged to the customer, the labor cost alone would guarantee that this service would not be profitable.

Any innovative intermission bar service will need to be fully embraced by both DPAC management and the Operator. Joint and collaborative marketing efforts and communication to subscribers and ticket buyers will be required to introduce any new concept to DPAC audiences.

Finally we must share that in our experience; self operation is rarely a good idea, particularly for a new operation. We are estimating that the increased administrative and overhead costs to DPAC as well as the increased food and beverage product costs will take up \$100,000 and 8% respectively. The remainder of the profit that the operator would have earned may revert to DPAC if all goes well. We concur with Dieter Hannig of Disney that "Immediate self operation would be a nightmare". Not only is it an entirely different skill set, DPAC would need to attract and retain stellar employees, generally as sporadic part timers, in competition with one of the most effective food and beverage operators in the world. For this reason we have not modeled self operation of the intermission bars as an option.

Pre performance Dining

Based upon our experience at concert halls and performing arts center, we recommended in our initial report that DPAC consider a pre performance dining option. Our concern was not economically driven. Restaurant programs at PACs are rarely profitable and in fact, most are subsidized indirectly from profits on catering. Nevertheless, the availability of food service prior to a performance is a significant influence upon ticket purchases. Tampa Bay Performing Arts Center has three dining venues – one outdoors and two indoors. All three are open for subscription performances and most Broadway shows. The

outdoor venue is open post concert on Friday and Saturday nights. The COO of Tampa Bay believes that the availability of pre-performance dining is an important enhancement to the concert experience. Lorrin Shepard believes that “endearing your self to your audiences at the maximum number of touch points creates repeat business relationships”. Adequate food service options are an important part of that experience.

The only two a la carte table service restaurants currently in the immediate vicinity of DPAC are Boheme and the Chop House. The price points for both are much higher than generally acceptable for pre-performance dining, particularly in Florida. Both prepare everything a la minute so the service pace is extremely leisurely. While they could choose to offer a prix fixe limited menu pre-theater option, we suspect that they would choose a relatively high price point in order to maintain brand identity.

We have retrofitted pre-performance dining for a number of concert halls and PACs. These include the Clay Center in West Virginia, Avery Fisher Hall in New York, the Academy of Music in Philadelphia, and Symphony Hall in Boston, to name a few. In fact, at the Clay Center, pre-opening research revealed that the feature most desired by the audience was a reasonably priced food service option. In general, the concept of a destination restaurant has resulted in significant operating losses that required subsidy from catering profits or general funds. Examples include Severance Hall, Avery Fisher Hall, and the Kimmel PAC among others. The more elaborate the menu and service, the larger the loss tends to be. The only exception that comes to mind is the Metropolitan Opera with a dense performance schedule and an extraordinary check average.

While it is rarely practical to offer fine dining at a PAC or to try to establish a destination restaurant, we believe that the availability of reasonably priced fare is an important design element. Many audience members feel very reassured if they can dine within the facility. The car only needs to be parked once and there is no question that you will have time to make a rest room stop and still get to your seat before the curtain rises. It is our experience that Floridians are rarely pedestrians. The acceptability of dining choices is also affected by the fact that Florida where the population skews toward older. In fact, the Adrienne Arsht Center has been working on design and funding for a small wine bar/restaurant to meet this need.

We applaud the decision to create the Banquet Room which can be used for pre performance dining. We envision a format that involves movable furniture for easy conversion. The concept could be a prix fixe buffet similar to the BSO or the former Adagio at Avery Fisher Hall. Alternatively, it could be a pre-ordered meal similar to the format at Sadlers Wells in London or McCarter Theater in Princeton during the NJ Opera season.

If it were a buffet, the choices could be quite extensive. Within the basic price, one could include a choice of soups, a variety of salads and antipasto items, several entrees including a fish, poultry, and red meat. Dessert could be included or priced separately. Alcoholic beverages would certainly be additional. Typical price points have ranged from the low twenty dollar point to the low thirties. Check average in the \$27 to \$37 range are

typical. At Tampa Bay Performing Arts Center, the buffet at the Café is \$23.50 while the more elaborate Maestro's Restaurant buffet is \$26.50. Tax, tip, and alcoholic beverages are extra.

The biggest problem with a buffet is that eventually menu boredom sets in. The number of antipasto that works well at an ambient temperature is limited. Similarly, the entrees that can be offered within cost constraints in a self service environment are finite. It probably works best for a non-subscription house where the typical attendee goes to the PAC three or four times per year. Tampa Bay feels that this format continues to work very well after quite a few years.

The pre-order option does not suffer from the menu boredom issue, but it requires substantial organization. It also requires the customer to make an advance financial commitment and to pre-select an entrée. Particularly in Florida, there is probably a fairly extensive population which is accustomed to this method of service at yacht clubs and country club banquets. We believe that a top quality caterer might make it work quite well in a room of this size.

Because food costs can be closely controlled in either the buffet or pre-order format, this concept could be operated without loss even on a sporadic basis. In fact, if it could generate more than one hundred covers per event, a modest commission could be available.

As discussed below, the other event spaces within the complex all have some drawbacks, so the Banquet Room may offer a very real opportunity to generate additional and incremental event revenue. The most similar facility that we are aware of is the Seawall Room at the Denver PAC, which is described below. This is another dedicated facility, though it does not need to function as a performance night restaurant since there is another restaurant within the Denver PAC. But the demand for event space was so great that the Seawall was added to the complex at great expense, well after the facility first opened.

It was very helpful to talk with Craig Ustler about the master plan for the build out of the arts district. If the district ultimately includes a number of restaurants at different price points that are ethnically diverse, then the need for a pre-performance dining experience within DPAC will diminish. At that time, the Banquet Room may become a fully dedicated catering venue. This change would allow DPAC to compete for social catering on the weekends and for smaller black tie events that occur on Saturday nights. It would also generate higher sales and better margins for both the operator and DPAC. The only caveat is that acoustic separation must be excellent to allow simultaneous performances and event rental.

Donors Club

The Donors Club option located above the Banquet Room will be a wonderful perk for donors and donor cultivation. We are envisioning a 1,200 square foot facility that is elegantly furnished. There will be full bar service with fine crystal. Prior to the show and at intermission, light hors d'oeuvres and snacks will be complimentary. Arrangements may be made to bring plates from the Banquet Room to the Club if ordered in advance. The staff will be trained to recognize members. The room could also be open post concert for desserts, brandy, port, and specialty coffees.

In this format, the club will certainly require an operating subsidy although it may be small. This subsidy is necessary because sales are limited by the eligibility requirements and the attendance of these members at performances. The closest comparison is a private club where the dues structure offsets all of the A&G costs. Often, this cost is absorbed by the development department as in the Robert Shaw Room at the Atlanta Symphony or the Ginn Suite at The Cleveland Orchestra. The other model is a formal dues structure like the Metropolitan Opera Club. In our experience attendance is good for the opening night of subscription concerts – opera, ballet, and symphony – but otherwise is insufficient to break even. Some popular concerts – Tony Bennett or Norah Jones – will also attract a strong donor base. We have not modeled financial results until the program is more clear, but the operation will require a subsidy if it offers eligibility only to top tier donors.

An alternative is to run the Club as a perk on specific dates only and to allow the entire audience or a segment thereof use of the space on non-premium nights. In fact, this program could lend itself very well to installing Enoteca machines like the Wine Bar on Park Avenue. The concept is well accepted in Orlando. The Wine Bar has the most selections by the ounce in the US. Eligibility for the club could depend upon ticket price or could depend upon a lower level of donation on non-premium nights or a limited numbers of visits. We believe the Enoteca concept is so strong that it might even help raise the level of donors who want the perk. At Tampa Bay, for example, the subsidized higher end Donor's Lounge which serves free drinks is open to annual donors at the \$1,500 level.

Catering Overview

Performing arts centers such as DPAC offer a unique set of opportunities and challenges as event venues. Unlike peer cultural institutions such as museums and botanical gardens, which are available most evenings when the facility is closed to the public, PAC's schedule most of their public mission events in the same daily time periods that event planners use for event rentals. This tension between the core mission of the PAC and use of the space for unrelated purposes is manifested daily in the internal competition for the inventory of spaces.

On the other side of the coin, large scale PAC's have many advantages in competing for the event dollar. These include circulation infrastructure for handling large groups, many

built-ins such as theater quality sound and lighting, multiple public spaces, performer support, and (usually) foodservice infrastructure.

Based on our survey of the Orlando event community, there is a need for a large space that can accommodate local social, gala and corporate events, as well as convention related events. Whether or not the DPAC is the ideal space for these markets will depend in large measure on the final design decisions. A dedicated event space outside of the ticketed perimeter of both major theaters would be the single greatest competitive advantage, though whether this can be cost justified remains to be proven.

The Event Market and Other PAC's

There are several PAC complexes that might be considered comparable.

The Tampa Bay PAC has been reasonably successful as an event venue, with most of the larger events held in the lobbies of the two main theaters, and the outdoor patio overlooking the river being used for overflow for certain events. Annual catering sales exceed one million dollars. There is an additional dedicated space that is used as a restaurant before most but not all performances, and is also available as an event space when the hall is dark. The Tampa Bay PAC was operated by ARAMARK, but has been self operated by the same management team with consulting assistance from Ovations for several years.

The New Jersey PAC is familiar to many of the participants in this project. NJPAC has been reasonably successful in developing its event business, particularly since hiring a skilled director of sales several years ago. This is all the more impressive since NJPAC has only one large theater, and therefore one large lobby space. It does also have a rehearsal room that can be used for events, as well as an adjacent donor's lounge. But neither of these rooms is very large (though they are correctly proportional to each other for prefunction and seated meal use), and they are also within the ticketed perimeter so are not easily available on show nights for outside groups not attending a show. NJPAC also recently made changes to its Theater Square Grill restaurant, to allow more frequent events in that space. Our best estimate, from information provided by the operator, is that NJPAC generates combined catering and events rental revenue of between \$1M and \$1.5M per year. NJPAC has an exclusive catering arrangement. It has a production kitchen on site, which is where most or all catering food is prepared.

The Adrienne Arsht Center in Miami relies both on lobby spaces and on backstage for its major events, and for rooms in its education areas for medium and small events. Despite having massive capacity in a hot event market, the catering and events effort there has not been hugely successful. There is a full production kitchen on site, which supplies most of the food. The contract is an exclusive, with Restaurant Associates, a national operator. From discussions with Miami caterers and event planners, as well as with RA, the pricing that RA has mandated for catered events at the Arsht Center is viewed as being high even in the pricy Miami market. Catering sales in the first full year of operations was \$1.6 million; the first seven periods of 2008 have resulted in \$660,000 in catering sales.

Jazz at Lincoln Center is a superb example of a PAC that was designed to maximize event revenue. It has both large dedicated spaces outside the ticket perimeter, as well as a tiered performance space with a spectacular view that can also be used for seated meals. Catering sales during the first year of operation exceeded two million dollars. Sales are now approaching five million dollars. More than fifty percent of this activity is in the Allen Room which is not used that extensively for ticketed performances. It is also arguably the most dramatic space in Manhattan with a seventy foot window wall overlooking Central Park South and Central Park. JALC operates with an exclusive catering arrangement, and has a small production kitchen on site used for Dizzy's Club Coca Cola. Catering food is brought in from the caterers' commissary. Because of the high real estate costs in New York, off premise commissary support is the rule at every major Manhattan facility.

Schermerhorn Hall in Nashville is often cited as an outstanding example of catering success in the PAC universe. Culinaire, a food service management company from Dallas, functioned as design consultant prior to opening and was the operating consultant for the first year. During that year, catering sales slightly exceeded \$1.8 million dollars; however that number includes sales not traditionally classified as catering. Aesthetically, the flat floor space was considered an enormous success, but we also understand that there has been substantial study given to the wear and tear impact of the conversion process. Anecdotally, we understand that the conversion has caused ten years of wear in the first year. We have access to the actual catering numbers in the first year of operation at Schermerhorn. True, external rentals with catering in the flat floor totaled 30 events. Another sixty events in the space were performance related events which fall into two categories. Some were Boston Pops type events with seating at café tables for four with a full menu. Service continued through the first intermission with check drops during the second half of the performance. The remaining events were service to box holders only.

The Seawall Room at the Denver PAC has recently changed from being self operated with availability to outside caterers, to being an exclusive venue for one caterer. The Seawall was added after the rest of the complex was completed. It can accommodate up to about 500 guests. It does not have an onsite kitchen, so all food is brought in from the caterer's commissary. There is no real catering pantry, so the caterer uses the enclosed loading dock, which is obviously far from ideal. The Denver PAC is superbly well situated in the middle of downtown, minutes from major hotels, and next door to the convention center. The operator tells us that the space hosts between 200 and 250 events per year, of which the majority are not performance related. The Denver PAC may be the closest comparable to the DPAC, both in the size of the market, and the potential for convention events. The conclusion one might draw from the Denver PAC is that it would make sense to build a dedicated event space outside of the ticket perimeter.

Carnegie Hall is at the other end of the continuum from DPAC. Essentially all events at Carnegie Hall are performance related. As an older building, there was no real space allocation for events, and the largest regularly available space holds fewer than 200

guests for a seated event. The smaller Weill Recital Hall can convert to a flat floor, though we understand that this is so costly that it has hardly ever been done. There is a small kitchen on site, though the exclusive operator brings in most or all food from their commissary. Despite the fact that Carnegie Hall is booked almost every available night, and the space for events is quite limited, the total revenue generated in catering is over \$2,000,000 per year, though at premium NYC prices, and including Carnegie Hall's own internal events.

It is worthy of note that the only PACs that have enjoyed sales exceeding two million dollars are in major metropolitan markets with extremely high check averages for catering. The two highest grossing PACs historically are Kennedy Center and Jazz. Kennedy Center has dedicated space and enjoys a unique position in Washington for political and governmental events. Jazz has a truly unparalleled location in Manhattan.

Design Specifics – Infrastructure and Support

As with all projects of this type, we evaluate the venue from several angles – from that of the building owner, the caterer, as an event planner, and as a guest. When there is a possible conflict arising from these multiple perspectives, we will identify the point of view to be considered.

The current plan has addressed many, though not all, of the infrastructure issues raised previously. There are still items to be clarified, which we describe below.

It is crucial that the production kitchen be of sufficient size and level of equipment to handle the expected flow of business. The proposal to locate the kitchen on the top level of the building has some built in drawbacks relating to adjacency and circulation, but none of these are insurmountable

We are concerned about access from the loading dock up to the kitchen, and from there to resupplying the event spaces. The size and location of the elevator(s) that will supply the kitchen and pantries also requires careful thought. Some kitchen equipment and fixtures can be fairly bulky, so the kitchen will need to be served by an elevator large enough to hold major equipment. This also brings us back around to the adjacency issues, since it would make the most sense to have the foodservice operations storage somewhere close by the kitchen area.

Access to the third level Banquet Room is also a concern, since this will likely end up the most heavily used event space, good access and nearby storage need to be designed into the foodservice workflow.

Design, Capacities and Configurations

Appended are the diagrams showing the capacities of the main event spaces.

The Orlando caterers have told us is standard operating procedure is seating eight guests at a 60” round in this market. Delving further into the question of table sizes, we were told by several hotel banquet operators that in Orlando hotels, 10 guests at a 66” or 72” round is standard. Attached please find a diagram of the proposed Banquet Room space using 66” rounds instead of 60”, to show the difference in capacities in a perfectly rectangular space. Using the maximum seating model, with no space for head table or dance floor, the 8/60 capacity is 360 guests, the 10/66 capacity is 380, and the 10/60 capacity would be 420.

We do have some concerns about the use of the various spaces.

We strongly agree with the idea of opening up the third level spaces into one large room, as opposed to the three smaller spaces plus pantry as originally conceived. Once this decision is certain, then some of the issues related to circulation, support and aesthetics can be addressed. For purposes of testing capacities, our layout assumes a minimal pantry space, and one permanent bar, both at the east end of the space.

At the maximum capacity for a celebratory or gala event with a dance floor, assuming that the perimeter walls are as shown, the capacity would likely be about 350 using the 10/60 configuration. This is plenty large for a local wedding, though that will be a very competitive and cost conscious market. This will be somewhat on the small side for a local gala, at least based on the information provided to us by local operators.

Neither of the lobbies has as great of a capacity as might be expected based on the gross square footage. In part this is because of the table configuration described above, but it is also because of the irregular shape of both lobbies. A plain rectangle is the most efficient use of space for dining purposes, and neither of the lobbies fits that shape. Also, the placement of the various doors cuts down the capacity. We have projected event usage in the Broadway lobby only although either space could be used.

We remain concerned about the lobby aesthetics. Based on the plans and the sections, we don't see the lobbies as being tremendously appealing, in part because of the overhang. Unlike the NJPAC lobby, which only has an overhang on one side until several stories up, or the Arsht Center in Miami, which has soaring open spaces all the way to the top of the building, the sections for the DPAC lobbies show a relatively low ceiling on both sides, though with an opening to above in the center. We understand that this configuration may be required because of the overall building design, but low ceilings always diminish the attractiveness of the space for an event.

The multiform theater, on the other hand, will be a very exciting space to use for events. The advantages of this space are myriad – the flat floor at floor or stage level, the permanent seating around the floor for mixed use events, the built in sound and lighting, the acoustics, and the stage will all be important amenities for the event planners. However, whether the costs involved with the moveable floor can be expected to be recovered from incremental event revenue from rents and catering commissions seems highly doubtful at best. This constraint will be particularly important for breakfast or

lunch events where the cost of additional, HVAC and security must be added to the cost of converting the theater to and from a flat floor. In addition, there is a facilities fee. Even if the fee is deeply discounted, these fixed costs could easily exceed \$ 3,500 or \$ 17.50 per person for a 200 person event. Few budget conscious planners could afford fees of this magnitude plus rental costs and catering charges. The Banquet Room may be not be as glamorous but its economics will be considerably more compelling.

The Rehearsal Hall could also be of some use, particularly for house or resident company sponsored events where being backstage is an advantage. But because of its location in the rear of the building, we don't see this space being used an overwhelming number of times. The Education Center will likely be used only for community groups with a low budget.

The proposed Governor's and Mayor's Rooms are also potentially excellent spaces for small events, though to make them desirable for use with outside groups will require serious thought as to the optimal design. If these spaces were available in conjunction with some performances, the combination of a reception or a dinner might be an appealing offer to the leadership or sponsor of a convention according to Jessie Allen.

We have some other concerns about the plans as currently shown.

In the commercial banquet space business, one absolute is that there should not be bathrooms prominently placed near the main entrance. Currently, this is exactly what is shown. This is even more of an issue in a performance venue, where there is a possibility that during intermissions the bathrooms could back up and have lines.

We would also recommend that in the final plans, the ladies' rooms have a small lounge anteroom, with mirrors and a place to sit. This would also help keep the bathroom lines from being in the public view. There seem to be enough fixtures so that a few could be given up to add the lounge space. We do not believe that the lounge is necessary for the men's rooms.

The coat room space as shown is on the small side. We realize that this is Florida, but on the other hand Orlando is far enough north so that in the evening women in particular do wear coats during the winter.

Policy Issues

One of the major challenges facing PAC's is in managing the inventory of available event spaces. If the decision is made to build a purely dedicated event space, this will mitigate but not eliminate this problem.

Other cultural institutions such as museums deal with competing constituencies, and the conflict between the core mission and the necessity of generating revenue through events. But PAC's have another layer of uncertainty, which is that while most event planners would prefer to book events between 60 and 180 days in advance (and ever further out in

the case of convention events), most PAC's want to keep their schedules open for booking traveling shows, particularly in the popular music area.

Lorin Shepard at Tampa Bay PAC had some cogent observations. He recommends that contracts with resident companies allow them use of the stage for rehearsal only on the day of performance. For companies that may not run consecutive performances such as opera and ballet, this policy can make some weekend nights available for event rental. Tampa Bay also shuts their black box theater for performance use during the Christmas season and reserves it completely for catered events.

There is no silver bullet to solve this structural conflict. But developing policies in advance of the opening of the DPAC can help minimize the impact on the events program.

There are other policy decisions to be made as well, not the least of which being whether to allow other non competitive non-profits to host events at the DPAC. Since a good part of the gala business is based on the non-profit annual fundraisers, if the decision is made not to allow these it will clearly have a negative impact on revenue generation, and make it a less attractive contract for either a local or national operator.

Orlando Catering Market

As indicated by the price points described above, Orlando is without question a different kind of catering market from other major metro areas around the US. This is reflected in the local operators' business models, which are dependent on the each caterer doing large numbers of events on the busy days of the year. With such a large burden of event quantities, and with the relatively low prices, it is all but inevitable that the quality will suffer in comparison to the larger markets.

However, catering is all about expectations. If the expectations are that in Orlando the levels of staffing are lower, and the food and service less refined, that this may be perfectly fine for the local buyer. The banquet facilities in the Disney universe may offer a more sophisticated dining experience, so this is what the DPAC operator will be up against. Disney's food and beverage revenues exceed one billion dollars annually. Its support staff of chefs, maitre d's, and sommeliers is literally without equal.

The major local caterers in the Orlando area, including in particular Arthur's, Levan's, and Puff N Stuff, all insist that the quality of their offerings has been upgraded dramatically in the last decade. There is no question that having a capable local operator offers some very real advantages, particularly in knowledge of and connections to the local catering market. But the regional and national companies offer advantages as well, including deeper pockets for initial investment, and a level of sophistication that may exceed that of the local operators. They also have the background to effectively operate pre-performance dining and intermission bars, including effective experimentation with delivery systems.

There are in point of fact, however, no guarantees that a major national operator would be more successful than a local. In the last few years, for every success story of a national caterer entering a local market, such as Restaurant Associates at the High Museum in Atlanta, there has been a counterbalancing fiasco. The Wolfgang Puck Catering operation at the Indiana Art Museum has entered industry lore as an example of a poorly executed contract by a national operator who did not understand the local market. The ideal candidate might be a national firm with current operations in Orlando. They would have a local market knowledge as well as access to the labor pool and a ready source of back up talent when required.

We have had discussions with several local caterers, and have visited a number of the competitive venues, including the Orlando Museum of Art, the Science Center, the Lake Mary Events Center, the Cheyenne Saloon, the Disney Swan and Dolphin, Downtown Disney, The Ritz Carlton, The Renaissance Sea World, Universal CityWalk, and the Church Street Ballroom.

There is a substantial consensus that the DPAC events operation will be supported primarily by locally based events, though there are some convention opportunities as described below.

The budgets for these local events are likely to be well below the minimum that the resort area hotels offer for banquets, which is both good and bad. The positives are that this means many fewer competitors, but on the downside the revenue streams will be much lower. DPAC must, at a minimum, recover its incremental costs including flat floor conversion and added security, maintenance and HVAC costs, if applicable. Typically, an operator will be willing to discount its prices only if the facility has deeply discounted its facility fees since the operator's margins are much lower.

We understand that each of the major convention hotels budget for several low cost fundraiser events per year, and waive their normal minimums for those events. Appended is a reasonably representative list of local galas and fundraisers, and their locations.

Local Corporate Luncheons

The local corporate market should be a natural fit for DPAC but we are concerned about price resistance. According to Kathy Ransberger there are frequent corporate luncheons she attends on Disney properties. DPAC may be able to convert some of this business to its downtown location.

The most significant barrier to the local luncheon business is likely to be price point. A recent call to the Swan and Dolphin for a luncheon event in November resulted in a buffet luncheon quote of \$40 per person plus 22% service and 6.5 % tax. The Swan and the Dolphin are the most moderate of the Disney properties, Coronado Springs, which is a moderate Disney managed property, requires a 10 room minimum for groups that are not convention related. Pricing for a buffet lunch at the Coronado Springs starts at

\$35 ++. The higher end properties such as the Contemporary, Boardwalk, and Grand Floridian start at \$55 - \$60++ per person.

Even if DPAC were to offer reduced venue fees for luncheon groups and assuming the usage during lunch did not interfere with any evening programming it is hard to understand how DPAC could come close to Disney pricing at the moderate level. Even a modest \$2500 rental fee would amount to \$12.50 per person for a 200 person luncheon before any food is incorporated. Unless furniture is house owned it must be rented. If owned, there is set up and tear down cost. Linens will certainly be rentals. Luncheon groups are notoriously price sensitive and in fact tend to have luncheons because they cannot afford dinners. Breakfasts may be even more difficult to price competitively because of the need to recover security and HVAC costs. A nominal rental fee of \$1000-\$1500 for daytime use of the Banquet Room may be required.

Social Business

Performing arts centers are not typically popular locations for social events. In general social events are on weekends which is when PACs tend to be programmed. Additionally, there is a need to book far in advance for many social events, in particular weddings, which can be an issue for some PACS. As noted before, contractual provisions with resident companies which free up desirable week end dates will greatly assist entry into this market.

There is generally a market for weddings and limited other life cycle events such as anniversaries if a PAC can hold available dates for such events. If DPAC management elects to hold prime Saturdays in April and May for potential weddings, it may be possible to develop an event stream of 6 – 8 weddings per year.

Potential Convention Business

Since our submittal of the preliminary report we have had the opportunity to communicate directly with a number of the major players in the Orlando convention market. Our contacts included representatives of the destination management industry, Jessie Allen of the Orlando County Convention Center and senior representatives of several Disney properties and major convention hotels.

We discussed the potential convention related business with Jessie Allen of the Orange County Convention Center. He believes the downtown location will be problematic for most convention groups. The requirement to not only transport guests back and forth for a forty minute round trip ride but the need to maintain a continuous loop of transportation will, in his opinion, deter most convention related groups from venturing downtown for an event. Although one might argue that convention groups would have an interest in changing locales, in point of fact the combined Disney, Universal, and SeaWorld properties offer such a wide range of activities and options that boredom, even with a group hosting multiple events, is unlikely.

There are, according to Jessie Allen, two prime seasons for convention business in Orlando. The peak season is January through the end of May with the second peak being mid October through mid December. There are other groups that typically convention in the summer – Sorority, Military, Religious, and Fraternal - but they do so because they are more budget conscious and the attendees are paying their own way.

The opportunity that Jessie Allen identified is performance related. He thought some groups or associations might well be interested in a performance at DPAC with a food component. This is certainly a model that can work assuming DPAC is able to reserve blocks of tickets for such potential sales. We find it problematic to assume that reservation of ticket blocks would be possible or practical for subscription show such as opera, ballet, and symphony, but it might be very feasible for the later days of a Broadway run. If use of an unoccupied Mayor's or Governor's Room were allowed, pursuit of groups in the thirty to fifty range might be very practical.

Another issue with convention groups is likely to be the price point. None of the Disney, Universal, or SeaWorld properties charge a room rental fee for groups from the convention center. The Swan and Dolphin, which are not managed by Disney, do not require private rentals to be generated from the convention center.

There are three major types of conventions that are likely to come to a primary (and costly) event locale such as Orlando. These are associations, which are often very large, but do not have very good budgets, incentive programs such as a group of salespeople or auto dealers, and corporate direct marketing events such as done by Microsoft or various big pharmaceutical companies.

The greatest total dollars are almost certainly generated by the corporate direct events, but the per cap budgets are the highest with the incentive programs.

The banquet hotels located on or adjacent to the major resort properties are somewhat unlikely to present DPAC as an option for an offsite event their convention groups, with a few exceptions. This does not mean that no business will originate from these groups, just that the amount will be limited. The exceptions suggested were when there is a group looking for an auditorium that can be used for an awards ceremony preceded by a cocktail reception. The other scenario would be if for example a convention headquartered at the Disney properties wants to do an offsite, and the Universal and/or Sea World locations are two considered options – and DPAC would offer a reasonable night out alternative such as dinner and a Broadway show. A Disney property sales rep will always prefer to send someone to DPAC than to Universal.

The major incentive program hotels, which are the existing Peabody Orlando, the JW Marriott and the Ritz Carlton, soon to be followed by the Waldorf Astoria, are somewhat more positive about putting some events at DPAC. These hotels see the benefit of having another option for serious cultural activities, which tend to be part of incentive programs. Right now, Cirque Du Soleil was described by several convention experts as being the primary Orlando destination for a cultural event. But Cirque does not have permanent

facilities for food service, and there is also some feeling that Cirque has lost some of its novelty attraction.

We realize the comments from Jessie Allen and the major convention hotels are somewhat disparate. Certainly both groups identified a show and dinner as an attractive option which signifies DPAC will need to develop a policy to hold ticket blocks. The convention hotels were somewhat more optimistic about the likelihood of attracting convention business. It is clear that DPAC and the caterer will need to develop strong working relationships with the Convention Center and the major convention hotels to develop this business.

A final consideration with convention groups is likely to be the price point. None of the Disney, Universal, or SeaWorld properties charge a room rental fee for groups from the convention center. The Swan and Dolphin, which are not managed by Disney, do not require private rentals to be generated from the convention center. It may be challenging for DPAC to compete for the business, particularly in times of economic downturn.

Revenue Estimates

We have prepared updated financial projections. These projections assume an exclusive provider scenario. Our assumptions regarding number of performances, total attendance, and distribution of performances was provided by AMS. The revenue estimates attached are based on the current price points given to us by the local catering community. If a national operator were to take over the contract, the price points might be expected to be somewhat higher.

Café sales have been eliminated under the assumption that any café is to be located in the plaza and fitted out by the operator. In our opinion, none of the national operators will even consider this investment until the plaza has proven itself as a destination which enjoys pedestrian traffic throughout the day. Ideally, there will be programming for various day parts. The creation of a half dozen different concepts as envisioned in the Arts District master plan will enhance the reality of the opportunity to attract a credible tenant for a ground lease.

Intermission bars sales are below. We recognize that there will be many evenings when both the Multi Form and the Broadway Hall are in use but we have projected these as discrete uses for sales purposes. We have increased the per capita sales rather significantly from industry average because of DPAC’s innovative stance on service and the policy that will allow beverages will be allowed in the theaters for most performances. The sales level projected is dependent upon implementation and success of the innovative services discussed above and the number of performances and attendance supplied by AMS.

DPAC Intermission Bars				
	<u># of Perf</u>	<u>Avg House</u>	<u>Per Cap</u>	<u>Total Sales</u>
Multi Form Hall	164	1421	\$1.25	\$291,250
Broadway Hall	196	2071	\$1.50	\$609,000
Community Hall	187	187	\$0.50	\$17,500
				\$917,750

Attendance based on AMS projections from 6/17/08

Pre performance dining in the Banquet Room is illustrated below. Our operative assumption is a prix fixe format with alcoholic beverages additional. We assume it is open for approximately 150 evenings.

DPAC Pre Performance Dining				
	<u># of Perf</u>	<u># of Covers</u>	<u>Check Avg</u>	<u>Total Sales</u>
Pre- performance	150	225	\$29.00	\$ 978,750
				\$ 978,750
Assumes dining is available regularly for most Thurs-Sat performances				
Assumes space can seat 300				

Catering food and beverage sales assuming the flat floor capacity is in place are projected below. We used the lower 360 capacity which allows for a dance floor but note with 10 people seated at a 66 or 72 the capacity is slightly higher.

DPAC Catering Food and Beverage Sales							
Assumes Flat Floor Capability							
<u>Location</u>	<u>Type</u>	<u># of</u>	<u>Capacity</u>	<u>Usage</u>	<u>Usage</u>	<u>F&B</u>	<u>F & B</u>
						<u>PP</u>	<u>Total</u>
Multiform Flat Floor	Dinner Floor Level	12	248	80%	\$	65	\$ 154,752
Multiform Flat Floor	Dinner Stage Level	6	688	70%	\$	85	\$ 245,616
Multiform Flat Floor	Cocktail Reception	2	1000	40%	\$	35	\$ 28,000
Broadway Lobby	Sitdown Dinner	8	368	80%	\$	75	\$ 176,640
Broadway Lobby	Cocktail Reception	12	600	75%	\$	40	\$ 216,000
Rehearsal Hall	Sitdown Dinner	8	240	75%	\$	60	\$ 86,400
Rehearsal Hall	Cocktail Reception	2	360	65%	\$	40	\$ 18,720
Education Center	Community Dinner	6	100	85%	\$	25	\$ 12,750
Education Center	Lunch	24	50	80%	\$	30	\$ 28,800
Banquet Room	Sitdown Dinner	36	360	80%	\$	65	\$ 673,920
Banquet Room	Cocktail Reception	18	550	60%	\$	35	\$ 207,900
Mayors Room	Sitdown Dinner	4	50	80%	\$	65	\$ 10,400
Governors Room	Cocktail Reception	4	85	80%	\$	40	\$ 10,880
	TOTALS	142					\$1,870,778

Note - Multiform Flat Floor assumes some limitations on availability
 Note - Broadway Lobby could be either Broadway or Multiform

Catering food and beverage sales assuming no flat floor capacity are below. Note some portion of flat floor sales are assumed to migrate to other spaces.

DPAC Catering Food and Beverage Sales						
Assumes No Flat Floor Capacity						
<u>Location</u>	<u>Type</u>	<u># of</u>	<u>Capacity</u>	<u>Usage</u> <u>Usage</u>	<u>F&B</u> <u>PP</u>	<u>F & B</u> <u>Total</u>
Broadway Lobby	Sitdown Dinner	10	368	80%	\$ 75	\$ 220,800
Broadway Lobby	Cocktail Reception	16	600	75%	\$ 40	\$ 288,000
Rehearsal Hall	Sitdown Dinner	8	240	75%	\$ 60	\$ 86,400
Rehearsal Hall	Cocktail Reception	2	360	65%	\$ 40	\$ 18,720
Education Center	Community Dinner	6	100	85%	\$ 25	\$ 12,750
Education Center	Lunch	24	50	80%	\$ 30	\$ 28,800
Banquet Room	Sitdown Dinner	40	360	80%	\$ 65	\$ 748,800
Banquet Room	Cocktail Reception	18	550	60%	\$ 35	\$ 207,900
Mayors Room	Sitdown Dinner	4	50	80%	\$ 65	\$ 10,400
Governors Room	Cocktail Reception	4	85	80%	\$ 40	\$ 10,880
	TOTALS	132				\$1,633,450

Venue Fees associated with the catering food and beverage with the flat floor capacity are as follows:

DPAC Venue Fees						
Assumes Flat Floor Capability						
<u>Location</u>	<u>Type</u>	<u># of Events</u>	<u>Capacity</u>	<u>Usage Factor</u>	<u>Venue Fee</u>	<u>Total Venue Fee</u>
Multiform Flat Floor	Dinner Floor Level	12	248	80%	\$8,000	\$ 96,000
Multiform Flat Floor	Dinner Stage Level	6	688	70%	\$12,000	\$ 72,000
Multiform Flat Floor	Cocktail Reception	2	1000	40%	\$12,000	\$ 24,000
Broadway Lobby	Sitdown Dinner	8	368	80%	\$5,000	\$ 40,000
Broadway Lobby	Cocktail Reception	12	600	75%	\$5,000	\$ 60,000
Rehearsal Hall	Sitdown Dinner	8	240	75%	\$3,500	\$ 28,000
Rehearsal Hall	Cocktail Reception	2	360	65%	\$3,500	\$ 7,000
Education Center	Community Dinner	6	100	85%	\$1,500	\$ 9,000
Education Center	Lunch	24	50	80%	\$1,500	\$ 36,000
Banquet Room	Sitdown Dinner	36	360	80%	\$5,000	\$ 180,000
Banquet Room	Cocktail Reception	18	550	60%	\$5,000	\$ 90,000
Mayors Room	Sitdown Dinner	4	50	80%	\$2,500	\$ 10,000
Governors Room	Cocktail Reception	4	85	80%	\$2,500	\$ 10,000
	TOTALS	142				\$662,000

Venue Fees associated with the catering food and beverage without flat floor capacity are below:

DPAC Venue Fees						
Assumes No Flat Floor Capability						
<u>Location</u>	<u>Type</u>	<u># of Events</u>	<u>Capacity</u>	<u>Usage Factor</u>	<u>Venue Fee</u>	<u>Total Venue Fee</u>
Broadway Lobby	Sitdown Dinner	10	368	80%	\$ 5,000	\$ 50,000
Broadway Lobby	Cocktail Reception	16	600	75%	\$ 5,000	\$ 80,000
Rehearsal Hall	Sitdown Dinner	8	240	75%	\$ 3,500	\$ 28,000
Rehearsal Hall	Cocktail Reception	2	360	65%	\$ 3,500	\$ 7,000
Education Center	Community Dinner	6	100	85%	\$ 1,500	\$ 9,000
Education Center	Lunch	24	50	80%	\$ 1,500	\$ 36,000
Banquet Room	Sitdown Dinner	40	360	80%	\$ 5,000	\$ 200,000
Banquet Room	Cocktail Reception	18	550	60%	\$ 5,000	\$ 90,000
Mayors Room	Sitdown Dinner	4	50	80%	\$ 2,500	\$ 10,000
Governors Room	Cocktail Reception	4	85	80%	\$ 2,500	\$ 10,000
	TOTALS	132				\$520,000

Labor expenses for the Operator are projected below:

DPAC				
Operator Staffing				
G&A				
General Manager				\$ 75,000
Chef				\$ 65,000
F&B Controller/ Acct				\$ 45,000
Admin				\$ 30,000
G&A				\$ 215,000
PR Tax and Benefit @ 28%				\$ 60,200
Total G&A				\$ 275,200
Kitchen Hourly Staff	Qty	Hours	Rate	Expense
Prep	3	35	9	\$ 49,140
Hot Cook	2	35	12	\$ 43,680
Cold Cook	2	35	11	\$ 40,040
Utility	3	35	8	\$ 43,680
Pre Performance Dining				
Manager	1			\$ 40,000
Cashier	2	4	9	\$ 10,800
Hostess	2	4	9	\$ 10,800
Bartender	2	4	12	\$ 14,400
Wait Staff	8	4	5	\$ 24,000
Utility	3	4	8	\$ 14,400
I Bar				
Bartenders	8	4	12	\$ 115,200
Utility	8	4	8	\$ 76,800
Donors Club				
Bartenders	2	4	12	\$ 14,400
Utility	2	4	8	\$ 9,600
Total Other				\$ 506,940
PR Tax and Benefit @ 28%				\$ 141,943
Total Hourly				\$ 648,883
Total Staffing				\$ 924,083

Other expenses for the Operator are projected below.

DPAC	
Other Operator Expenses	
Pre Performance Dining	
Food and Beverage	40%
Insurance	1%
Marketing and Promotion	2%
Uniforms and Laundry	1%
Cleaning Supplies	1%
Mnt & Repair	1%
Licenses	1%
Flowers and Décor	2%
China Glass & Silver	2%
Misc	2%
Total	12%
Intermission Bars	
Food and Beverage	23%
Insurance	1%
Marketing and Promotion	2%
Uniforms and Laundry	1%
Cleaning Supplies	1%
Mnt & Repair	1%
Licenses	1%
Misc	2%
Total	8%
Catering	
Food and Beverage	26.00%
Service Staff	15.00%
Sales	2.00% plus \$100,000 salary
Marketing and Promotion	2.00%
Insurance	1.00%
Misc	4.00%
Total	7.00%

A P&L from the Operator's viewpoint assuming flat floor capacity is below. Note the return to DPAC is commission based and summarized in a later exhibit.

Profit and Loss						
Exclusive Provider With Flat Floor						
	Low		Medium		High	
Pre Performance Dining	\$831,938		\$978,750		\$1,125,563	
COGS	\$332,775	40.00%	\$391,500	40.00%	\$450,225	40.00%
G&A/Kitchen Labor (20%)	\$100,234	12.05%	\$100,234	10.24%	\$100,234	8.91%
Hourly & Other Labor	\$146,432	17.60%	\$146,432	14.96%	\$146,432	13.01%
Other	\$95,673	11.50%	\$112,556	11.50%	\$129,440	11.50%
PPD Contribution	\$156,823	18.85%	\$228,028	23.30%	\$299,232	26.59%
I Bar Sales	\$780,088		\$917,750		\$1,055,413	
COGS	\$179,420	23.00%	\$211,083	23.00%	\$242,745	23.00%
Hourly Labor	\$245,760	31.50%	\$245,760	26.78%	\$245,760	23.29%
Other	\$62,407	8.00%	\$73,420	8.00%	\$84,433	8.00%
I Bar Contribution	\$292,500	37.50%	\$387,488	42.22%	\$482,475	45.71%
Catering Sales	\$1,590,161		\$1,870,778		\$2,151,395	
COGS	\$413,442	26.00%	\$486,402	26.00%	\$559,363	26.00%
Service Labor	\$238,524	15.00%	\$280,617	15.00%	\$322,709	15.00%
Production Labor(80%)	\$180,777	11.37%	\$180,777	9.66%	\$180,777	8.40%
Sales	\$101,803	6.40%	\$107,416	5.74%	\$113,028	5.25%
Other	\$111,311	7.00%	\$130,954	7.00%	\$150,598	7.00%
Catering Contribution	\$544,304	34.23%	\$684,612	36.60%	\$824,920	38.34%
Total Contribution	\$993,628		\$1,300,127		\$1,606,627	
Pre-Opening (Depr/3 yr)	\$33,333		\$33,333		\$33,333	
Other G&A	\$220,160		\$220,160		\$220,160	
PPD Comm @ 10%	\$83,194		\$97,875		\$112,556	
I Bar Comm @ 15%	\$117,013		\$137,663		\$158,312	
Catering @ 15%	\$238,524		\$280,617		\$322,709	
\$400k invest/ 10 yr	\$40,000		\$40,000		\$40,000	
OI (Operator)	\$261,403		\$490,480		\$719,556	

A P & L from the Operator's viewpoint operation assuming no flat floor capacity is below.

Profit and Loss						
Exclusive Provider With NO Flat Floor						
	Low		Medium		High	
Pre Performance Dining	\$831,938		\$978,750		\$1,125,563	
COGS	\$332,775	40.00%	\$391,500	40.00%	\$450,225	40.00%
G&A/Kitchen Labor (20%)	\$100,234	12.05%	\$100,234	10.24%	\$100,234	8.91%
Hourly and Other Labor	\$146,432	17.60%	\$146,432	14.96%	\$146,432	13.01%
Other	\$95,673	11.50%	\$112,556	11.50%	\$129,440	11.50%
PPD Contribution	\$156,823	18.85%	\$228,028	23.30%	\$299,232	26.59%
I Bar Sales	\$780,088		\$917,750		\$1,055,413	
COGS	\$179,420	23.00%	\$211,083	23.00%	\$242,745	23.00%
Hourly Labor	\$245,760	31.50%	\$245,760	26.78%	\$245,760	23.29%
Other	\$62,407	8.00%	\$73,420	8.00%	\$84,433	8.00%
I Bar Contribution	\$292,500	37.50%	\$387,488	42.22%	\$482,475	45.71%
Catering Sales	\$1,388,433		\$1,633,450		\$1,878,468	
COGS	\$360,992	26.00%	\$424,697	26.00%	\$488,402	26.00%
Service Labor	\$208,265	15.00%	\$245,018	15.00%	\$281,770	15.00%
Production Labor(80%)	\$180,777	13.02%	\$180,777	11.07%	\$180,777	9.62%
Sales	\$97,769	7.04%	\$102,669	6.29%	\$107,569	5.73%
Other	\$97,190	7.00%	\$114,342	7.00%	\$131,493	7.00%
Catering Contribution	\$443,439	31.94%	\$565,948	34.65%	\$688,457	36.65%
Total Contribution	\$892,763		\$1,181,463		\$1,470,163	
Pre-Opening (Depr/3 yr)	\$33,333		\$33,333		\$33,333	
Other G&A	\$220,160		\$220,160		\$220,160	
PPD Comm @ 10%	\$83,194		\$97,875		\$112,556	
I Bar Comm @ 15%	\$117,013		\$137,663		\$158,312	
Catering @ 15%	\$208,265		\$245,018		\$281,770	
\$300k invest/ 10 yr	\$30,000		\$30,000		\$30,000	
OI (Operator)	\$200,798		\$417,415		\$634,031	

A summary return including potential investment is detailed below.

DPAC			
Total Return			
	Low	Medium	High
DPAC Return With Flat Floor			
PPD Commission	\$83,194	\$97,875	\$112,556
I Bar Commission	\$117,013	\$137,663	\$158,312
Catering Commission	\$238,524	\$280,617	\$322,709
Venue Fees @ 65%	\$365,755	\$430,300	\$494,845
Total Return	\$804,486	\$946,454	\$1,088,422
Investment	\$400,000	\$400,000	\$400,000
DPAC Return Without Flat Floor			
PPD Commission	\$83,194	\$97,875	\$112,556
I Bar Commission	\$117,013	\$137,663	\$158,312
Catering Commission	\$208,265	\$245,018	\$281,770
Venue Fees @ 65%	\$287,300	\$338,000	\$388,700
Total Return	\$695,772	\$818,555	\$941,338
Investment	\$300,000	\$300,000	\$300,000

Summary

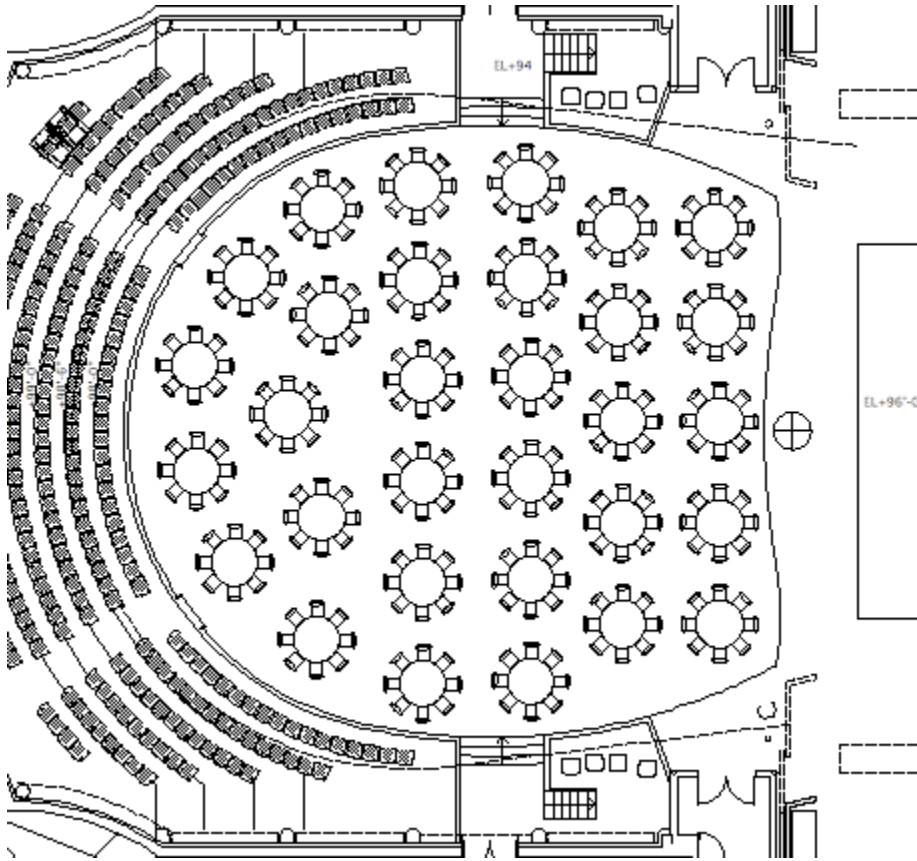
We have not projected any Donor's Club sales as we believe it will be a subsidy operation. As long as the service is not too extensive its operation should not negatively impact these projections.

We believe the DPAC space will be well received as a catering venue in downtown Orlando. The Banquet Room will be critical to the catering revenue stream but more importantly, will serve to allow an important visitor amenity until the activity on the plaza fills in.

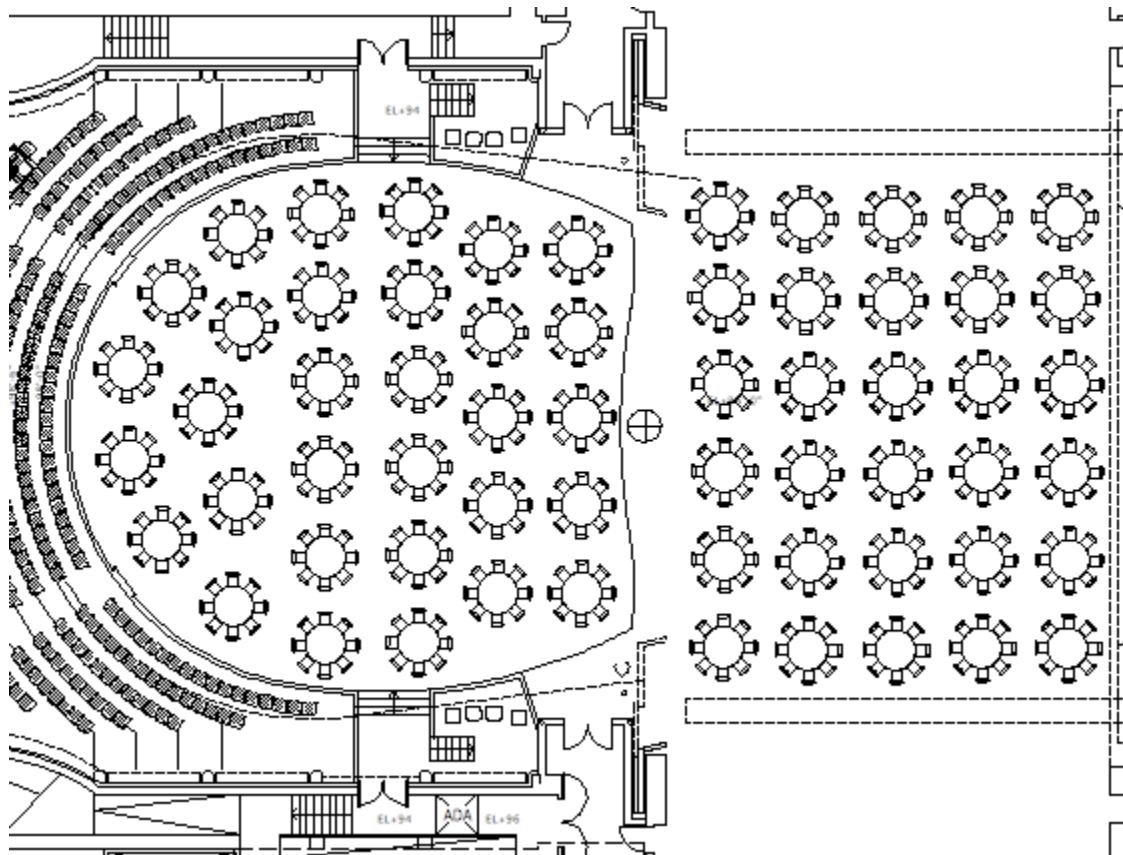
Catering at DPAC should be robust in comparison to other PACs. If DPAC management actively develops "friendly" policies with respect to catering there is a good likelihood of developing a successful events business.

Appendix

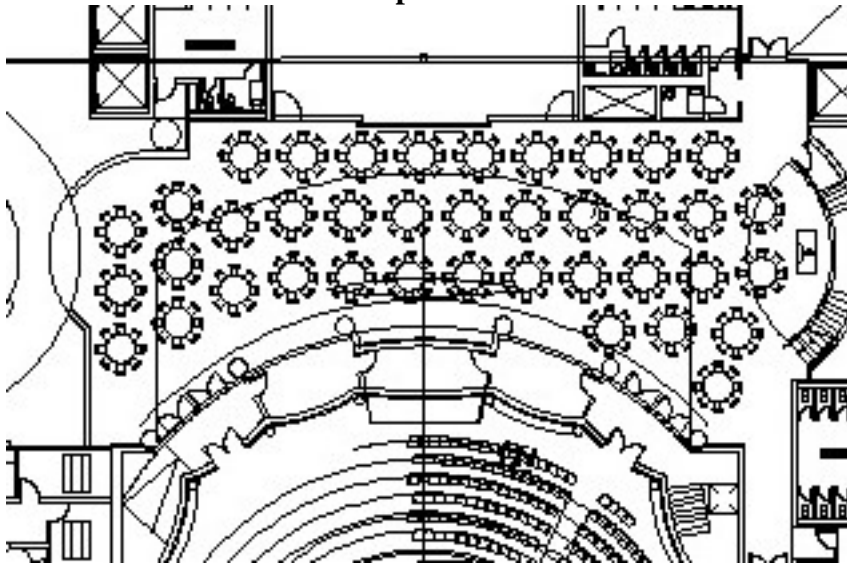
**Multiform Theater Seating W/ Flat Floor
Capacity : 248 Seated Dinner**



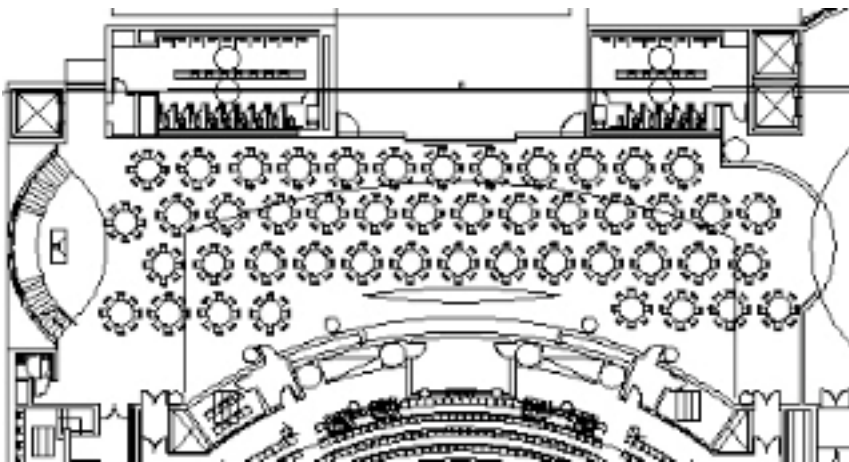
Multiform Theater Stage Seating
Capacity: 688 Seated Dinner
1000 Cocktail Reception

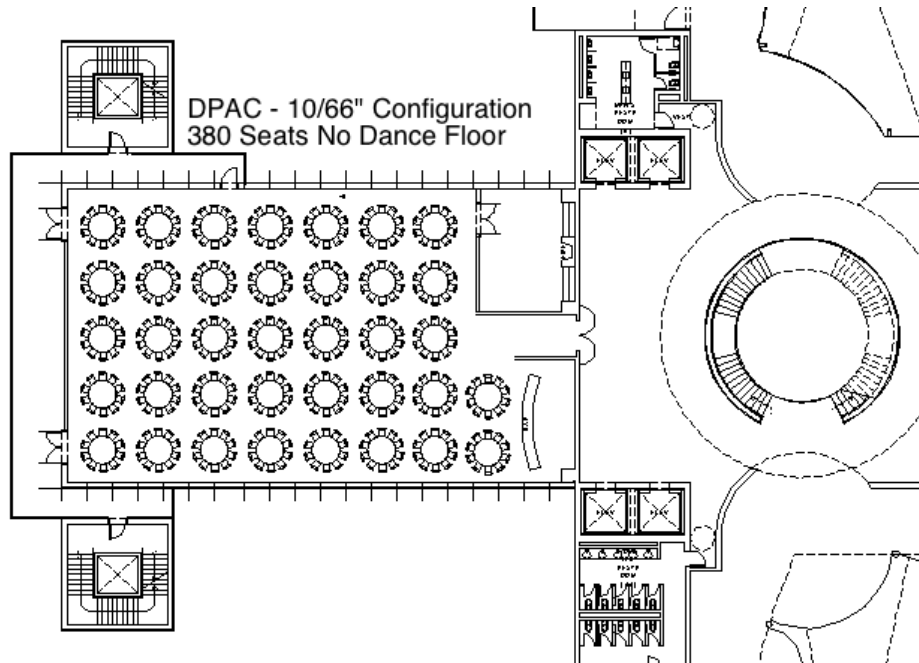
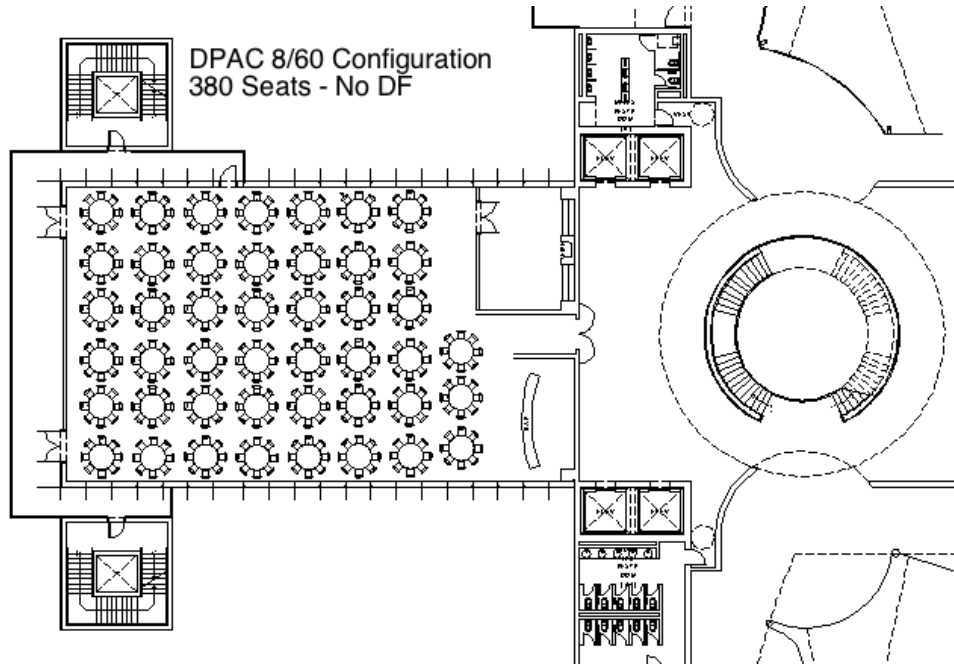


Multiform Theater Lobby Seating
Capacity: 312 Seated Dinner
550 Cocktail Reception



Broadway Theater Lobby Seating
Capacity: 368 Seated Dinner
600 Cocktail Reception





Social Calendar Extract - Orlando - 2007/2008

Venue**Event**

Please note that this list is representative, not complete

Citrus Restaurant	Food & Wine Awards
JW Marriott	Orlando Magic Youth Scholarships
Grand Bohemian	Women's Leadership Council
Royal Pacific Universal	Diabetes Gala
Isleworth Country Club	Tavistock Gala
Rosen Shingle Creek	Florida Symphony Gala
Beacon Restaurant	Fifty Most Powerful Orlando
Portifino Bay Hotel	Embracing Hope Gala
Sea World Ports of Call	Cent. Florida Hospitality Hall of Fame
Rosen Shingle Creek	Holocaust Memorial Center
Hard Rock Orlando	Palmer Hospital Fundraiser
Sheraton Downtown	Planned Parenthood Fundraiser
Grand Bohemian	Excellence in Teaching Awards
Rosen Centre	Women of Distinction Awards
Grand Bohemian	Blood Bank Benefit
Orange County Historical Societ	OCHS Benefit
Mall at Millennia	Orlando Regional Healthcare Gala
Citrus Restaurant	Downtown Orlando O-Ball
Bob Carr Center	Festival of Orchestras
Sea World Discovery Cove	Sea World Research Benefit
Grand Floridian	Florida Magazine Awards
Peabody Orlando	Cornerstone Society Event
Menello Museum	Artist Event
Hyatt Regency Airport	Liberty Weekend Dinner
Shou Ture Store	Make a Wish Foundation
Tabu Nightclub	Florida Children's Hospital
Ballroom at Church Street	Mustard Seed Charity
Grand Bohemian	Nemours Orlando Children's Hospital
Cornell Fine Arts Museum	Rollins College Donation Acknowledgement
Ruth's Chris Downtown	Friends of Helen Luncheon
Cityfish Restaurant	Cystic Fibrosis Fundraiser
Falcon's Fire Golf Club	Florida Attractions Association
Pointe Orlando	Where Magazine
Winter Park Farmer's Market	Caring For Children

Social Calendar Extract - Orlando - 2007/20008	
Venue	Event
<i>Please note that this list is representative, not complete</i>	
Ballroom at Church Street	Cystic Fibrosis
Orlando Museum of Art	Central FL YMCA
Renaissance Orlando	Interior Design Awards
Grand Cypress Golf Club	Cystic Fibrosis
Ballroom at Church Street	State of Downtown Address
Carraba's Grill	Susan G. Komen Benefit
Casa Feliz Historic Home	Easter Seals Benefit
Luma on Park	Make a Wish Foundation
Gaylord Palms	Beta Center Benefit
Sea World Port Discovery	Ronald McDonald Benefit
City Arts Factory	Downtown Arts Benefit
JW Marriott	Central Florida Hospitality Gala
Gaylord Palms	Dr. Phillips Award
Gaylord Palms	Grande Masque Tasting
Rosen Plaza	YMCA Acquatic Dinner
Lake Mary Marriott	Orlando Regional Hospital
Orlando Science Center	Orlando Science Center Benefit
Disney Coronado Springs	Florida Emergency Physicians
Buena Vista Palace	Concierge Ball
Menello Museum	Museum Dedication
Rosen Plaza	Jewish National Fund
Hyatt Regency Airport	CEO Roundtable
Orange County Historical Societ	Foster Care Benefit
Rosen Shingle Creek	Easter Seals Benefit
Sea World	United Arts of Central Florida