May 15, 2014

COPY

City of Venice

Peter Boers – Procurement Manager
401 W. Venice Avenue
Venice, Florida 34285

Re: Letter of Interest – Venice Circus Arena Property

Dear Selection Committee Members:

The Venice Circus Arts Foundation, Inc. partnering with ***Vecus Entertainment, Inc.*** is pleased to provide this letter of interest demonstrating our unique ability to exceed your expectations on this very important effort.

Our letter of interest includes a collaboration with partners that have an invested interest in development of the property. The three (3) interested applicants (*Flying Gaona Trapeze Park, Venice Circus Adventure Golf, and Vecus Entertainment, Inc.*) have a symbiotic relationship, and require each other for the proposed development plan to be executed and for success to be achieved.

We have in-depth knowledge of the history, geography, design principles, and public dialogue within the Community. These factors have shaped citizen's perspectives and desires for the Circus Arena property to be salvaged.

Our team understands exactly how to keep the historical significance of this property. Beyond knowing how to do this, our team has unmatched experience in producing construction documents, obtaining permits, and working with local contractors to implement such plans. Our team will save the historical significance of this property.

Our team is locally committed to this project and our office is literally a walking distance from the Venice Circus Arena property. As a result, our team will operate with accountability.

Our team is grateful for the opportunity to serve our City and preserve a prized piece of History for future generations to appreciate. We are positioned to exceed your expectations on this project – we truly believe no other team can serve you better.

Very Truly Yours,

THE VENICE CIRCUS ARTS FOUNDATION, INC. & VECUS ENTERTAINMENT, INC.

P.O. Box 2220
Venice, FL 34284
941-485-7675

SIDE ELEVATION

SCALE: 1/8" = 1'-0"

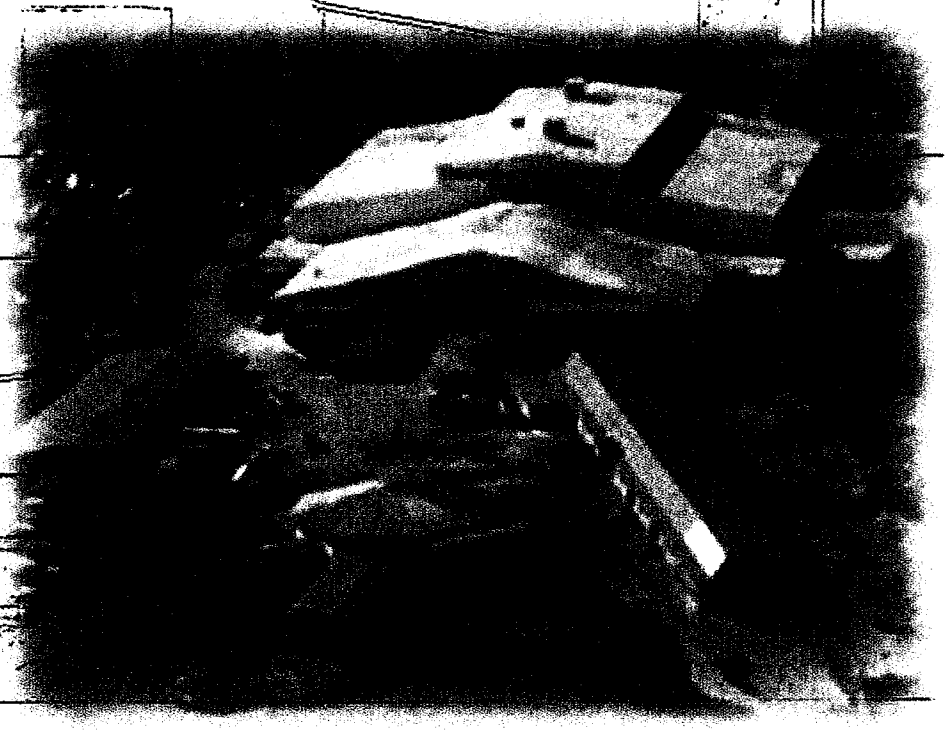
APPROVALS

RINGLING CIRCUS

WW LINDH FLA. PE

REQUEST FOR LETTERS OF INTEREST

THE VENICE CIRCUS ARENA PROPERTY



FRONT ELEVATION

Prepared By:

THE VENICE CIRCUS

ARTS FOUNDATION, INC.

SIDE ELEVATION

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RINGLING CIRCUS

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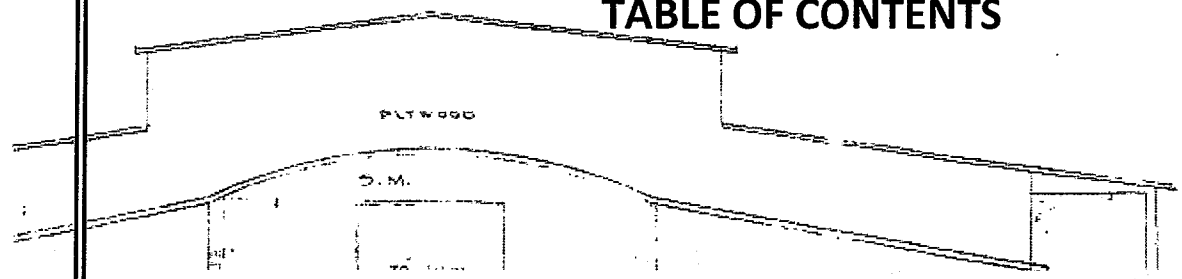
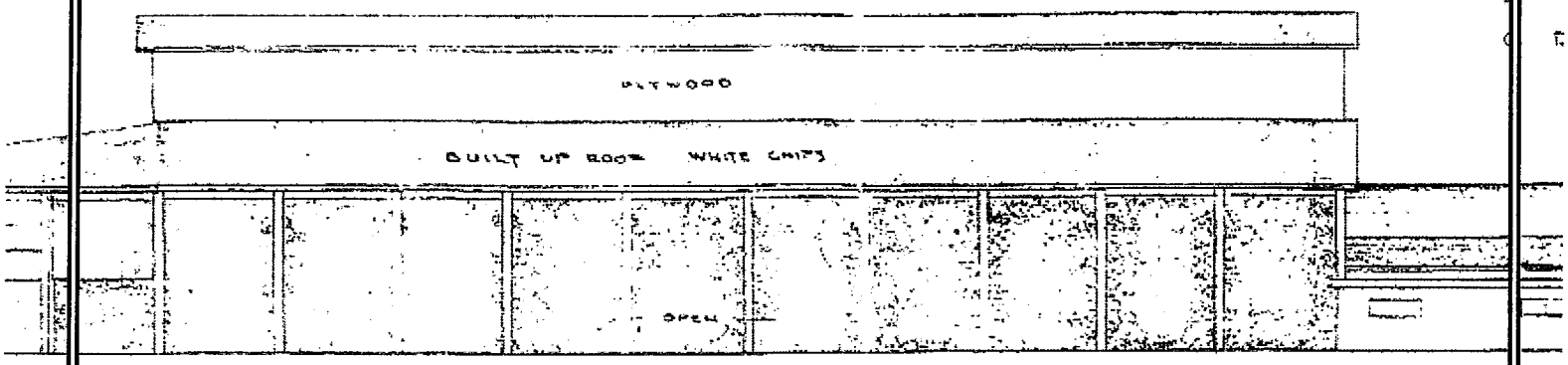


FRONT ELEVATION



SCALE: 1/8" = 1'-0"

RINGLING CIRCUS

WEST LINDA FLA. PG

EXECUTIVE SUMMARY

The Venice Circus Arts Foundation, Inc. (VCAFI) is a not-for-profit 501 (c)(3) corporation formed in 2010. The existence of the VCAFI is to restore the 1961 building that is owned by the City of Venice.

The Mission of the Venice Circus Arts Foundation is to preserve the circus arts and their heritage in Venice, create unique educational opportunities, encourage significant economic development and promote family entertainment- "Preserve, Educate, Stimulate and Entertain!" Our goal is to Renovate, Restore, and Rejuvenate the Historic Venice Circus Arena to accomplish our mission.

The Vision is to create a "cultural campus" on the arena grounds to provide a myriad of programs and performances, family activities, a circus museum, miniature golf, trapeze academy, artisan kiosks and a full spectrum of entertainment. The possibilities are endless for displaying and preserving the arts, which will draw tourists and local families, helping build Venice's economy, and engaging many in the community's strong arts heritage.

In addition, the arena is proposed to have seating surrounding a central area, or with seating on at least three sides of the action area. The arena floor will have sufficient space for use in presenting the circus, indoor soccer, indoor track meets, tennis, basketball, hockey, extreme sports and other sporting events that can be placed within such a field of play. The space is also flexible in that additional seating and varying seating configurations can be utilized to create the most efficient viewing for concerts, boxing, wrestling and other events that do not require the larger field of play."

The VCAFI has full interest in approximately 1.4 acres of the property. The *Venice Circus Adventure Golf and The Flying Gaona Trapeze Park* have interest in the remaining property. Refer to ***Figure 1***, the Lease Agreement Map for a graphical representation.

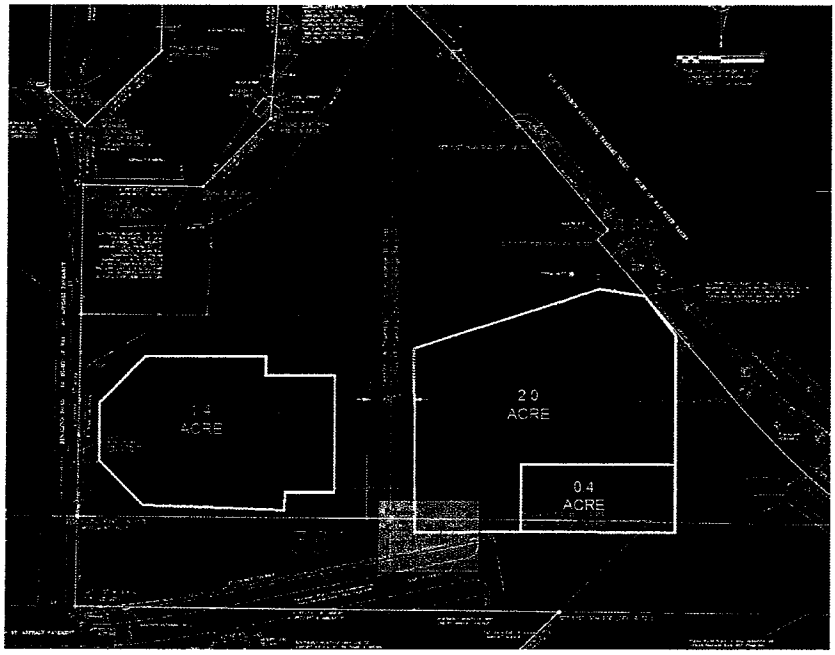


Figure 1 – Lease Agreement Map

Vecus Entertainment, Inc.*, The Flying Gaona Trapeze Park, and The Venice Circus Adventure Golf, LLC* will pay a maintenance entity to maintain the grounds, while each entity will privately own their share per the rental lease agreements.

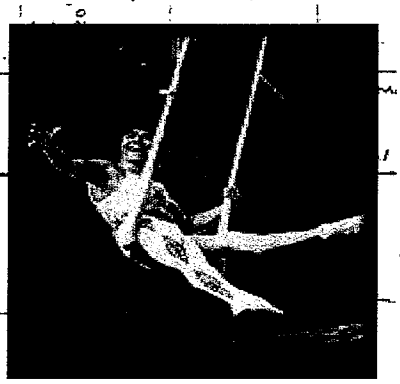
The VCAFI is currently operating out of rental space on Base Avenue, which is walking distance from the property of interest. The VCAFI and ***Vecus Entertainment, Inc.*** has a qualified team of Professionals that know what it takes to prepare construction plans, permit with the appropriate governmental agencies, and oversee construction through substantial completion, refer to the ***Organizational Chart***.

HISTORICAL SIGNIFICANCE

The Venice Circus Arena is a historic building located in Venice Florida. The 55,000 square foot historic Circus Arena was constructed on site at 1401 Ringling Drive in Venice in 1961. It had seating for an audience of 4500 to 5000, with space for retail and a full service restaurant. The restored circus arena will provide a significant community event venue for all kinds of events; national and international top entertainers, performers and conferences.

Construction was started in 1960 on the arena to house "The Greatest Show on Earth" (The Ringling Brothers and Barnum and Bailey Circus). Once the grounds were completed, the circus wintered in Venice from 1961 through 1992. After moving its winter quarters to Venice, the circus would return from the road each December for several weeks. During this time, the performers and animals would rest and regroup for the next season, perfecting their acts. New shows would be designed and they would be performed at the Venice Circus Arena before going out on the road.

In January of 1962, the circus made its world premiere in the newly completed Venice Circus Arena. Each year from 1962 through 1992, Ringling Brothers and Barnum and Bailey Circus would present its world premiere of that year's show. Many famous acts got their start at this facility including Gunther Gabel Williams, the world-renowned animal trainer and Tito Gaona, world famous trapeze artist.



The Gaona circus family moved to Venice in 1964 from their native Mexico. "Tito" Gaona became the star of the troupe at age 12 by becoming the youngest flyer ever to accomplish the triple somersault on the flying trapeze. The Flying Gaona's joined Ringling Bros. and Barnum & Bailey Circus in 1966, and Tito became a trapeze superstar, setting a record for successfully completing the triple somersault in 657 consecutive shows. After retiring in 2000, he opened the Tito Gaona Flying Trapeze Park on the Venice Circus Arena grounds.

In November 1968, the Feld family group of Washington, D.C., took ownership of Ringling Bros. and Barnum & Bailey Circus. Shortly thereafter, circus owner and producer Irvin Feld planned to launch a second unit of Show. However because there were insufficient circus performers in the United States to staff the second unit, Feld acquired the rights to Germany's Circus Williams, including animal trainer Gunther Gebel-Williams. On January 6, 1969, Williams made his U.S. performance debut at the Circus Arena in Venice. Several months later when the show played at Madison Square Garden, the circus world was keenly aware of the young animal trainer who paired natural enemies in the same act. After only two seasons, he had made multiple national television appearances and had become a household name. The single-ring animal training practice facility at the back of the Venice Circus Arena site still bears his name.

APPROVALS

RINGLING CIRCUS

WV LINDE PLACE

LETTER OF INTEREST RESPONSES

1. **Identify the identity submitting the letter of interest and, if different, the entity which would ultimately be expected to be the occupant/operator**

Venice Circus Arts Foundation, Inc. (VCAFI) a 501(c)(3) is submitting this LOI partnered with ***Vecus Entertainment, Inc.***, which will be the occupant/operator of the arena. ***Vecus Entertainment, Inc.*** is a proposed business corporation that will be incorporated during the leasing agreement negotiations.

2. **Describe Proposer's current operations and locations. Include branding affiliation(s) as may be applicable and any other pertinent qualifications to achieve the intended use of the parcel**

The VCAFI has worked since 2010 to save the historic Venice Circus Arena and the circus heritage in Venice. They have developed community support for saving the history of the circus and for reviving the arena as a place for family entertainment. VCAFI has paid for an independent Feasibility Study of the restored Arena (see attachment) prior to the partial demolition and has paid for an engineering evaluation and recommendation for preservation of the remaining steel structure (see attachment) after the partial demolition.

The Partnership with the three proposed occupants of the property; Tito Gaona's Trapeze School, The Venice Circus Adventure Golf, LLC and ***Vecus Entertainment, Inc.*** makes it possible to develop the grounds and open it for Public use.

3. **Explain in as much detail as possible the type of development, franchise, and branding affiliations, if any, Proposer intends to operate. Aviation and non-aviation uses will be considered**

Vecus Entertainment, Inc. will be a privately owned business corporation that will sell stock to interested entities to fund development of the site. Development is proposed to occur in 2 phases, which will satisfy City of Venice requirements. Phase 1 includes a roof, lighting, ADA restrooms, seating, fans, etc.. The goal of Phase 1 is to perform the minimum amount of improvements to obtain a certificate of occupancy for the Arena –a proposed open air entertainment pavilion.

Vecus Entertainment, Inc. will manage the Arena by promoting and scheduling entertainment, provide parking services at the fairgrounds, and provide personnel to work each event. Phase 2 is proposed to occur within a 3 year milestone, where further restoration and development of the Arena will be completed (walls, windows, doors, HVAC, sound system, etc.).

4. **State whether Proposer is interested in leasing all or a portion of the parcel, and include the minimum term necessary for a lease from the City (include any options to extend)**

Vecus Entertainment, Inc. proposes to lease the Arena site, totaling roughly 1.4 acres of the total parcel, under a twenty (20) year lease with purchase options at the five (5) and ten (10) year marks with two ten (10) year renewal options. ***Vecus Entertainment, Inc.*** requests 18 months of rental fees to be waived and proposes credit consideration for the Capital Improvements made to the site up to a maximum of five (5) years. For example, if ***Vecus Entertainment, Inc.*** invests $1,000,000 in

development improvements, this would translate into the monthly rental fees waived until that $1,000,000 is met in rental fees. We propose to utilize the surrounding Airport Festival Grounds for event parking at the established rate of $600/day. After that the Arena area would be leased at fair market value with negotiated extensions. The feasibility study (attached) indicates that it will be viable and profitable in two to three years.

5. **Identify how the anticipated use of the property would be consistent with the intent of the Southern Gateway Corridor, the 2010 City of Venice Comprehensive Plan and/or the Airport Layout Plan;**

The intended use of the parcel will provide a beautiful Gateway to the City. The arena steel will be sand blasted, repaired, and painted in accordance with the Delta Engineering recommendations (see attached). A roof and ADA restrooms will be added to the property. The Arena will be visible by residents and tourists as they cross over the *Venice Circus Bridge* and will be inviting with low intensity lighting. The circus themed mini-golf will bring families to the site and the Trapeze School will continue to teach skills and self-confidence to students. The total property will reflect the circus heritage of the Southern Gateway to Venice.

6. **Include what benefits the City, Airport and general public would derive from the intended use of the parcel**

The Venice Municipal Airport and the City of Venice will benefit by development of the property because the maintenance and liability will no longer be a concern. Income will be generated by the lease agreements, something that hasn't occurred in a long time. The City of Venice will benefit by providing economic development, tax revenue, as well as an attractive Southern Gateway for the property. The general public will benefit by having a venue that provides first class entertainment for various generations. The feasibility study outlines the demographics for the area and documents the desirability of an entertainment venue (see attachment).

7. **Specify whether or not Proposer intends on utilizing the Circus Arena and/or Octagon Building as part of the desired use. Outline and proposed innovative concepts to honor the history of the circus in Venice;**

As stated above the Circus Arena will be repaired and used as a family entertainment venue. Plaques honoring circus performers will be highlighted. The Arena will host a variety of entertainment. The Gunther Gebel-Williams, octagon building will be restored and become part of the Circus themed mini-golf course with a Circus Walk of Fame and a hole by hole history of the circus in Venice.

8. **Describe Proposer's financial capability to develop and operate the intended use**

Vecus Entertainment, Inc. will have private capital funding to renovate and restore the property. The Arena work and operation budget is estimated to be approximately $2,000,000.

9. **Provide a general time frame for the improvement, development and/or occupancy of the property**

SIDE ELEVATION

SCALE: 1/16" = 1'-0"

RINGLING CIRCUS

The Venice Circus Adventure Golf, LLC will begin design and permitting immediately upon execution of the lease agreement, with a proposed ground breaking ceremony to follow within 4-6 months. ***Vecus Entertainment, Inc.*** will begin design and permitting immediately upon execution of the lease agreement, with a proposed event in November 2014.

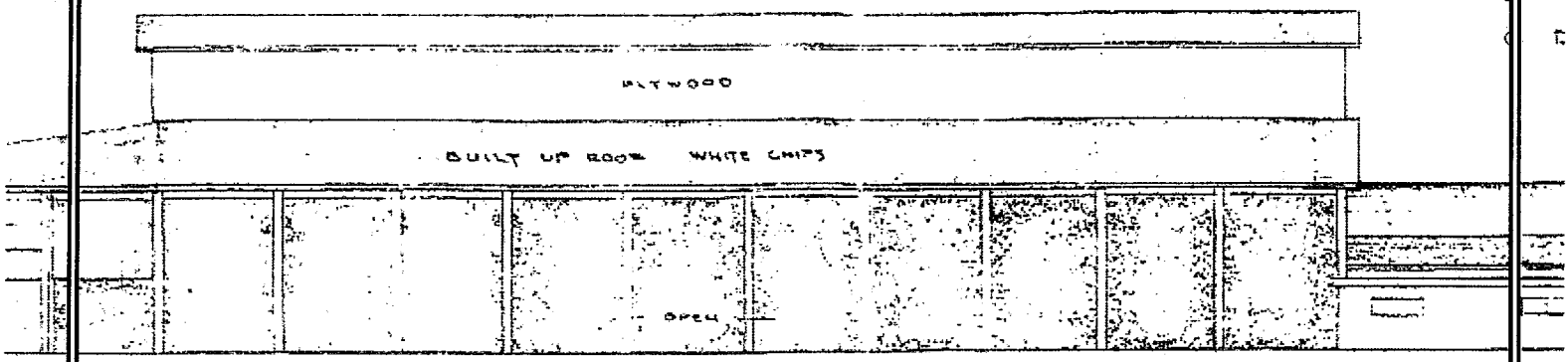
BUSINESS PLAN

The Venice Circus Arts Foundation, Inc. (VCAFI) intends to partner with ***Vecus Entertainment, Inc.,*** a privately owned corporation with the purpose of managing the business operations of the Circus Arena. A separate property management company will maintain the property grounds of the three (3) entities; The Flying Gaona's, Venice Circus Adventure Golf LLC, and ***Vecus Entertainment, Inc..***

Vecus Entertainment, Inc. initially proposes the sale of 20,000 stock shares at $100 per share to generate $2,000,000 in revenue for initial arena improvements (including a roof, utility improvements, ADA bathrooms, etc.). Refer to ***Figure 2*** for the projected cash flow budget.

For the first year of operation, ***Vecus Entertainment, Inc.*** expects to hold at least four events each month with an estimated 80% capture rate, or 2,000 spectators. Based on these figures and an average of $25 per ticket, a revenue of $200,000 per month is projected for ticket sales. Other sources of income for the arena include $60,000 in concessions and $12,121 for parking sales. This brings the total cash inflow to $272,121 per month. Projected monthly expenses of $302,000 which includes marketing, utilities, management salaries, wages, insurance, legal fees, etc.. Refer to ***Figure 2*** for the projected 3 year cash flow budget.

After five years, ***Vecus Entertainment, Inc.*** plans to reinvest Arena profits to maximize the seating capacity to 5,000 spectators. This will increase revenues per show and will also draw larger scale performers for entertainment.



SIDE ELEVATION

SCALE: 1/16" = 1'-0"

APPROVALS

RINGLING CIRCUS

WK LINDA FLA. PE

Memo Report

ATTENDANCE POTENTIALS, PLANNING FACTORS AND FINANCIAL POTENTIALS FOR THE REDEVELOPMENT OF THE VENICE CIRCUS ARENA

INTRODUCTION

In January of 2013, Economic Consulting Services (ECS) was retained by the Venice Circus Arts Foundation to conduct a preliminary market, attendance, and financial analysis for the redevelopment of the existing but vacant Venice Circus Arena. The 68,000 square foot venue is located the corner of Airport Avenue East and Ringling Drive in Venice, Florida. It is located adjacent to the Venice Airport and is in fact on land leased from the Venice Airport Authority/City of Venice. The plan is to retain the foundation, steel framework and bleacher system while completely renovating the roof, the exterior and all interior space.

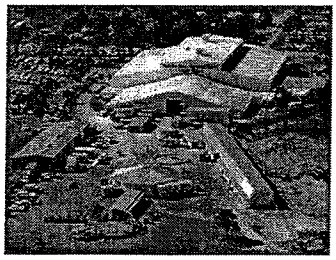
In this regard, this memorandum report provides the client with an overview of the markets available to support this redevelopment, a preliminary assessment of the level of attendance that may be generated by this project, and a general financial overview, based on the attendance potential and market spending patterns in the local area. This general analysis is considered essential to provide enough information about the amount and type of interactive entertainment and meeting space that should be included in the mix as well as a general determination of the financial return, so that the client group can make internal decisions about the development of this project.

As part of the planning process, Economic Consulting Services (ECS) has been retained to (1) give an independent assessment of the project; (2) determine the markets available to support the subject attraction; (3) review the concept development that best fits the available land, that takes optimum advantage of the available economic opportunity, and that will create a critical mass of facilities to attract the required patronage; (4) assess the general development potentials for this attraction, including attendance and financial potentials, and (5) determine the project's warranted investment.

Our (ECS) analysis of the project begins by reviewing the project concept, the site location, and the markets available to support the project. This is followed by a review of comparable venues nationally and competitive venues in the local market. Based on this we present an analysis defining the level of attendance that can be expected at the proposed arena, along with an analysis of the planning factors associated with this volume of attendance. The latter part of this section is our (ECS) assessment of the financial performance of the facility. The analysis includes estimates for per capita expenditures, operating revenues, expenses, and profit over the first five years of operations. Also included is an estimate of the venue's development budget. The section concludes with a pro forma financial analysis showing the net cash flow for the subject project for the first five operating years.

HISTORY OF THE VENICE CIRCUS ARENA

VENICE CIRCUS ARENA



The Venice Circus Arena is a historic building located in Venice, Florida, at 1401 Ringling Drive. The Venice Circus Arts Foundation is a not-for-profit 501(c)(3) corporation formed in 2010 to raise funds to restore the 1961 building that is owned by the City of Venice. The Foundation's mission, as delineated on their web site is as follows:

The Mission of the Venice Circus Arts Foundation is to preserve the circus arts and their heritage in Venice, create unique educational opportunities, encourage significant economic development and promote family entertainment- "Preserve, Educate, Stimulate and Entertain!" Our goal is to Renovate, Restore, and Rejuvenate the Historic Venice Circus Arena to accomplish our mission. Restoring the Arena is estimated to cost $10 - 12 Million Dollars. An engineering evaluation has determined that the steel support structure is still sound.

The 55,000 square foot historic Circus Arena was constructed on site at 1401 Ringling Drive in Venice in 1961. It has seating for an audience of 4500 to 5000, with space for retail and a full service restaurant. The restored circus arena will provide a significant community event venue for all kinds of events; national and international top entertainers, performers and conferences. The Vision is to create a "cultural campus" on the arena grounds to provide a myriad of programs and performances, family activities, a circus museum, artisan kiosks and a full spectrum of entertainment. The possibilities are endless for displaying and preserving the arts, which will draw tourists and local families, helping build Venice's economy, and engaging many in the community's strong arts heritage.

The Venice Circus Arena

Construction was started in 1960 build a facility to house "The Greatest Show on Earth" (The Ringling Brothers and Barnum and Bailey Circus). Once the grounds were completed, the circus wintered in Venice from 1961 through 1992. After moving its winter quarters to Venice, the circus would return from the road each December for several weeks. During this time, the performers and animals would rest and regroup for the next season, perfecting their acts. New shows would be designed and they would be performed at the Venice Circus Arena before going out on the road.

In January of 1962, the circus made its world premiere in the newly completed Venice Circus Arena. Each year from 1962 through 1992, Ringling Brothers and Barnum and Bailey Circus would present its world premiere of that year's show. Many famous acts got their start at this facility including Gunther Gabel Williams, the world-renowned animal trainer and Tito Ganoa, world famous trapeze artist.

The Gaona circus family moved to Venice in 1964 from their native Mexico. "Tito" Gaona became the star of the troupe at age 12 by becoming the youngest flyer ever to accomplish the triple somersault on the flying trapeze. The Flying Gaonas joined Ringling Bros. and Barnum & Bailey Circus in 1966, and Tito became a trapeze superstar, setting a record for successfully completing the triple somersault in 657 consecutive shows. After retiring in 2000, he opened the Tito Ganoa Flying Trapeze Park on the Venice Circus Arena grounds.

In November 1968, the Feld family group of Washington, D.C., took ownership of Ringling Bros. and Barnum & Bailey Circus. Shortly thereafter, circus owner and producer Irvin Feld planned to launch a second unit of Show. However because there were insufficient circus performers in the United States to staff the second unit, Feld acquired the rights to Germany's Circus Williams, including animal trainer Gunther Gebel-Williams. On January 6, 1969, Williams made his U.S. performance debut at the Circus Arena in Venice. Several months later when the show played at Madison Square Garden, the circus world was keenly aware of the young animal trainer who paired natural enemies in the same act. After only two seasons, he had made multiple national television appearances and had become a household name. The single-ring animal training practice facility at the back of the Venice Circus Arena site still bears his name.

In preparation for the 1969 season, Irvin Feld could not find enough circus clowns to fill the two shows. Therefore, he founded Ringling Bros. and Barnum & Bailey College for Clowns (later changed to Clown College). The institution held its first session with 26 students at the Venice Circus Arena in early fall 1968. Clown College quickly became recognized as the only facility in the world dedicated to teaching and preserving the "ancient and honorable art of clowning." They offered classes in makeup, costume construction, juggling, wire walking, arena choreography and even pie throwing. Clown College was convened at the Circus Arena from 1968 through 1994 before moving to Wisconsin.

In 1992, when negotiations to improve the railroad spur in town broke down, Feld Entertainment moved their winter headquarters north to Tampa. At this time, the entire property reverted to the City of Venice. Even though the show has been gone from Venice for 22 years a great many performers and former performers continue to live and work in the Venice area. The Venice Circus Arena has been used for a variety of sporting events and other assorted shows since the circus left in 1992, but has been vacant and deteriorating for the past 15 years.

In October 2005, the Venice City Council passed a resolution to re-name the bridge on U.S. 41 over the canal near the arena the Circus Bridge in honor of the circus animals and equipment that paraded over the bridge from the train yard to the Circus Arena each year from 1960 to 1992 (when Ringling left Venice for the last time).

A BRIEF HISTORY OF VENICE, FLORIDA

The city of Venice has a fascinating and well-documented past. In the early 1870s, Robert Rickford Roberts established a homestead near Roberts Bay. He planted an orange grove and a few other crops. Fourteen years later, he sold a portion of his land to Frank Higel. Higel then developed a citrus operation that involved the production of several lines of citrus products. For the next 30 years, the Higel family created much of the commerce in the fledgling town. About this time, a post office was established and Mr. Darwin Curry became Venice's first postmaster. The Curry and Higel families chose the name Venice for their community post office.

In 1911, the railroad was completed to Venice, making way for the development of the area. At this time Bertha Palmer (Mrs. Potter Palmer), a Chicago businesswoman, purchased 60,000 acres. The Sarasota-Venice Company, Palmer's land development operation, platted a small area south of Robert's Bay as the town of Venice and offered lots for sale. The Venice settlement developed slowly. Venice remained a small fishing resort and farming community through the first part of the 1920s.

During the 1920s, Florida land speculation was intense. In 1925, Dr. Fred H. Albee, a nationally renowned orth opedic s urgeon, b ought some 3, 000 acres of la nd fr om the S arasota-Venice Company. Seeing the opportunity to sell Venice as a resort destination, he built the area's first luxury hotel, the Pollyanna Inn. Albee retained John Nolen, a world-renowned city planner, to design a city on his land. Before Dr. Albee could implement this plan, he was approached by the Brotherhood of Locomotive Engineers (BLE) to buy his land. The deal was closed in early October of 1925. The BLE wanted to develop the new city to increase the union's retirement assets and holdings.

The BLE Realty Corporation was established soon thereafter. Its mission was to develop the area, and the Venice Company was created to market the property. The city was planned to utilize the land area along the Gulf of Mexico, while five-acre plots farther inland were zoned for agriculture. The company retained Nolen to complete a plan for a city on the gulf in 1926. This plan differed somewhat from the one he had completed for Albee, but was largely the same in concept. It was one of the first cities developed using the concept of New Urbanism.

In 1926, the first phase of the design was completed with over ten miles of graded streets and one mile of sidewalks and gutters. In January 1927, the Edgewood property owners petitioned to be annexed into the town's corporate limits and on May 9, 1927, the state legislature changed the designation of Venice from town to city by amending the enabling legislation and the Venice Charter. With the start of the Great Depression, the Florida land boom abruptly ended. In the early 1930s, the situation was bleak. City employees went unpaid and the electric streetlights were turned off because the bills could not be paid. Eventually the BLE real estate operations went into receivership and the BLE holdings were liquidated. Most of the unsold land eventually reverted to Albee and other creditors.

Then in 1932, the Kentucky Military Institute of Lyndon, Kentucky, rented two downtown hotels to be used as a winter school for its cadets. These cadets were, by and large, Venice's first snowbirds. After seven years, the school purchased the property and for the next 40 years, cadets, teachers and parents would arrive by rail shortly after New Year's Day and stay in Venice until after Easter. In 1971, with the Vietnam War a heated controversy around the nation, the military school closed its doors.

In 1933, Dr. Albee purchased the Park View Hotel and established a large hospital called the Florida Medical Center. Ten years later, the Army Air Corps took over its management with Dr. Albee retaining ownership. The Venice Army Air Base was established on land south of Venice, by the U.S. government at about the same time. The 27th Service Group was relocated from McDill Field in Tampa to provide training and support services for combat air units. In June 1943, several fighter squadrons were transferred to the base. After World War II, the city of Venice acquired the air base from the United States government, with the stipulation it would always be used for aviation or revert to federal ownership. It is now the site of the Venice airport. In the 1960's, U.S. Army Corps

of Engineers initiated work on the Intracoastal Waterway as a way of moving freight through the state. The result was an increase in pleasure boating in Venice and across Florida.

The 1960s also saw the arrival of the famous Ringling Brothers and Barnum & Bailey Circus that used Venice as its winter headquarters. In 1968, the circus founded the Clown College in Venice, renowned as one of the most prestigious training schools in the world for professional clowns. Clown College left the area in 1994.

GENERAL CONCEPT

While the client group is aware of the meaning of the term "arena", an exact definition of what is under consideration is in order. Arenas throughout the United States, Canada and Mexico are described in many different terms including: coliseums, arenas, sports arenas, sports palaces, special event centers and saddledomes among others. For the purposes of this study, the subject venue will be defined as:

> "A public assembly facility with seating surrounding a central arena, or with seating on at least three sides of the action. The arena floor will have sufficient space for use in presenting the circus, indoor soccer, indoor track meets, tennis, basketball, hockey, extreme sports and other sporting events that can be placed within such a field of play. The space is also flexible in that additional seating and varying seating configurations can be utilized to create the most efficient viewing for concerts, boxing, wrestling and other events that do not require the larger field of play."

The subject facility, when renovated will have fixed seating for up to 5,000 in a flying bleacher system that allows actual floor area to be increased to about 50,000 square feet making the facility available for other support activities like trade shows, exhibitions, meetings, special events, etc. In addition to the above criteria, the subject facility will include such ancillary facilities as a box office, staging areas, locker rooms, restaurants and clubs, concession stands and private boxes.

EVENT DYNAMICS

Because of the nature of the industry and the wide variety of event promotion structures that are available to arena management, revenues can vary widely by event. Arenas generally have four separate revenue centers: 1) event admissions, concession sales, merchandise sales and parking fees. Usually parking and concessions are controlled by the arena at all events while merchandising is sometimes (concerts) handled by the event promoter. The percentage of admission revenue available to the arena is dictated by the rental agreement negotiated for each event. One of the keys to maximizing revenue is to produce as many events, in-house, as possible. The goal of the arena management is to rent the facility for as many events as possible at as high a rent as possible. There are three basic ways to structure the facility rental:

1. The arena management itself can stage an event (paying for all costs of production) and keeping all proceeds from admissions, concessions, merchandise and parking. This tends to be the most profitable method of promotion; it is known as in-house.

2. The arena management can co-promote an event, splitting gross revenues on a predetermined percentage basis.

3. The arena management can rent the facility for a flat rate or percentage of gross revenue basis; or some combination of the two. Under this type of arrangement, the control of the concession and merchandise revenue is sometimes negotiated as well.

Many facility managers do not want the responsibility for nor do they have the expertise or assets to promote events, in-house. As a result, the majority either rent the facility or co-promote. Another factor governing these arrangements is the historic policy of the various event promoters. For example, concert promoters tend to be very demanding in rent negotiations and typically will want to run their own merchandising.

Depending upon the negotiated rental structure, the profitability of an event (for both the promoter and arena) will be dictated by the number of people attending the event. Most events are staged for a fixed cost, therefore a minimum attendance is necessary for break-even operation. Because of this, the scope of events that can be attracted to the arena will be limited or governed by the seating capacity of the facility (e.g.: the more a performer or promoter demands in guarantees, the larger the facility needs to be).

Recently the City of Venice, owners of the improvements on the site and the land itself (subject to FAA guidance) considered demolishing the facility and leasing the site as a light industrial business park. Because of this, Tito Ganoa founded the Venice Circus Arts Foundation with the mission of:

> *The Mission of the Venice Circus Arts Foundation is to preserve the circus arts and their heritage in Venice, create unique educational opportunities, encourage significant economic development and promote family entertainment- "Preserve, Educate, Stimulate and Entertain!" Our goal is to Renovate, Restore, and Rejuvenate the Historic Venice Circus Arena to accomplish our mission.*

At that time, the city estimated that it would cost some $250,000 to destroy the facility and make the site useable for developers; however, the downturn in the economy made that expenditure politically difficult and there was not much interest in the development community. As a result, the facility is still vacant and continues to deteriorate, but has been saved from destruction. While one of the goals of the Foundation is to preserve the circus arts in Venice, their main purpose is to preserve the structure and integrity of the Arena Building, while creating a facility that will become an economic asset to the community.

While they would like to see the arena used to house circus productions, they realize that, once completed, a renovated Venice Circus Arena will have to function as a multi-purpose entertainment venue. Concept is to create a facility that can be rented for a variety of events, shows and special events including:

Circus
Dinner Theater
Sporting Events
Concerts
Extreme Sports Shows
Trade Shows
Meetings
Swap Meets/Farmers Markets

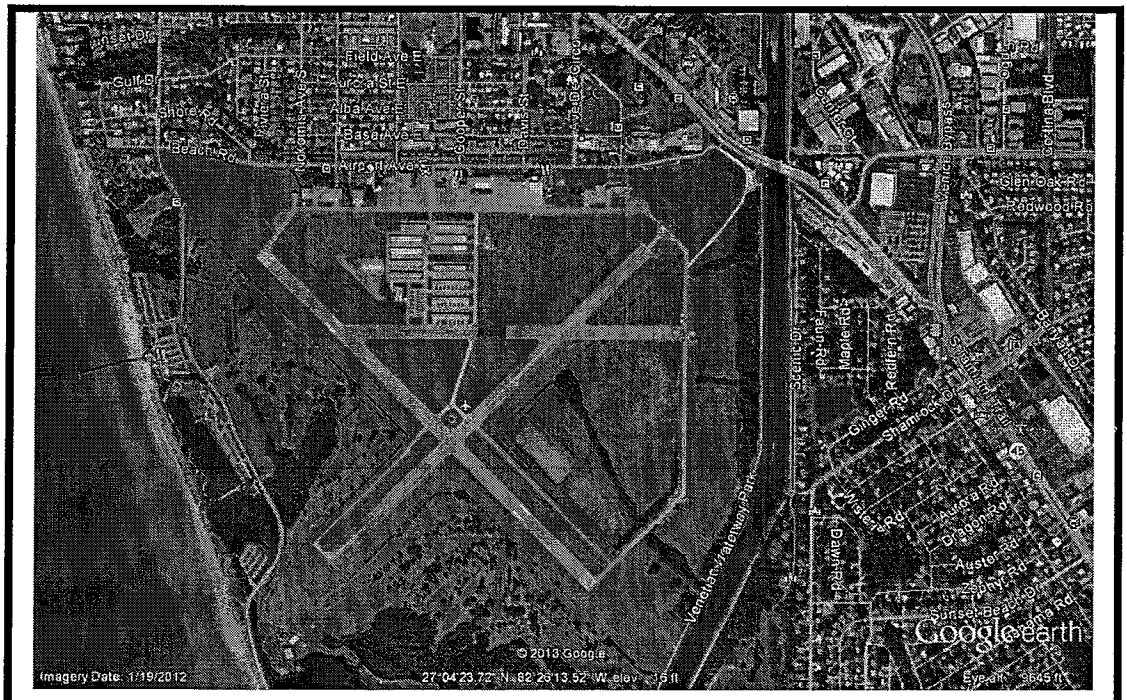
The facility would function as any other multi-use events center but would have state-of-the-art concessions and amenities and would maintain the Circus Theme by using interior and exterior decoration and have circus memorabilia featured throughout the facility. There is also a plan to re-

create "Clown Alley" and develop a small museum dedicated to the history of the circus and the site.

SITE REVIEW

Figure 1

SITE LOCATION



Source: Google earth

SOURCES OF MARKET SUPPORT

Based on the experience of comparable attractions, the markets available to support the proposed events center are considered to be those residents living within a 90-minute drive time from the subject site and overnight tourists to Venice and nearby Lee and Sarasota counties. For purposes of this analysis, the resident market boundaries are subdivided as follows: (1) the primary market area is composed of residents that live within 0 to 15-minute drive time from the subject site, (2) the secondary market area that includes those residents that live within a 16- to 30-minute drive time from the site and (3) the tertiary market area that includes those residents that live within a 31- to 90-minute drive time from the site. These residents were selected as being reasonably available to the subject facility and close enough to consider a trip to the site as easily manageable. Analysis of numerous visitor attractions' attendance patterns indicates that drawing power typically is strongest near the site and diminishes as travel time becomes greater.

Based on these market segmentation criteria, we (ECS) obtained population and demographic data by zip codes for the primary, secondary, and tertiary markets from ESRI, a firm that compiles detailed demographic market data. ESRI is a national demographics firm that uses census data and comprehensive econometric modeling to create a geographic information system (GIS) that integrates hardware, software, and data for capturing, managing, analyzing, and displaying all forms of geographically referenced demographic and economic information. GIS allows end users to view, understand, question, interpret, and visualize data in many ways that reveal relationships, patterns, and trends in the form of maps, globes, reports, and charts. GIS answers questions and solves problems by looking at data in a way that is quickly understood and easily shared.

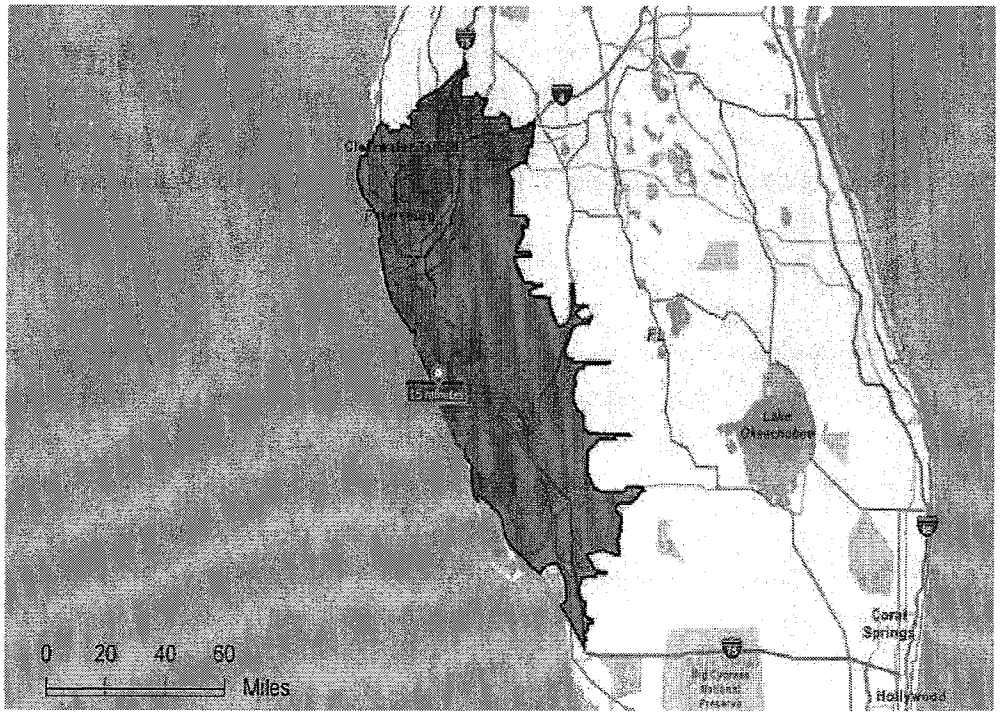
Resident Market Population and Households

Selected demographic data for the population residing within a 0 to 15 minute drive time and a 16 to 30 minute drive time of the site location are contained in Table 1. A review of these data shows a primary resident market population of 81,048 residents in 2010. This market is projected to experience an increase in population of about 1.0 percent per year or to 83,241 residents by 2015. In the secondary market, the 2010 resident market is estimated at 247,355 residents. By 2015, the secondary resident market is projected to increase at a rate of 2.0 percent per year or to some 257,598 residents. All together, the current resident market is estimated to total 330,000 (2010) and is projected to increase to 340,000 by 2015.

Table 1 also includes information regarding the number of households within the primary and secondary resident markets. As the table indicates, there are currently 40,384 households in the primary market and 112,510 in the secondary resident market. By 2015, these households are estimated at 41,731 and 116,968, respectively, or a total of 158,699 households. Overall, the current household size includes about 2.0 people. We have also included data for residents in the 30 - 90 minutes drive radius. This comprises the remainder of Sarasota County, Manatee County and the Tampa – St Petersburg Metropolitan Statistical Area (a geographical region with a relatively high population density at its core and close economic ties throughout the area). This is where the majority of day visitors come from and is a viable market to target for increasing tourist visitation to town. As shown, there are an additional 3.2 million residents within this market segment. See Figure 2 below for a map of these market locations.

Figure 2

MARKET DEMARCATIONS



Source: ESRI and Economic Consulting Services

Snowbirds

The City of Venice, like many south Florida cities, is known for its large snowbird population. The term "snowbird" is used to describe people from the U.S. Northeast, U.S. Midwest, or Canada who spend a large portion of winter in warmer locales such as California, Arizona, Florida or elsewhere along the Sun Belt region of the southern and southwest United States, Mexico, and areas of the Caribbean. Snowbirds are typically retirees and business owners who either have or rent a second home in a warmer location or whose business can be easily moved from place to place.

It used to be that snowbirds were the wealthy that maintained several seasonal residences and shifted residence with the seasons to avail themselves of the best time to be at each location. Many of these snowbirds also use their vacation time to declare permanent residency in low, or no, tax states (where the taxes are sustained by high tourism taxes), and claim lower nonresident income taxes in their home states. The right to vote for local office is governed by local law, so it may be possible to vote for local offices in both places if the locality permits nonresident voting, but representation in the United States Congress is for residents as enumerated by the decennial census. While difficult to quantify, local residents and officials estimate that Venice snowbirds typically stay in town for about six months (late fall to early spring) and swell the city's population base from 25,000 to 75,000.

Age and Income Demographics

Two of the most important demographic factors associated with patronage at visitor attractions are age and income. In general, parents with children and seniors are the groups most likely to visit the type of shows proposed for the subject project and will be strategically targeted. Furthermore, in terms of income demographics, above average income usually is required to provide the discretionary income needed for participation in the kind of activities to be offered. This being the case, general data on age and income distribution for the primary and secondary resident markets for 2010 (the most current year) is presented in Tables 2 and 3, respectively.

Table 2 shows the population of the resident market by age group. For the 2010 population within the 30-minute drive time resident market (primary and secondary market), a review of the breakdown of population by group reveals that children and teens (between 5 to 19 years of age)

make up 11 percent of the overall population or about 35,750 individuals. Based on the proposed concept, this age group (and their parents) is considered a key market for the facility. The age range that makes up young adults and young families (25 to 44 years) includes some 15 percent of the total market, or some 50,500 residents. These groups are also considered key target markets for the subject facility as they will largely be the parents of the primary target market. An important sub group of this market is schoolchildren who will likely be offered field trips to the facility as part of their sc hool cu rriculum. Acc ording to sc hool of ficials, Venice Hi gh School ha s a cu rrent enrollment of 1,958 students while the local elementary and middle schools have just over 4,000 students.

The age demographic that also has a high propensity to visit this type of facility is seniors living in close proximity to the site. As shown in Table 2 there are approximately 114,000 residents between the ages of 55 and 85 living within a 30-minute drive of the site location, or 35 percent of the market. In addition to this, the majority of the 50,000 plus snowbirds who move to Venice on an annual basis falls within this demographic. Therefore, this is an important group to target from a marketing perspective.

The estimated median age in the market is 45.0 years. Comparatively, the current year median age for the United States is 36.8 years. Consequently, the resident market is considered to be older than the U.S. overall average. This overall breakdown is seen as representing a strong and more affluent family market mix.

Table 3 shows household income data for the resident market. A review of this table indicates that about 50 percent of market area households are making over $50,000 per year. For purposes of comparison, the median household income for the Sarasota County market was estimated to be $53,260 per year in 2009 while median annual household income for the United States was estimated to be $52,029 that year. The target market for the subject attraction is those residents in households with incomes of $50,000 per year and above. From Table 3 we can calculate that there are some 72,500 households, or roughly one-half of all households in the primary and secondary resident markets. Overall, household income statistics for the subject project's resident market are somewhat below U.S. standards; however, Venice has a lower cost of living and a high population of people who are willing to spend discretionary income on their families. Thus, the local area resident market is seen as being strong enough financially to support the subject events center.

Overnight Tourism

Based on information provided by the Venice Convention and Visitors Bureau, Venice is a popular tourist destination. There are a variety of cultural and historical attractions in town, several golf courses and beaches and a year-round slate of special events (including the Shark Tooth Festival) that attract visitors from all over the world. While many of these visitors are only in town for a short time, they include a significant number of families who are available to support the subject venue. In 2010, Venice had an inventory of nearly 1,200 hotel rooms in various hotels, motels, bed & breakfasts, and resort properties (see Table 4).

As shown in Table 5 assuming an average annual occupancy of 60%, 2.5 people per room and a 3.0-day length of stay, there are approximately 217,000 overnight visitors staying locally on an annual basis. In addition to visitors staying in conventional accommodations, there are also a number of day visitors to Venice. According to tourist industry analysts as many as 400,000 day visitors come to Venice from Sarasota County and beyond for its many festivals, great beaches and historic downtown. When these markets are combined, it is estimated that nearly 620,000 tourists visit Venice annually as shown in Table 6.

Market Summary

When these available markets are combined, Venice has an overall market of some 7.2 million residents and visitors, 1.0 million of whom are proximate and would have a high propensity to visit the subject multi-purpose events venue. The remaining 6.2 million; however, are close enough (1 hour drive time) that they will also provide support for the facility when regional events are offered. A breakdown of the Venice, FL, market summary is contained in Table 7.

COMPARABLE ATTRACTIONS ANALYSIS

As a starting point for our analysis of the development potentials for the proposed renovated arena at the subject site, we provide a review of other events centers in the Venice market, as well as a review of the operating experience of similar types of attractions both regionally and nationally.

REGIONAL EVENT VENUES

As previously stated, the surrounding area has a variety of arenas, showgrounds and performing arts centers. While these attract a variety of domestic and international tourists, they are not really considered similar to the experience to be offered at the subject attraction. We have however identified several local attractions that would be considered potentially competitive in terms of the size, scope, pricing, and entertainment offering. Table 8 contains an inventory of these facilities.

Most are located in Sarasota and Ft. Meyers. The city of Sarasota is the county seat for Sarasota County. It is located about a 45-minute drive north of Venice. The combined population of Sarasota and the adjacent Bradenton total nearly 110,000 according to the most recent US Census Bureau. Tourist visitation is reported at 1.1 million by the local Convention and Visitors Bureau. As a large regional metropolitan area it has a variety of cultural and entertainment attractions.

The city of Ft. Myers is the county seat for Lee County. It is located about an hour and a half drive south of Venice. The combined population of Ft. Myers and the adjacent Cape Coral total nearly 220,000 according to the most recent U.S. Census Bureau. As a large regional metropolitan area it has a variety of cultural and entertainment attractions. Fort Myers is a city rich with museums, historical landmarks, and yearly celebrations. Visitors will find a place to stay, with luxury resorts, budget-friendly inns, and hotels with internet service that cater specifically to the business traveler. Tourist visitation is reported at 1.8 million by the local Convention and Visitors Bureau.

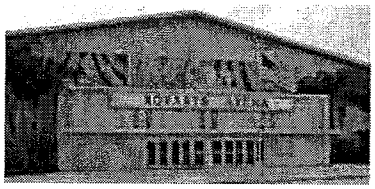
The Venice Community Center

The Venice Community Center is a 45,000 square foot multi-purpose venue located on Venice Island, in Blaylock Park. Adjacent facilities include the Venice Library, the Venice Art Center and the historic Triangle Inn building and Venice Archives. The community center is reported to entertain over 225,000 people a year to a variety of plays, shows, lectures and events. It is fully air-conditioned and includes a commercial grade kitchen, light multi-purpose meeting rooms, a 10,000 square foot ballroom, an 1,800 square foot performance stage, professional audio and lighting capabilities and private dressing rooms. It servers both Sarasota County residents and businesses. It is available for rent for both public and private functions.

Sarasota-Bradenton International Convention Center

Developed in 2003, to host large events, the center has 93,000 square feet of exposition space. It is the only privately owned and operated, climate controlled facility between Tampa and Miami capable of handling over 5,000 people. The facility features a 3,000 square foot kitchen, 750 parking spaces and 4,600 square feet of meeting rooms. It is located adjacent to a Holiday Inn and is within two miles of over 3,000 hotel rooms. The center is located just behind the Sarasota-Bradenton Airport and is an hour's drive from Tampa International Airport.

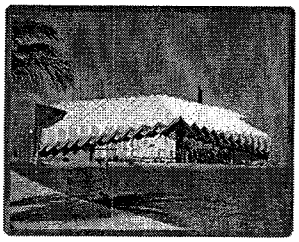
Robarts Arena at the Sarasota Fairgrounds



The Robarts Arena is a multi-purpose venue in Sarasota, FL located on the Sarasota County Fairgrounds. The Arena, built in 1967, has a seating capacity of about 4,000. In 2011, Robarts Arena underwent $500,000 in capital improvements. Robarts Arena is home to numerous and varied events each month, such as expos and festivals, reptile shows, sporting events, quilt shows, music festivals, conventions,

graduations, benefits and community events, including the Sarasota County Fair. It is also home to the Ultimate Indoor Football League's Sarasota Thunder team.

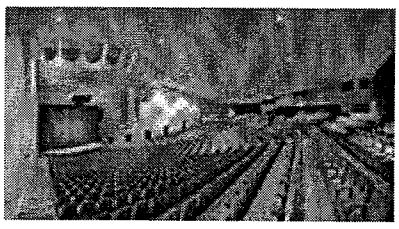
Van Wezel Performing Arts Hall



Set along Sarasota's bay front, Van Wezel Hall has been entertaining audiences since it was built in 1968. Shows include music, dance, theater and comedy among others. This facility was renovated in 2000 adding 25,000 square feet to the existing structure and upgrading all infrastructure and amenities. The hall, which is owned by the city of Sarasota, has seating for 1,736 guest's rents for $5,500 a day (8 hours) and is home to in-house productions. There is also the Grand Foyer, which can accommodate between 35 and 350 in various seating arrangements; it rents for $2,500/day for a variety of functions. It opens onto the terrace and bay front lawn, which can accommodate an additional 1,500 on good weather days. As stated on their web site the mission of the facility is:

> "To present a broad spectrum of the world's finest performing artists in order to meet the diverse cultural needs of all of Southwest Florida's residents and visitors. To bring visiting artists into the community for meaningful education and outreach programs that help develop new audiences. To provide a quality home for other local cultural organizations that present their programs here."

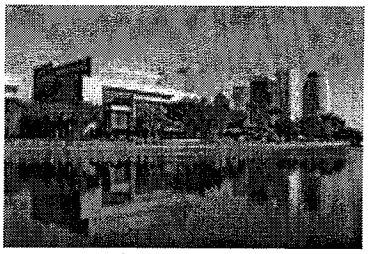
Ruth Eckerd Hall



This non-profit, performing arts venue is located in Clearwater, FL and is committed to presenting the finest in performing arts shows and to provide a hands-on performing arts education for members of the community. The facility consists of a 2,182-seat theater and an orchestra pit that can accommodate an additional 62 guests for shows that do not require the

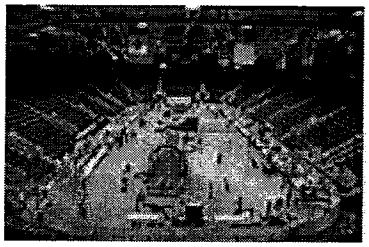
orchestra. The stage is 60 feet by 44 feet, or some 2,640 square feet. The facility also offers professional sound, lighting and video options.

Straz Performing Arts Center



The Straz Performing Arts Center is a 335,000 square foot performing arts hall located in Tampa, FL. It is the largest performing arts center south of the Kennedy Center and is home to a wide variety of world-class performances and events. The center features five separate venues of impeccable quality, varying in capacity from 130 to 2,610 seats. The Straz Center began as a dream by visionary citizens of Tampa who persevered to bring to reality one of the finest performing arts centers in the nation. It is many things to many people and it is more than just a building, more than just a performing arts center. It is a presenter, a producer, an educator, a community partner and an economic engine for the Tampa Bay area. In addition to fine arts productions, the facility or at least parts of the facility are available for rent for shows, special events or functions

Germain Arena

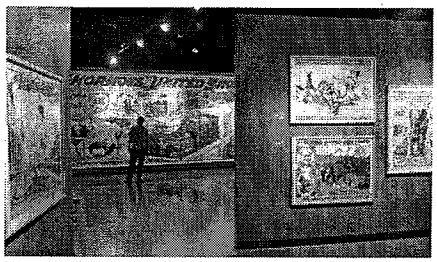


Germain Arena is an 8,200-seat arena venue located in Estero, FL, near Ft. Meyers. This popular facility offers a wide variety of entertainment and is considered Southwest Florida's premiere entertainment venue. It offers a variety of seating arrangements catering to football, hockey and basketball, concerts, shows and other event types. The bowl of the arena contains some 17,000 square feet of area and can accommodate almost any type of production. The facility also has about 26,000 square feet of rental space that is available for conferences, meetings or special events. Current tenants include the Florida Tarpons of the Ultimate Indoor Football League and the East Coast Hockey League's Florida Everblades.

Of all of these facilities, Robarts Arena is probably the most comparable and will be the most competitive based on its size, location and scope of offering. The other facilities largely appeal to a much different clientele (high-end performing arts) or are larger and appeal to a different tenant type.

CIRCUS MUSEUMS

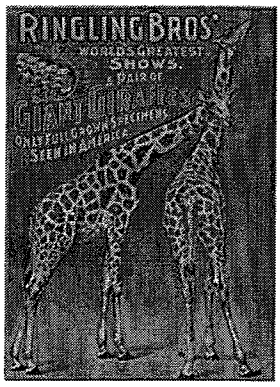
Circus World, Baraboo, WI



Circus World, located in Baraboo, WI, is a 64-acre facility that was developed to preserve the circus arts. It is located near the original winter quarters for the Ringling Brothers Circus (1884 – 1918). In 1959, several members of the family incorporated Circus World Museum as a historical and educational facility. Following their fundraising efforts, Circus World was deeded debt-free to the State Historical Society of Wisconsin the day after it opened; July 1, 1959. The original site was less than one acre and included the Ringling Camel House and Ring Barn. Over the years, land and structures were added creating the 64-acres site it encompasses today. Circus World is one of the world's foremost circus museums, attracting an estimated 250,000 visitors annually. The facility has a variety of buildings and staging areas provides year-round circus entertainment to visitors in addition to the traditional exhibits at the museum. The grounds include a magic theater, a circus wagon collection, animal rides, sideshows, and play areas in addition to the main hippodrome, which stages seasonal circus performances. Admission to the facility is $9.00 for adults, $8.00 for seniors and $3.50 for children during the fall, winter and spring season. Prices jump to $17.95, $15.95 and $7.95, respectively, during the summer season, when the facility stages its famous Circus World Performances.

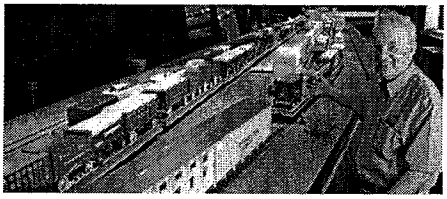
The Circus Museum, Sarasota, FL

The Circus Museum celebrates the American circus, its history, and unique relationship to Sarasota. Established in 1948, the museum was the first in the country to document the rich history of the circus. Visitors can view colossal parade and baggage wagons, sequined costumes, and a sideshow banner line that documents the circus of the past and of today.



Also on exhibition in the Circus Museum is the Wisconsin, the private rail car John and Mable Ringling built in 1905 during the golden age of rail. The Wisconsin car provides a unique view into the splendid travel accommodations that John and Mable Ringling enjoyed on their travels around the country on business and with the circus. The Circus Museum's Tibbals Learning Center has an exhibition of circus posters. These colorful posters were plastered on buildings, walls and fences all across America and broadcasted clearly that the circus was coming to town.

The cornerstone of the Circus Museum's Tibbals Learning Center is the world's largest miniature circus, the Howard Bros. Circus Model. The model is a replica of Ringling Bros. and Barnum & Bailey Circus from 1919 to 1938. The second floor of the Tibbals building documents the history of the American circus from ancient times to the present. A recently opened major expansion to the Tibbals Learning Center contains exhibitions that celebrate circus performers.



OTHER COMPARABLE FACILITIES

FAIRGROUNDS

Another group of facilities that have similar offerings, albeit in somewhat different scope are state and county fairgrounds. These are historically a collection of exhibit spaces, arenas, stadiums and outdoor grounds in varying sizes that were primarily used as staging areas for the state or county's annual agricultural fair. The owners of these types of facilities saw that they were being under-utilized (only used for the 2-week to month long fair) and began to explore either renting out the space on a year-round basis or make permanent attractions that could attract visitors year-round.

Following is a brief review of operating data for the Sarasota Fairgrounds, the South Florida Fairgrounds and the Orange County Fairgrounds in Southern California.

Sarasota Fairgrounds

The Sarasota Fairgrounds are located at 3000 Ringling Blvd. in Sarasota, FL, about a 45-minute drive from the Venice Circus Arena site. The Fairgrounds features the annual Sarasota County Agricultural Fair, a 10-day event each March. The Fair features Rides, Entertainment, Crafts, Horticulture, Science Fair, Livestock and Auction. The benefits of this annual event go to promoting the 4-H and FFA.

When the fair is dark, the facility has events occurring regularly both on the grounds in the various exhibit buildings. There is also catering services are available for rental. The fairgrounds can provide indoor catered seating for 50 to 1,000 and event seating for 50 to 4,000 in a variety of covered outdoor buildings, an indoor sports arena and several meeting halls. They annually host a variety of events including:

* Luncheons	* Weddings	
* Concerts		* Meetings
* Seminars	* Parties	
* Conventions	* Corporate Events	
* Civic Club Meetings	* Family Reunions	
* Picnics	* Festivals	
* Trade Shows	* Large Sales Events	

A breakdown of the facilities available for rent together with their sizing and daily rental rates is shown in Table 9. A review of these data reveals that the total area available for rent is just under 31,000 square feet in six different venues. The type of space in all of these buildings are seen as being comparable to the offering planned at the subject Venice Circus Arena, as are the rental rates (per square foot); however, the overall sizing and therefore types of renters/tenants are seen as being very different. The Potter Building and Ken Clark auditorium are seen as being the most comparable space to that at the subject renovated Venice Circus Arena. As shown in Table 9 that space is renting for an average of $0.16/square foot, with all of the space renting for an average of $0.13/square foot.

South Florida Fairgrounds

The South Florida Fair is an annual fair held in West Palm Beach, FL, every January or February. The fairgrounds site occupies 100 acres and is located on the site of the former Palm Beach Speedway at the intersection of Southern Boulevard and Fairground Road. This configuration makes it adjacent to the Cruzan Amphitheater, which runs a concert series during the fair. The fair see attendance of nearly 500,000 over its two-week run. It features a midway with rides, games, and concessions, themed exhibition halls, an agricultural and livestock area, and smaller exhibition halls. There is also Yesteryear Village, a history park on the northeastern corner of the property.

For the remainder of the year the operator of the property makes a variety of facilities available for rent to the public for shows, meetings, weddings, etc. Table 10 shows an inventory of the spaces available together with the rental rates. As shown, rental rates per square foot range from $0.06/square foot for building 10 to $0.12/square foot for Building 7. Overall, the space commands an average of $0.09/square foot for an eight-hour period. This is lower but comparable with the rental rates at the Sarasota Fairgrounds buildings especially considering that their space includes tables, chairs, etc.

Orange County Fair

The Orange County Fair, abbreviated as the OC Fair, is a 23-day event that is held in late July at the OC Fair and Event Center in Costa Mesa, CA. Starting in 1916, the production was managed by the Orange County Farm Bureau. A County Fair Board was elected in 1925, and at that time, the fair was moved to Anaheim with the addition of a rodeo and carnival. Following World War II, the 32nd District Agricultural Association was formed by the state of California. This association took on the task of running the fair. The state purchased land from the Santa Ana Army Air Base and set some of it aside for use as the new fairgrounds. In 1949, the fair became a five-day long event and was relocated to the old army base, which quickly became the permanent location. The city of Costa Mesa was incorporated in 1953 with the fair residing in its boundaries. The fairgrounds' 150 acres has been the home of the fair ever since 1949. Over time, the OC Fair has expanded to an annual 23-day summer event that draws over 1.3 million visitors annually.

As is the case with most other fairgrounds, the remainder of the year the operator of the property makes a variety of facilities available for rent to the public for shows, meetings, weddings, etc. Events are hosted year-round; they include festivals, fundraisers and trade shows. The Fairgrounds is also the home of the OC Marketplace, a large swap meet that is held every weekend, year-round,

when the fair is not running. The grounds also include a large equestrian center and the Centennial Farm.

Table 11 shows an inventory of the spaces available together with the rental rates. As shown, rental rates per square foot range from $0.09/square foot for Santa Ana Pavilion to $0.14/square foot for the Los Alamitos Building. Overall, the space commands an average of $0.11/square foot for an eight-hour period. This is comparable with the rental rates at the Sarasota Fairgrounds buildings and the South Florida Fairgrounds venues. As such, it will be used as a benchmark for developing a competitive rate structure for the subject Venice Circus Arena. Therefore, redeveloped space at the Venice Circus Arena is seen as averaging about $0.10/square foot for non-spectator events.

DINNER THEATERS

A supplemental use being considered is a dinner show production similar to Medieval Times, using a Circus theme/concept instead of the medieval joust theme. As such a review of the operating experience of the Buena Park Medieval Times operation is offered as a point of reference.

MEDIEVAL TIMES

Medieval Times offers visitors a two-hour dinner show based on the medieval kingdoms of first century England. The facility is a highly themed medieval castle with royal stables, courtyards, gardens and even a dungeon museum. The story line, as described in the facility's brochure, is that "The year is 1093 AD, and you are the guests of the royal family. The Lord of the Castle has invited over 1,000 friends, neighbors and foes to a royal tournament. Every detail has been faithfully recreated for your entertainment and delight." Guests arrive and are issued crowns in one of six color schemes, which indicate where you sit, and which of the six knights of the realm you will be supporting in the games that make up the show. They are then free to purchase beverages and to browse in the stables, gardens and giftshops for approximately one hour before being seated for the evening's festivities.

The company has several locations each of which has arenas of between 800 and 1,000 seats. Facilities are located in Buena Park, California (near Disneyland); Kissimmee, Florida (near

Orlando), and in New Jersey, South Carolina, Texas, Chicago and Toronto, Canada. Show schedules vary by location but each averages about 250 shows a y ear. Based on industry standards and the consultants observations each facility draws between 175,000 and 250,000 guests annually, and about $10.0 million in annual revenues.

Seating is in the form of a small, oval shaped arena with some 800 to 1,000 seats situated in an oval around a large sand field of play. It is on this field that the show takes place. First guests are treated to a display of horsemanship and storytelling. Then six knights in period costume compete in daring tournament games of skill and accuracy. Finally, the Knights battle one another for the right to champion the king against the evil black knight. All guests are associated with one of the knights and cheer and boo as the battle wears on. During the course of the show guests are served a hearty four course banquet consisting of an appetizer, soup, roasted chicken, spare ribs, potatoes, and dessert and beverages. Admission price includes dinner, the show and sales tax. Rates for 2013 are as follows:

	Adults	Children
ALL SHOWS	$57.95	$35.95

Because most are located in a highly competitive tourist locations and are competing for patrons leisure dollars and time, substantial discounts are offered which bring the average prices down to about $37.00 for adults and $26.00 for children. In addition to this guests are afforded access to a hosted bar, a large gift shop and can purchase a variety of pictures taken by Medieval Times Staff. When all of these revenue centers are included average per capita expenditures are estimated at about $50.00 for the two and a half hour experience.

This is an example of the dinner/show only development/concept option for the subject Venice Circus Arena. While the subject matter is different, the operations and facility development are considered to be similar to those that will be required at a meal/show only development in Venice. We envision a similar type of operation but with the circus as the entertainment. This could be part of the current circus circuit that the Foundation is already using. The arena seating would have to be reconfigured to accommodate feeding the guests and reducing the number of seats but as will be shown later in this report, this could be a very profitable use of the facility. We estimate that this would be offered on a limited basis, perhaps mirroring the current schedule, or about 36 production days annually.

FINANCIAL POTENTIALS

PRELIMINARY DEVELOPMENT BUDGET

Table 12 contains a summary of the estimated development costs for the proposed redevelopment of the subject Venice Circus Arena. It contains cost and sizing estimates for the various programs being considered. As shown, the facility is estimated to have some 68,000 square feet of space that is in need of renovation. A cursory evaluation of the site by the local architectural firm, Fleischman/Garcia, revealed that while the foundation, structural steel and framing is still in good condition the remainder of the property needs to be fully renovated. This includes a new roof, exterior and interior walls, electrical, plumbing etc. Their cursory estimate to bring the facility up to code and complete the planned renovation is approximately $12.0 million.

Table 12 shows our estimate of how these funds might be allocated. As shown, we estimate a cost of $100/square foot or $6.8 million will be required for building renovation, another $2.0 million will be required to update the arena itself and to purchase a variety of floor coverings, a new scoreboard and audio and lighting systems and another $2.0 million is allocated for exterior landscaping, lighting, theming and parking upgrades. This brings hard cost estimate to nearly $11.0 million with another $1.0 million allocated to soft costs including A & E fees, financing during construction, permits, fees, etc.

FINANCIAL ANALYSIS

As previously discussed, a fully renovated Venice Circus Arena cannot function as a circus venue only. In order to survive financially it must function as an arena and multi-purpose event center, rented out as many days as possible. Circus presentations will certainly be included as part of the schedule and the circus theming of the building and grounds and the development of a variety of exhibits celebrating the history of the facility will give it a unique atmosphere and should be a strong selling point in rental negotiations with any type of potential tenant.

ESTIMATED USAGE AND REVENUE GENERATION

In an effort to develop a realistic operating scenario for the subject property, we have used the aforementioned comparable arena, fairgrounds and dinner theater experience as a benchmark for

the analysis. Table 13 shows a potential schedule of events utilizing a variety of these types of events and a conservative schedule (118 days of operation). With a more aggressive marketing of the facility, it could be utilized as many as 150 days annually. As shown, we are projecting a combination of in-house productions (perhaps a dinner theater, circus presentation), both entertainment and conference/trade show rentals, special events and seasonal festivals. Every effort should be made to avoid competing with current festivals and events that are already hosted by the city.

Specifically the dinner show operation is seen as running three-days a week for twelve weeks over the course of the year. We envision four, three-week presentations that could coincide with the existing schedule the Foundation is currently running. The shows would be presented in the arena, which would be set up in a 1,000-seat configuration whereby guests could be served a meal while they enjoy the show. At an average expenditure of $50.00/guest (dinner, show, drinks and merchandise), this operation would generate $1.4 million in annual revenue and become the flagship tenant for the venue.

In addition to the dinner show, we have allocated 20 dates where the facility is rented out for sporting events, concerts or other arena based shows. This analysis assumes the 4,500-seat configuration on three sides of the arena floor. We have allocated a flat rate of $10,000 per day for facility rentals for these types of events, which is projected to generate $200,000 in annual revenues. As discussed previously, when the facility is utilized in this manner the arena management typically retains control of the concession operation. Assuming 80 percent occupancy and average per capita expenditures of $12.50 for concessions, an additional $900,000 would be generated from this category.

Another facility rental opportunity is the tradeshow, conference, exhibit market. This market typically requires a large open area for setting up displays and exhibits. Most arenas cannot accommodate this type of business because the only truly open space they have is the arena floor (typically only 17,000 square feet). The configuration of the Venice Circus Arena, with its flying bleacher system will allow the facility to open up to 50,000 square feet of contiguous floor space indoors. Rental of the facility in this configuration for 15, 2-day shows, at an average rental rate of $3,500 would generate $105,000 in rental revenue. Assuming the same 80 percent occupancy and $12.50 per capita ex penditure for co ncessions, th is category w ould ge nerate an ad ditional $ 750,000 i n concession revenue.

The remaining uses listed include four special events, a two-week Oktoberfest/Halloween celebration and a two-week Christmas celebration. These would all be in-house events and all are projected to have a $10.00 entry fee, which would be revenue to the arena. We expect an additional $10.00 per person in concession sales. With attendance ranging from 2,000 to 5,000 per day and varying levels of projected occupancy, they are collectively estimated to generate $478,000 in entry fees and an equal amount in concession revenue.

When taken as a whole the facility is estimated to host 118 dates per year while generating $2.2 million in rent or admission fees and $2.1 million in concession sales, or a total of $4.4 million in annual revenues. Table 14 shows a synopsis of this operation. As shown, the facility is projected to be occupied for 70 weekend days and 48 weekdays. This represents an average occupancy of 32 percent, which is similar to or less than that at the comparable venues nationally. Also shown is the annual attendance to events at the facility, which is estimated at just under 210,000.

PARKING REQUIREMENTS

The one component in an attraction operation, which must be planned around absolute peaks in attendance, is parking, since the availability of a place to park is a prerequisite to attendance. As shown in Table 13 the biggest demand for parking will occur during sold out sports events and concerts. These are projected to have the capacity of 4,500 – 5,000; at an industry-average of 3.3 people per car, these 20 event days would likely require parking for about 1,500 cars. The site is assumed to have about 500 parking spaces available, so on these days the facility would have to make arrangements to use the vacant space at the airport that is currently used for a variety of city festivals. There are reported to be some 15 acres (enough for 1,800 cars) of flat undeveloped land that is managed by the Venice Airport Authority that could be rented on busy event days, for a nominal fee. A shuttle system could be used to marshal visitors back and forth between the off-site parking to the arena.

ESTIMATED OPERATING EXPENSES

Management and Staffing Assumptions

Table 15 shows management and staffing assumptions for the subject arena. These are based on industry averages for a facility of this type. Based on the experience at other venues a total of 9 full time management positions and two staff will be required to run an operation at this level. As shown, annual salaries are estimated to range from $70,000 for an operations manager to $24,000 for each of the office staff positions. In total, it is estimated that the permanent management staff will require $433,000 in the first year of operation.

Overall Operating Expenses

Table 16 presents a breakdown of the actual amounts of projected operating expense for the Venice Circus Arena in the first year of operation. These are based on industry averages while taking into account the local economy. As shown, cost of goods sold is the largest item in the budget, accounting for approximately 18 percent of operating expenses. This is because over fifty percent of revenues are expected to be generated in the form of concession sales. As detailed previously, management salaries and wages for the subject arena are projected at $433,000 in the first year of operation. In addition to this, there will be an estimated $500,000 in full time and part time wages required for operation of the facility.

All other expense categories are considered to be variable and are expressed as a percentage of gross sales. These are based on the experience of other similar venues and include: advertising, shows and entertainment, maintenance and repairs, utilities, insurance, supplies, and land rent as well as other miscellaneous expenses. Overall, all other operating cost percentages are assumed to range from a high of 9.0 percent for marketing (assumed to be very important for an operation of this type) and rent to a low of 1.0 percent for supplies. In total, expenses have been estimated to average 74 percent of revenues for the first operating year or a total of about $3.2 million. Experience elsewhere indicates these are levels of performance, which can be achieved at a well-managed facility.

SWAP MEET ANALYSIS

An additional potential use at the site, which is typical of this type of space, is an ongoing swap meet. A swap meet is a type of bazaar that rents space to people who want to sell or barter

merchandise ranging from low quality items to bargain priced items of the highest quality or used goods. Many markets offer fresh produce and plants from local farms. It may be indoors, such as in a warehouse or school gymnasium; or it may be outdoors, such as in a field or under a tent. Swap m eets ca n be h eld an nually or se miannually, othe rs m ay be co nducted m onthly, o n weekends, or daily. Swap meet vendors may range from a family that is renting a table for the first time to sell a few unwanted household items to manufacturers of crafters directly marketing their products.

There are several of these types of events locally. There are weekly outdoor events at the Sarasota Fairgrounds and the popular Dome Flea Market located on State Road 776 in Venice. The City of Venice also holds a farmers market downtown on a weekly basis. Each of these offers low-end items at bargain prices. Rather than compete with these weekly markets, we recommend holding an event once a month and try to attract a higher quality group of vendors selling products not available at the local swap meets.

It could be held outdoors on the grounds of the site or be held inside the Venice Circus Arena if scheduling permits. To start the facility could offer one hundred and twenty, 400 square foot booths to a select group of potential vendors. These booths could be rented a rate of $50.00/day, based on the current market experience and attendees could be charged an admission fee of $2.00 each. Typically, a swap meet promoter would put this together and pay the facility 25 percent of his proceeds, but the arena management could also serve in this role (however there would likely be expenses at about the same 75 percent level).

Table 17 shows a financial analysis of how this works. Assuming that an average daily attendance of 10,000 there would be 240,000 annual visits. At the aforementioned rental rates and admission fees, the swap meet would generate $600,000, and a net profit of $152,400 from these revenue centers. In addition to the booth rental and admission fees, the facility would control concession sales. Assuming a modest expenditure of $4.00/person, the concession operation would generate an additional $960,000 in gross revenue and $240,000 in operating profit. This potential use would generate nearly $400,000 in operating profit, which is about what the land rent for the site is projected to be.

ESTIMATED OPERATING PROFIT AND WARRANTED INVESTMENT

Deducting operating costs from operating revenues result in operating profit (available for debt service and reinvestment and/or expansion) of some $1.5 million in year one and is projected to increase to approximately $2.4 million by year ten. These figures for the ten-year planning period (assumed to be 2015 to 2024) are summarized in Table 18. Operating profit averages roughly $2.0 million annually over the first ten years of operation. Allowing for a capitalization rate of 15 percent, the indicated warranted investment over the ten-year operating period is about $13.0 million or about what is currently being planned.

Table 18 continues with a net cash flow analysis assuming that $6.0 million is raised in equity and a conventional loan is secured for $6.0 million at 6.5 percent for seven years. As shown, debt service payments would be just over $1.0 million, and the estimated net cash flow would be enough to cover debt service 1.5 to 2.0 times over the seven-year term of the loan.

VALUATION ANALYSIS AND IRR

Table 19 contains a cash-on-cash, discounted cash flow analysis of the subject development; it analyzes the investment from both an investor's perspective as well as on an overall basis and calculates the Internal Rate of Return (IRR). This analysis assumes an all equity position with no loan. As shown, we assume a sale of the project at the end of the tenth operating year at approximately 8.5 times that year's free cash flow of $2.4 million. Discounting this together with each of the cash flows over the ten years results in an internal rate of return (IRR) of 16.25 percent for the project overall.

SUMMARY

The analysis presented above indicates that the renovated Venice Circus Arena, if developed at a high quality level, will be successful economically and become a valuable asset in the local market. It will fulfill the Foundation's goal of preserving the facility and preserving the Circus arts. Overall, given these financial results, the subject facility is considered to be economically feasible and will be a valuable asset to the City of Venice.

DELTA ENGINEERING

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April 01, 2014

Project No. R1311-291

Mr. Orlando Bevington
The Venice Circus Arts Foundation, Inc.
P.O. Box 2220
Venice, FL 34284

RE: Circus Arena - Preliminary Structural Condition Assessment

Dear Mr. Bevington:

As requested, Delta Engineering & Inspection, Inc. (Delta) has conducted a preliminary structural condition assessment of the Circus Arena building located at 1401 S. Ringling Drive in the City of Venice, Florida on behalf of **The Venice Circus Arts Foundation, Inc.** (Client). The purpose of this assessment was to provide a preliminary opinion regarding the integrity of the existing steel, remaining useful life, and recommendations for the type of protective coating to be used to extend the service life of the steel. This assessment was based solely upon a review of documents provided by the Client and visual observations of accessible areas conducted on February 4, 2014. This report has been prepared for and is certified to The Venice Circus Arts Foundation, Inc. in accordance with generally accepted engineering practices and within the limitations outlined in the professional service agreement between Delta and the Client. The use of this letter report by any other third party is at their own risk. No warranty, expressed or implied, is provided with this report.

The findings and opinions contained herein are based upon the data and information provided to and obtained by Delta. The discovery of any additional information concerning the components evaluated may be forwarded to our firm for review. If necessary, we will reassess the potential impact and modify our recommendations as needed. This assessment was limited to those areas which were visibly and readily accessible at the time of the site visit and considered necessary to form the basis of our opinions.

I. Documents Reviewed:

1. Original Building Construction Plans prepared by Wm. Lindh, P.E. dated June 16, 1960 and revised July 18, 1960. The six sheets of plans include a foundation and roof framing plan with various details for bracing 'existing' and 'new' steel trusses supported on new 'C1' and 'C2' columns. All building areas are detailed with a 15-year built-up roof, 2x6 at 24" with 1" T&G sheathing over 9" steel purlins supported by steel beams or trusses. All steel columns are detailed to bear on concrete footings located 12" below the concrete floor. A structural note on sheet 6 of 6 refers to 12 pages of separate calculations which were not available for this review. Sheet 6 also has a Member Schedule indicating column, beam, and truss sizes.
2. Structural Condition Assessment Report from Wilson Structural Consultants, Inc. dated February 22, 2013. This report refers to the same original construction plans referenced above. Observations describe "wood roof elements in very bad condition", "decayed wood floor framing" with "heavy corrosion on the supporting steel framing", and "grandstands in poor condition", none of which were present during our site visit. In the discussion, Mr. Wilson states his opinion that the roof over the staging, rehearsal, and grandstand areas is not required to resist lateral wind loads, and the surface rusting does not appear to be affecting the structural integrity of the framing members. He further asserts that a complete and thorough analysis of the entire structure is needed which will likely result in significant reinforcing and reconfiguration of lateral load carrying systems to comply with current building code requirements.
3. Demolition Narrative from Wilson Structural Consultants, Inc. dated March 19, 2013. This letter was provided in lieu of a demolition plan and specifies removal of all wood framing but leaving all steel framing

components. The letter further specifies leaving the structural steel framing over the costume and office areas, but the steel structure in these areas has been removed.

II. Building Description:

The Circus Arena building was constructed in the 1960's with salvaged structural steel components reportedly from 1920's and 1940's Bus/Train Depot buildings formerly located in Sarasota. The superstructure consists of structural steel framing divided into various building use areas (**Exhibit A**). The main central area is the Rehearsal Hall area flanked on three sides by Grandstand areas separated by two-story NW/SW Office areas and a Staging area to the east. North and south of the Staging area are Office and Costume areas where the structures have since been removed along with a previous Restaurant structure to the north of the building.

III. Field Observations:

1. All wood framing and exterior roof and wall cladding has been removed from the steel superstructure (**Photographs #1** and **#2**). Also, the steel floor framing at the NW/SW Office areas (**Photograph #7**) and grandstands referenced in the Wilson report has been removed along with the complete steel structures located at the South Costume and North Office areas (**Photographs #3** and **#31**). The remaining structural steel is in good condition except at the isolated locations identified below.
2. The Rehearsal Hall and Grandstand structures are independent of the Staging area structure with minimal framing connections between the two buildings (**Photograph #4**).
3. X-bracing and steel purlins remain in place at the Rehearsal Hall and Staging areas; however, steel purlins were never installed at the Grandstand areas as specified by the original construction plans. Also, several horizontal X-bracing components are missing at the Grandstand areas (**Photographs #5** and **#6**).
4. Alternate structural steel sections are used for beams and columns in the diagonal endwall framing at the NW/SW Office areas (**Photograph #8**). The as-built angle combination sections and pipe columns deviate from the original construction plans which specify a 12"-wide flange section for the 'B9' beam and 12" channel sections for the 'C2' columns. Alternate structural steel sections also used for the interior and sidewall columns at the Rehearsal Hall and Grandstand areas (**Photographs #9** and **#10**). As-built conditions with 15" channels and angle combination sections deviate from the original plans which specify 18" channel sections for the 'C1' columns and 12" channel sections for the 'C2' columns.
5. Steel X-bracing located at the north sidewall has been modified by removing a section of bottom chord and diagonal webs (**Photograph #11**). Also, the web configuration of a steel truss located at the northwest corner of the Rehearsal Hall has been modified (**Photograph #12**).
6. Missing bolt was observed at a truss-to-truss connection located over the SW Office area (**Photograph #13**). Also, missing or loose bolts occur at various sidewall X-bracing-to-column connections (**Photographs #14, #15, #16,** and **#17**). Bolts at a steel girder-to-interior column connection are rusting (**Photograph #18**).
7. Surface rust and corrosion damage is present at various columns throughout the building (**Photographs #19, #20, #21, #22, #23, #24, #25, #26, #27, #28,** and **#29**). The most significant corrosion damage is limited to the bottom of columns at the floor slab. An additional column condition is located at the Staging area where columns are offset from the concrete foundation and are missing anchor bolts (**Photograph #30**).
8. Floor settlement cracks in the concrete slab are present at various locations in the Rehearsal Hall area (**Photographs #31** and **#32**).
9. Slab steps, raised curbs, and projecting embedded fixtures are present at the north and south slabs where previous structures have been removed (**Photographs #33, #34,** and **#35**).
10. Open concrete drain pipes project out of the ground at several locations on the north side of the building (**Photograph #36**).

IV. Preliminary Opinions:

Although the existing steel structure is currently stable and previously reported unsafe conditions have been corrected by removing all wood components, there are several isolated conditions which compromise the integrity of individual steel components. Corrosion damage to column base plates and anchor bolts, loose/missing bolts at wall bracing, and missing purlins/horizontal X-bracing are existing conditions which adversely affect the structural integrity of the original building. These existing conditions must be repaired to restore the building to its pre-damaged condition to comply with the Florida Building Code (2010 FBC-Existing Building 506.2.1).

Several as-built conditions which deviate from the original construction plans raise questions about the original building design and the ability of the lateral force-resisting system to meet the wind load requirements of the building code in effect at the time of original construction. Though the building without any exterior cladding may be adequate to resist lateral wind loads, the capacity of the existing lateral force-resisting system for the building restored to its original enclosed condition with new walls and roof cladding is questionable and strengthening/retrofitting will likely be required. Therefore, the building should be evaluated by a professional engineer to verify code compliance if repaired to its pre-damaged state (2010 FBC-Existing Building 506.2.2.1).

Once the steel components are repaired, it is our professional opinion that the open structure can be safely used, and the service life of the steel can be prolonged with a marine grade protective coating. For the existing steel to remain exposed in this coastal environment, the following paint products are recommended.

a. Valspar paint:
    i. Base coat: EEG0015 zinc rich primer with CEC0076 epoxy catalyst
    ii. Primer coat: EEA0153 epoxy primer with CEC0120 epoxy catalyst
    iii. Top coat: KPA0333 automotive grade urethane with 53-X145 urethane catalyst.
b. Sherwin Williams paint:
    i. Pre primer: B58T00101 Macropoxy 920 pre-prime rust penetrating epoxy
    ii. Patching compound: B58W00910 Steel-Seam FT910 epoxy
    iii. Intermediate coat: B58A00604 Macropoxy 646 FF flake filled epoxy
    iv. Top coat: B65W00821 Acrolon Ultra HP acrylic polyurethane.

With either of these coating systems properly installed, the expected service life of the exposed steel is ten years.

Though the various existing conditions at the floor slabs and adjacent grade are not structural concerns, they represent potential safety/trip hazards. To provide safe public use of the existing building in the future, these conditions should be repaired/altered to comply with accessibility requirements of the Florida building code (2010 FBC-Existing Building 505.1 and 906.1).

If corrective measures are pursued, Delta is available to provide and prepare repair plans/specifications of the above-captioned repairs/retrofits as required for permitting by the local building authority. Delta is available to assist in the development of plans/specifications for permitting the renovation project as well as for competitive bidding and permitting purposes.

To accommodate future safe occupancy of the building, implementation of various repairs to damaged steel components and structural retrofitting is recommended. A determination of the all repairs/retrofitting required for current code compliance is beyond the scope of this investigation. If corrective measures are pursued, further engineering analysis of the structure and plans/specifications of the above-captioned repairs/retrofitting will be required for permitting by the local building authority. Delta is available to assist with the engineering analysis and the development of plans/specifications for permitting the renovation project as well as for competitive bidding purposes.

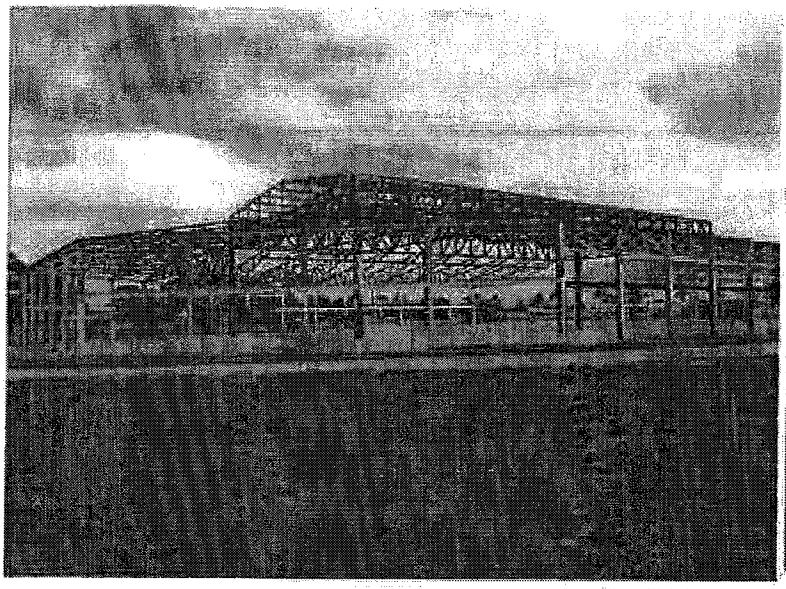
Should you have any questions regarding our findings or would like Delta to proceed with the preparation of repair specifications for bidding and construction purposes, please feel free to contact our office at (941) 727-2600.

Respectfully submitted,
DELTA ENGINEERING & INSPECTION, INC.
Certificate of Authorization #8753

Glenn W. Warburton, P.E.
FL Reg. Eng. #46023

Encl: Photographs
Exhibit A

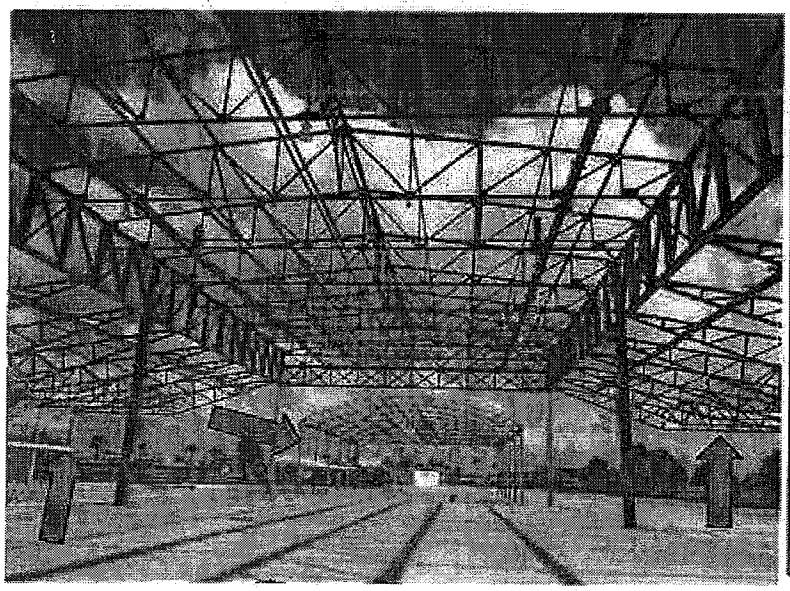
PHOTOGRAPH #1



SOUTHWEST EXTERIOR
Structural Steel Framing

Overview of structural steel framing with all wood framing and exterior cladding removed.

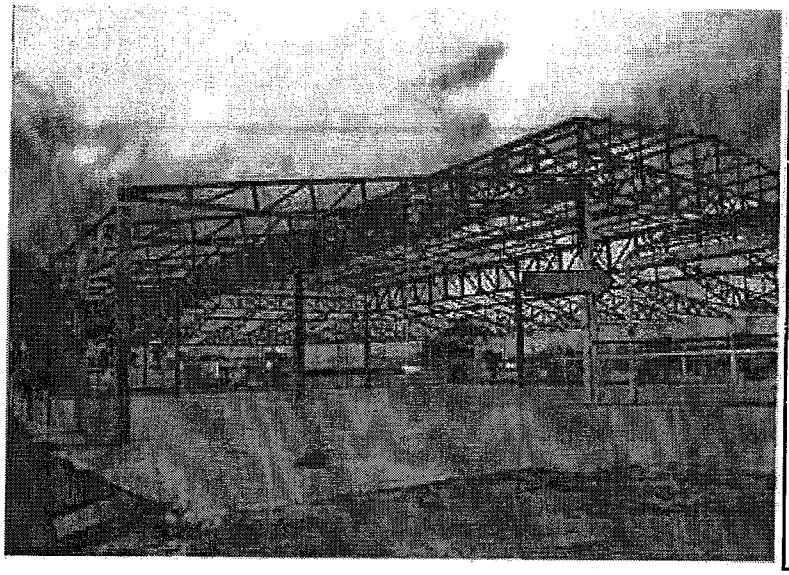
PHOTOGRAPH #2



INTERIOR VIEW
Structural Steel Framing

Rehearsal Hall roof framing with Grandstand roof framing at each side and Staging structure in background.

PHOTOGRAPH #3

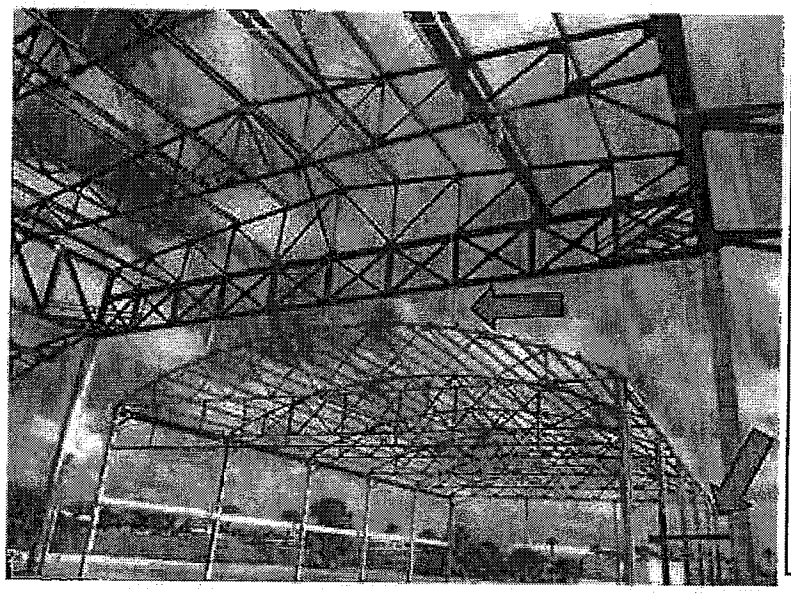


SOUTHEAST EXTERIOR
Structural Steel Framing

Grandstand and Rehearsal Hall roof framing with Staging Area structure to right.

Steel post and beam roof framing completely removed at south costume area in foreground.

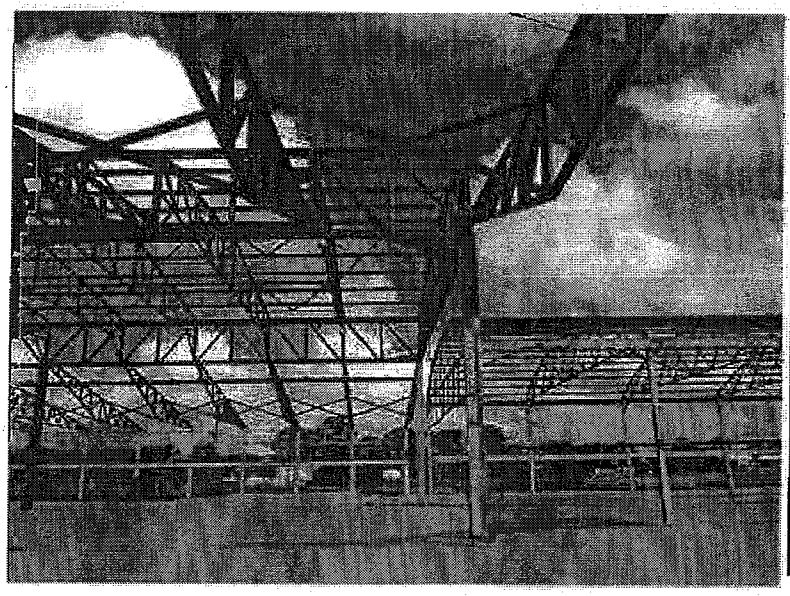
PHOTOGRAPH #4



STRUCTURAL INTERFACE
Structural Steel Framing

Minimal framing connections between independent Rehearsal Hall and Staging Area structures.

PHOTOGRAPH #5

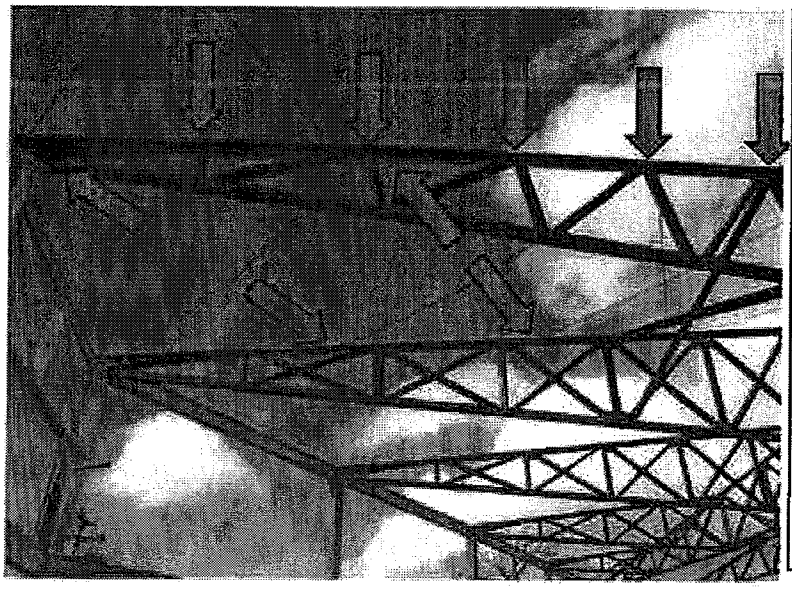


SOUTHEAST INTERIOR
Structural Steel Truss Framing

X-Bracing and purlin framing at Rehearsal Hall and Staging Areas.

X-Bracing with missing purlins at North and South Grandstand areas.

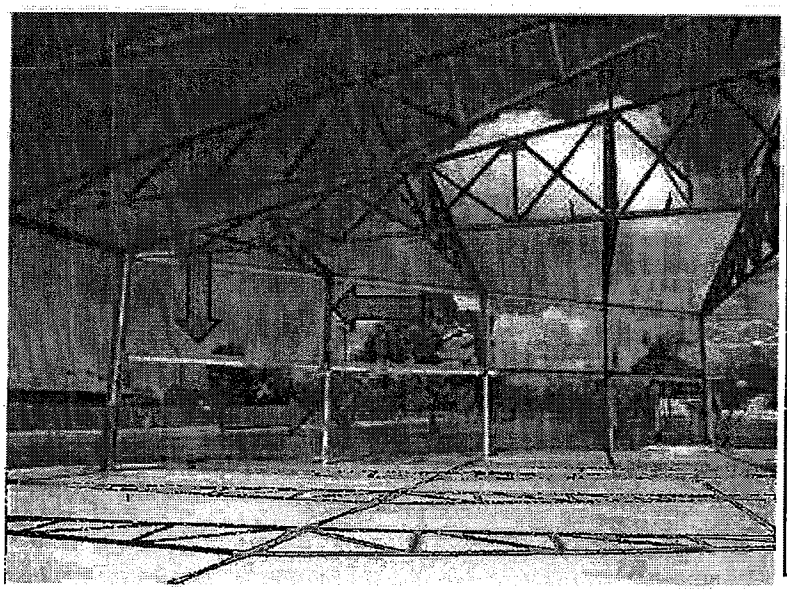
PHOTOGRAPH #6



SOUTH GRANDSTAND AREA
Missing Purlins & X-Bracing

Steel roof trusses over South Grandstand area missing '9C13.4' purlins at panel points and horizontal X-bracing as noted on original construction plans.

PHOTOGRAPH #7

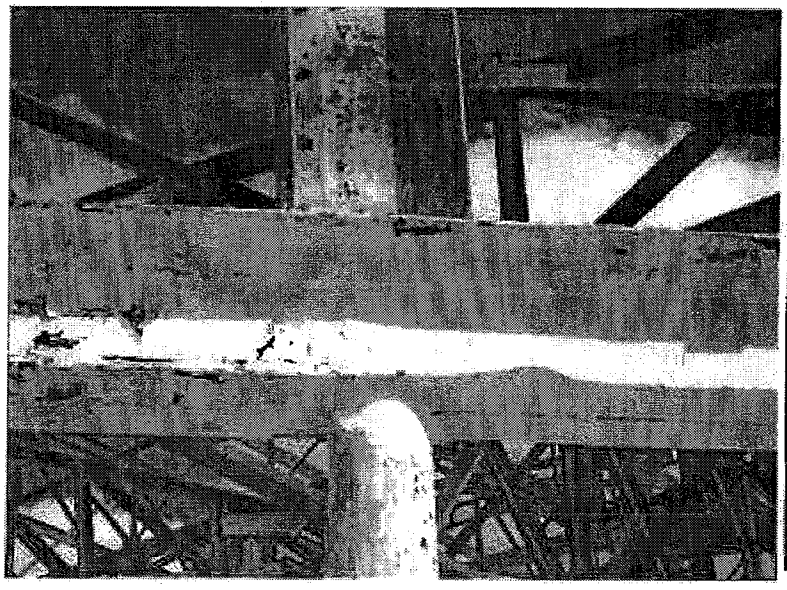


NORTHWEST OFFICE AREA
Removed 2ND Floor

Second-floor framing completely removed at Southwest and Northwest Office areas.

Alternate structural steel beam and column sections used at diagonal endwall framing.

PHOTOGRAPH #8

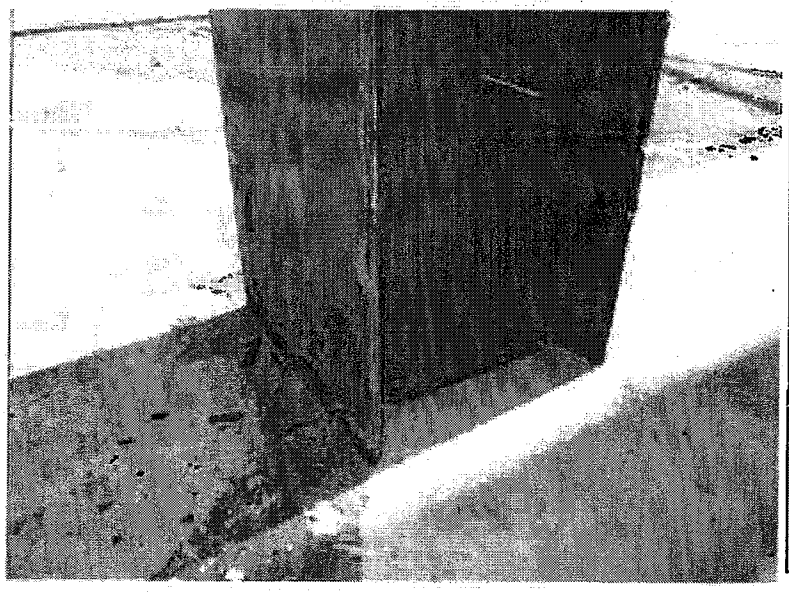


WEST ENDWALL FRAMING
Alternate Steel Sections

Alternate structural steel beam '**B9**' and column '**C2**' sections used at diagonal endwall framing.

Built-up continuous steel beam with built-up column above and pipe column below.

PHOTOGRAPH #9

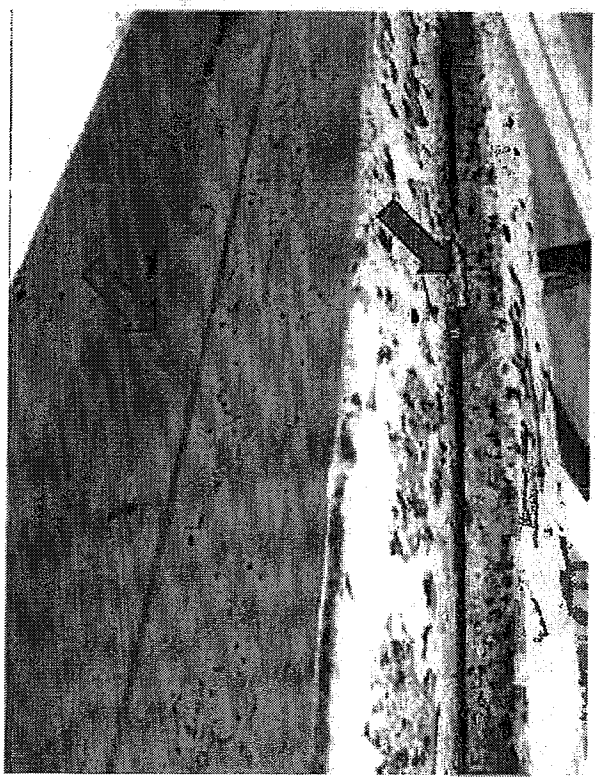


REHEARSAL HALL COLUMNS
Alternate Steel Section

Alternate column section '**C1**' built-up with (2) 15" steel channels and (2) 18"x½" steel plates continuously welded.

Steel condition with light surface rust at the concrete floor surface.

PHOTOGRAPH #10



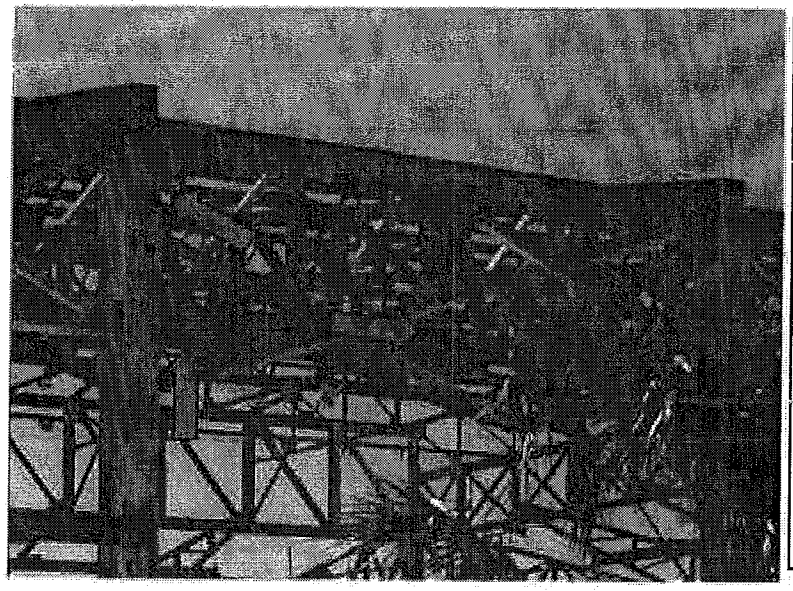
GRANDSTAND COLUMNS
Alternate Steel Section

Alternate column section '**C2**' built-up with (4) 5"x3"x3/8" angles, (1) ¼" steel web plate, and (2) 4½"x1" (or 6"x¾") partial height flange plates embedded into concrete slab.

Angles attached to web plate with ¾" diameter rivets 6"o.c. and flange plates attached with skip welds.

Steel condition with light to moderate surface rust and heavier rust of various degrees at the concrete floor surface.

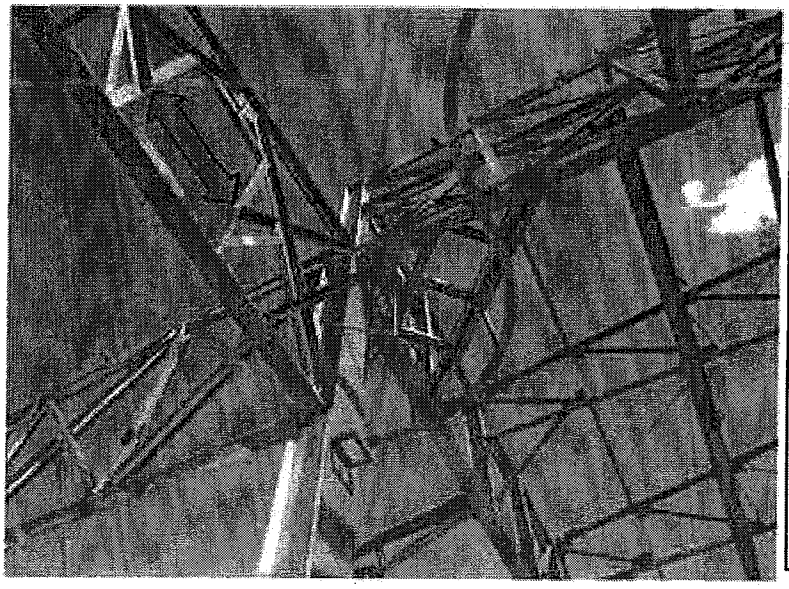
PHOTOGRAPH #11



NORTH SIDEWALL
Modified Steel X-Bracing

Bottom chord and diagonal webs removed from X-bracing at north sidewall.

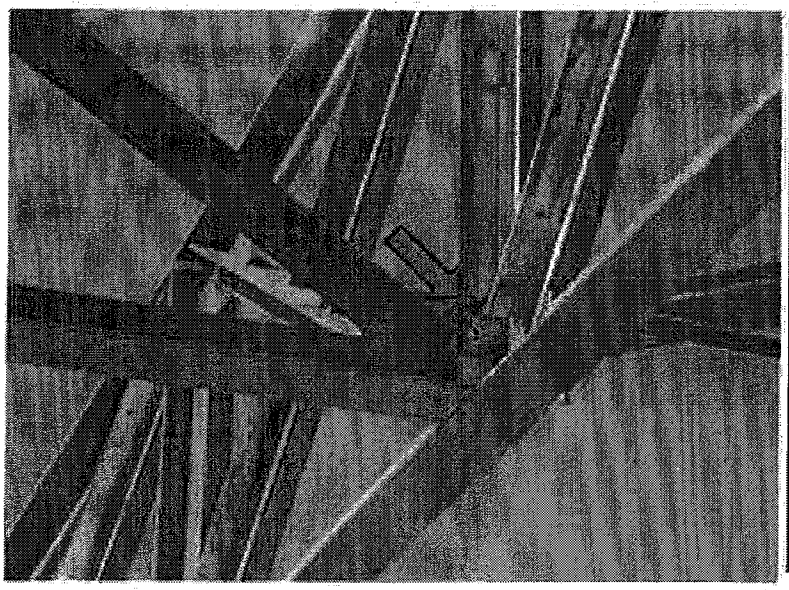
PHOTOGRAPH #12



NORTHWEST CORNER
Modified Steel Truss

Configuration of steel truss webs modified to allow access through attic.

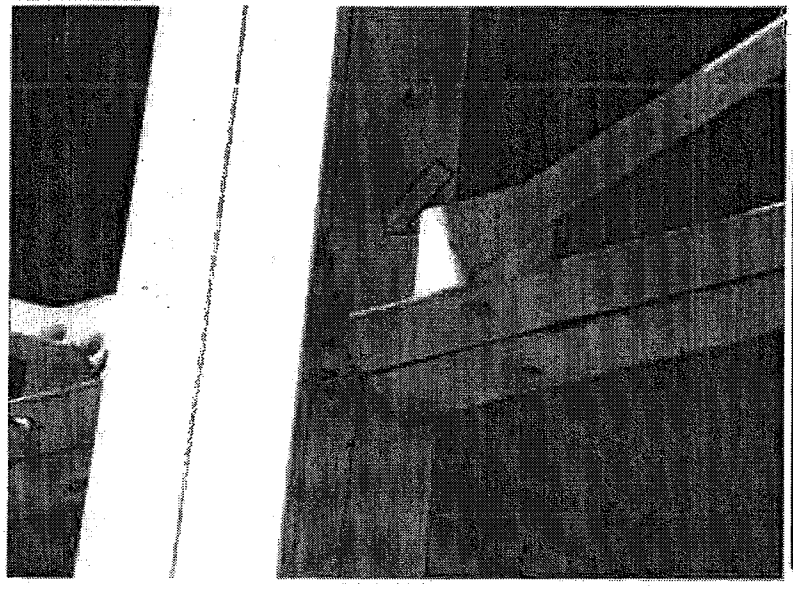
PHOTOGRAPH #13



SOUTHWEST OFFICE AREA
Missing Bolt

Only one bolt installed with an open hole at wing plate connection over Southwest Office area.

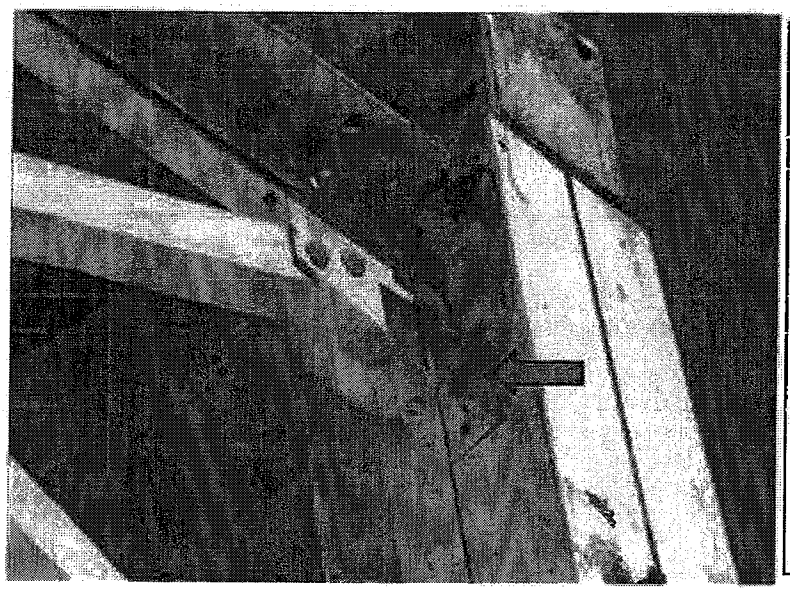
PHOTOGRAPH #14



NORTH GRANDSTAND
Missing Bolt

Only one bolt installed with added weld to wing plate at sidewall X-bracing-to-column connection.

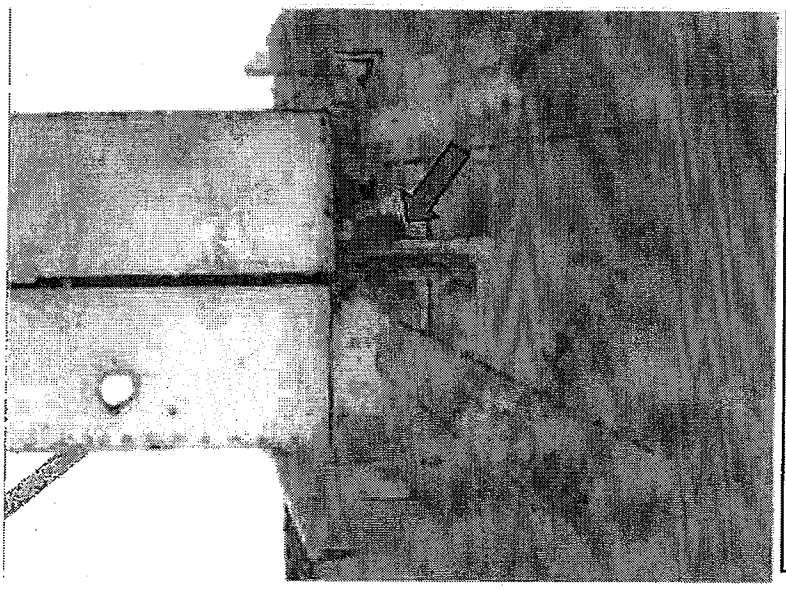
PHOTOGRAPH #15



SOUTH GRANDSTAND
Missing Bolt

Only one bolt installed to wing plate at sidewall X-bracing-to-column connection.

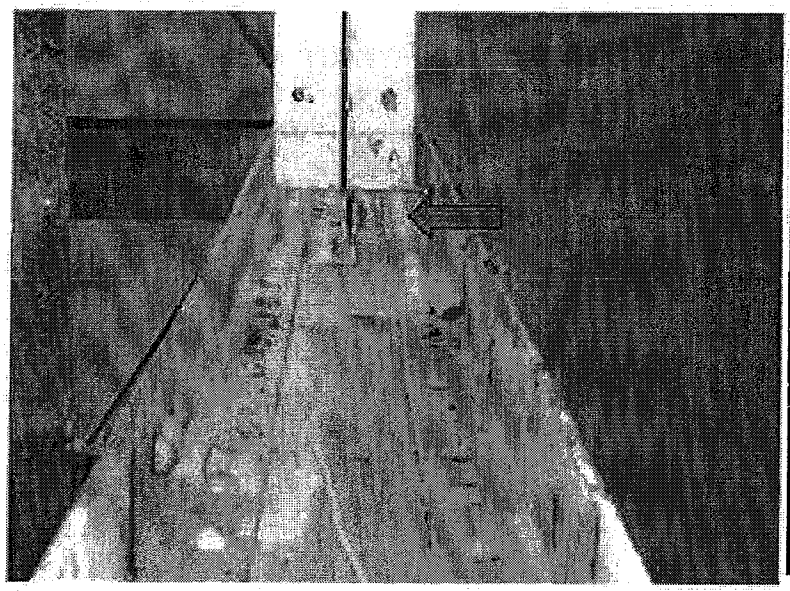
PHOTOGRAPH #16



SOUTH GRANDSTAND
Loose Bolts

Loose bolts at sidewall X-bracing-to-column connection.

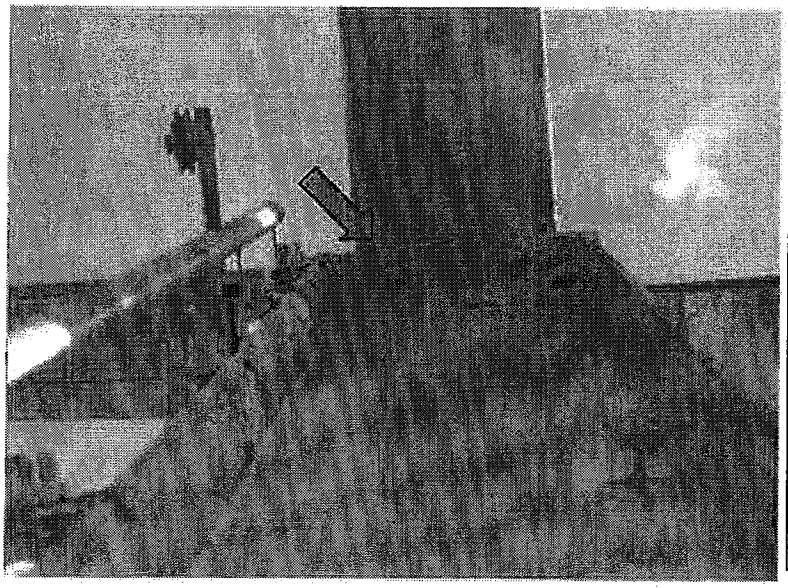
PHOTOGRAPH #17



NORTH GRANDSTAND
Loose Bolt

Loose bolts at sidewall X-bracing-to-column connection.

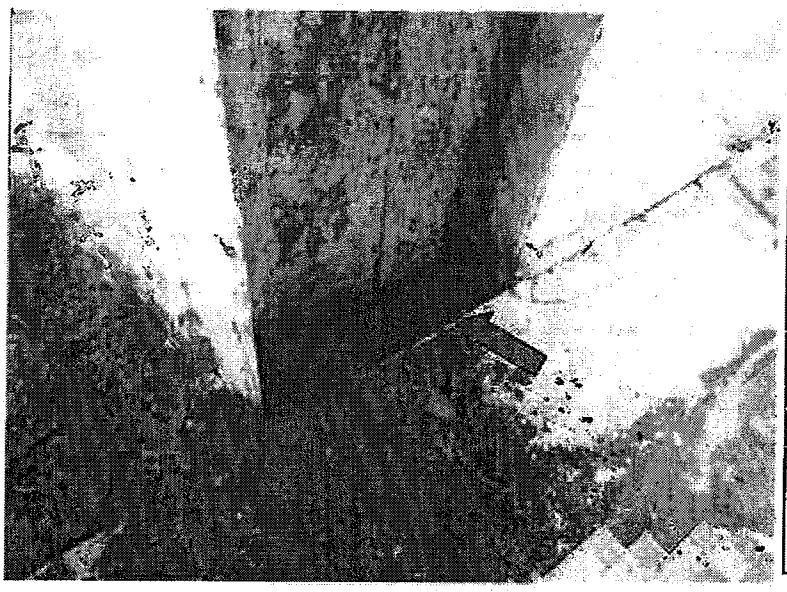
PHOTOGRAPH #18



REHEARSAL HALL
Rusted Bolts

Rusted bolts at steel girder truss-to-interior column connection.

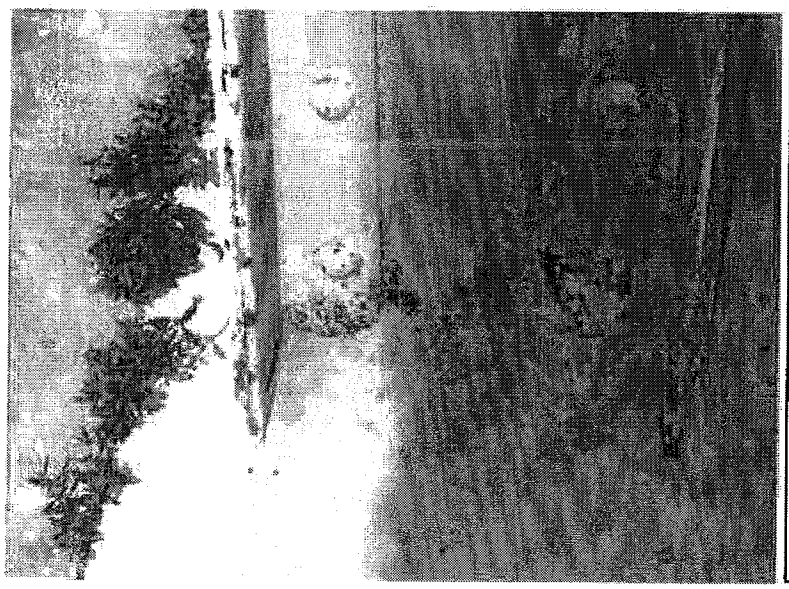
PHOTOGRAPH #19



SOUTH GRANDSTAND
Surface Rust

Steel sidewall column extends below the concrete floor slab with light-to-moderate surface rust.

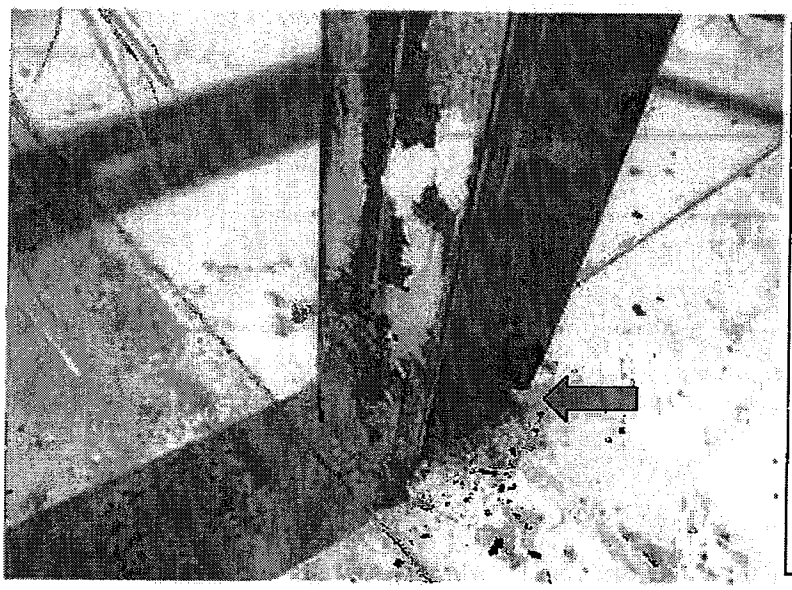
PHOTOGRAPH #20



NORTH GRANDSTAND
Surface Rust

Steel sidewall column with light surface rust at floor slab surface.

PHOTOGRAPH #21



NORTH GRANDSTAND
Corrosion Damage

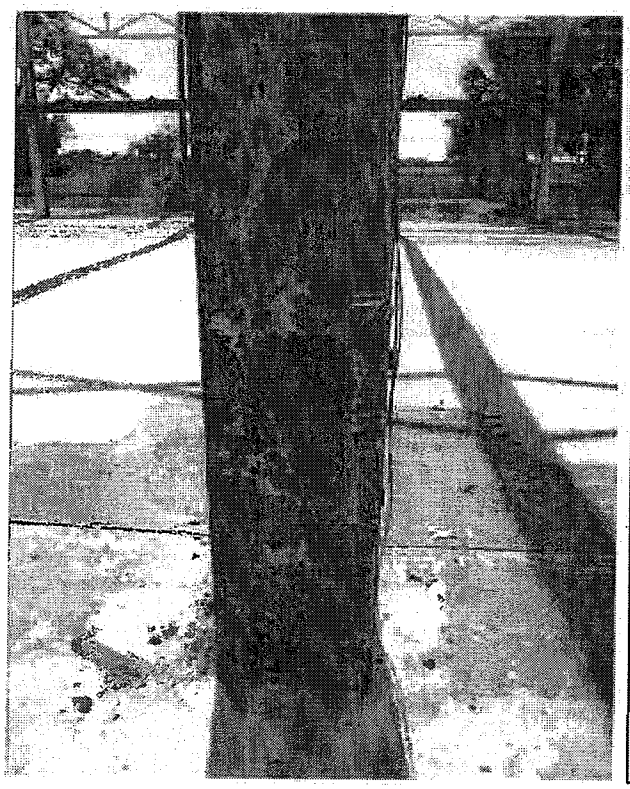
Steel sidewall column with excessive corrosion and flange section loss at floor slab surface.

PHOTOGRAPH #22

NORTH GRANDSTAND
Corrosion Damage

Steel sidewall column with heavy corrosion at floor slab surface.

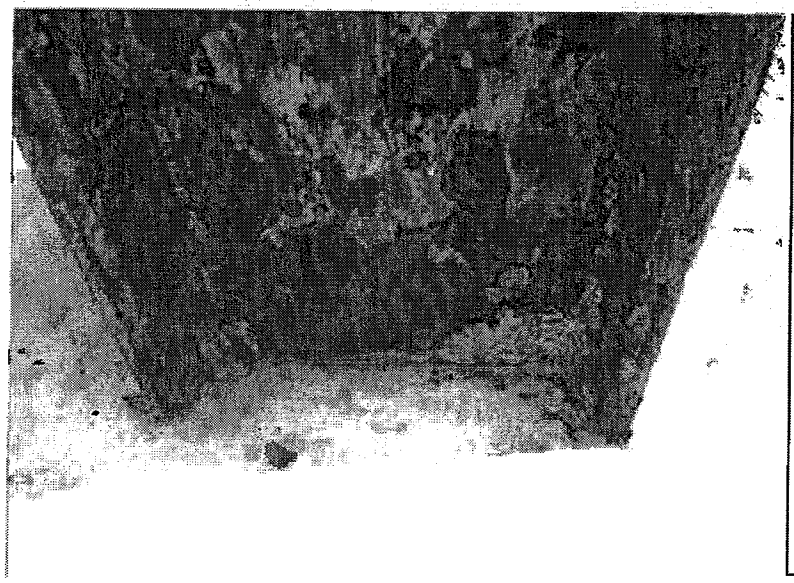
PHOTOGRAPH #25



REHEARSAL HALL
Surface Rust

Steel interior column with light-to-moderate surface rust.

PHOTOGRAPH #26



REHEARSAL HALL
Surface Rust

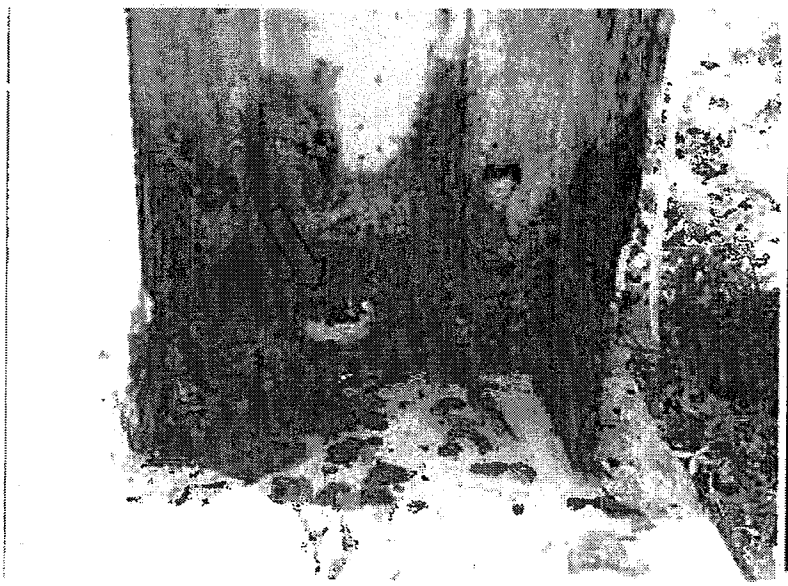
Steel interior column with light-to-moderate surface rust.

PHOTOGRAPH #23

NORTH GRANDSTAND
Surface Rust

Steel sidewall column with light to moderate surface rust at floor slab surface.

PHOTOGRAPH #24



NORTH GRANDSTAND
Corrosion Damage

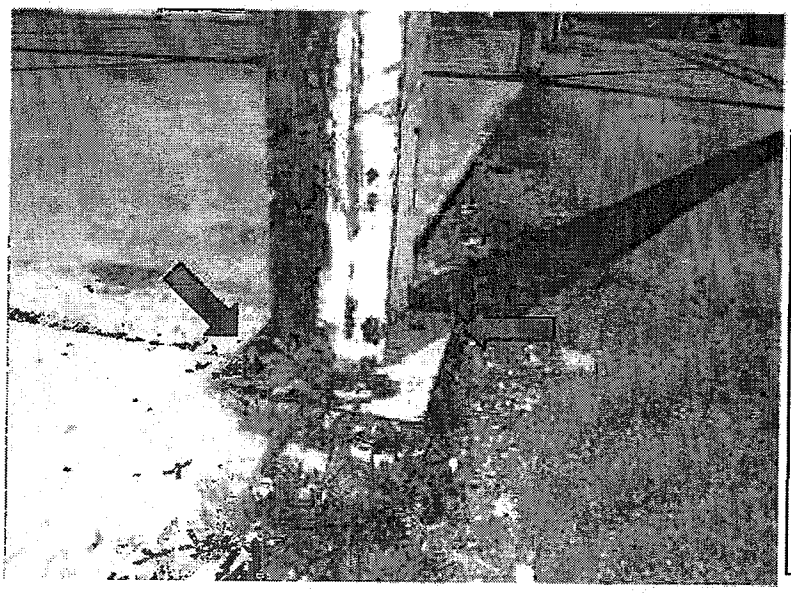
Steel sidewall column with severe corrosion and complete section loss of web at floor slab surface.

PHOTOGRAPH #29

STAGING AREA
Corrosion Damage

Steel column base plate with heavy corrosion and anchor bolts with nuts completely rusted away.

PHOTOGRAPH #30

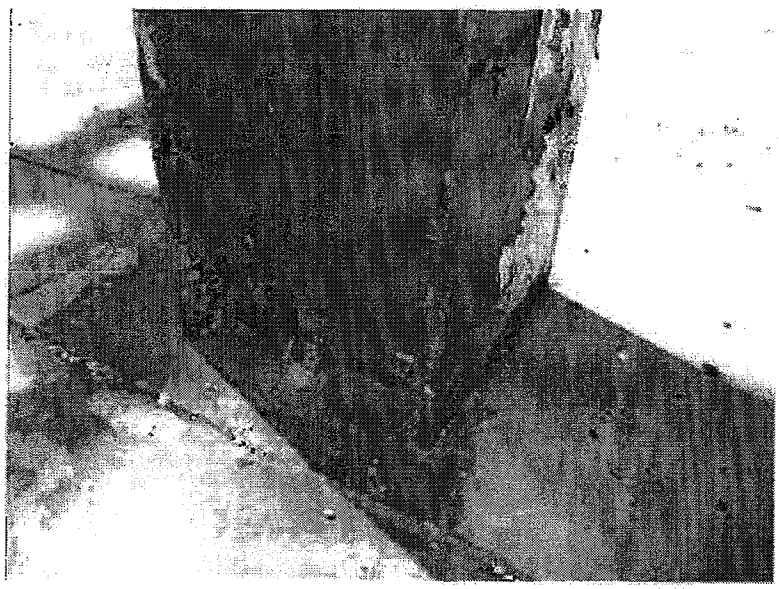


STAGING AREA
Offset Column, Missing Anchor Bolts, and Corrosion Damage

Offset steel corner column with incomplete base plate bearing.

Two missing anchor bolts at asphalt surface and severe corrosion damage to remaining anchor bolts at slab surface.

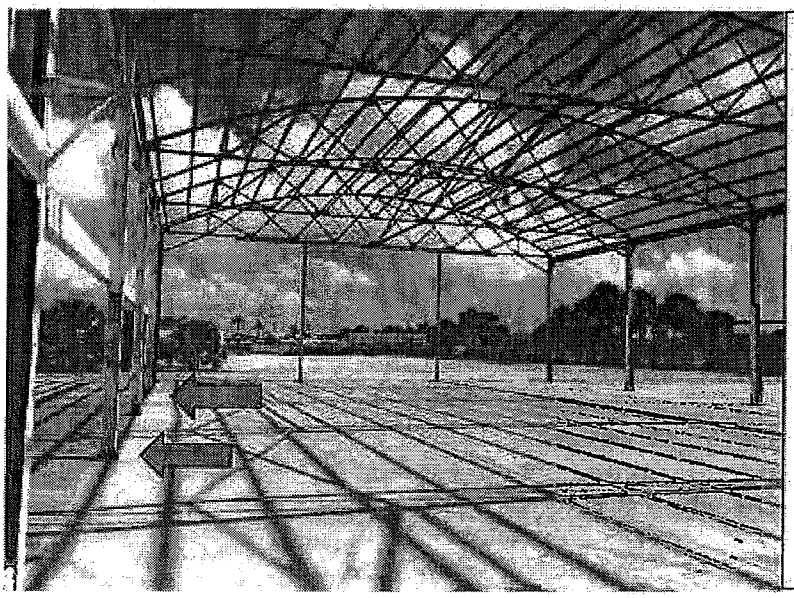
PHOTOGRAPH #27



REHEARSAL HALL
Surface Rust

Steel interior column with light-to-moderate surface rust concentrated at floor slab surface.

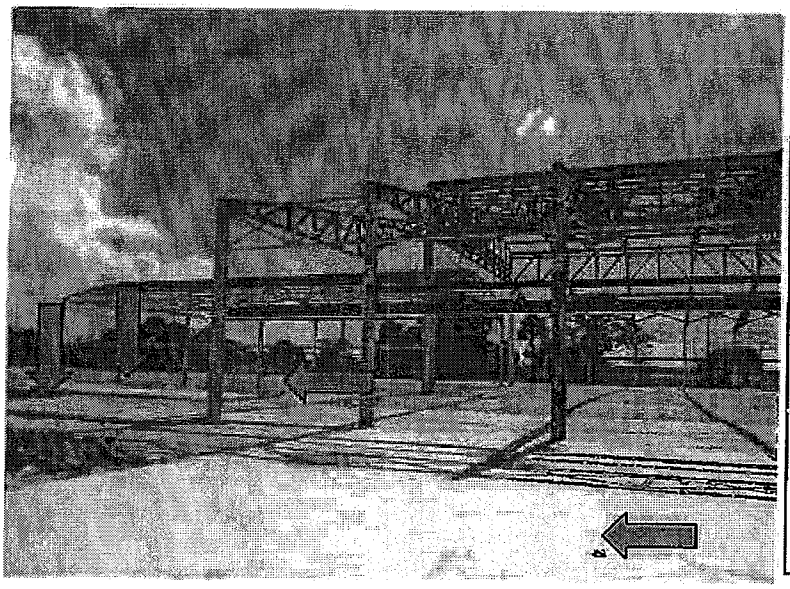
PHOTOGRAPH #28



STAGING AREA
Corrosion Damage

Surface-mounted column base plates and exposed anchor bolts at Staging area with severe corrosion damage.

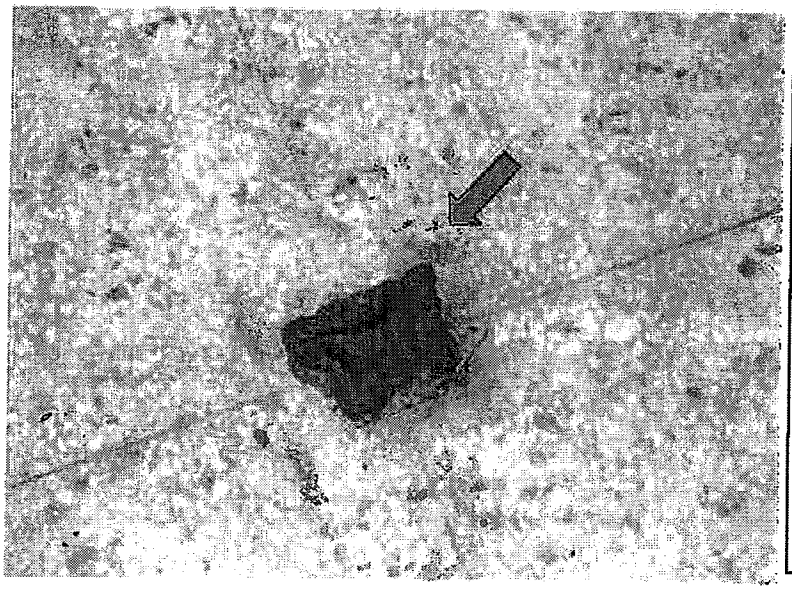
PHOTOGRAPH #33



NORTH SLAB AREAS
Floor Surface Defects

Slab steps, raised curbs, and projecting embedded fixtures located at the north slab areas where previous restaurant and offices have been removed.

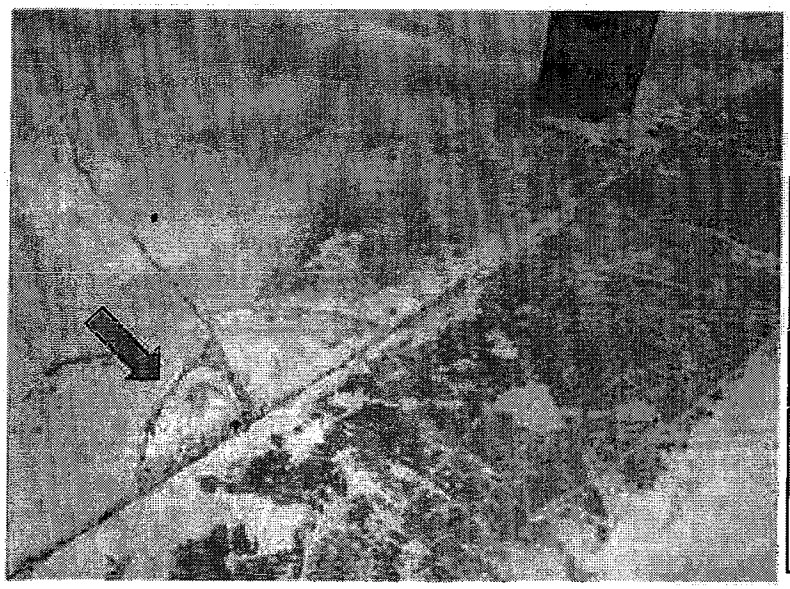
PHOTOGRAPH #34



NORTH SLAB AREAS
Floor Surface Defects

Projecting steel column remains at the restaurant floor area.

PHOTOGRAPH #31



REHEARSAL HALL
Floor Settlement Cracks

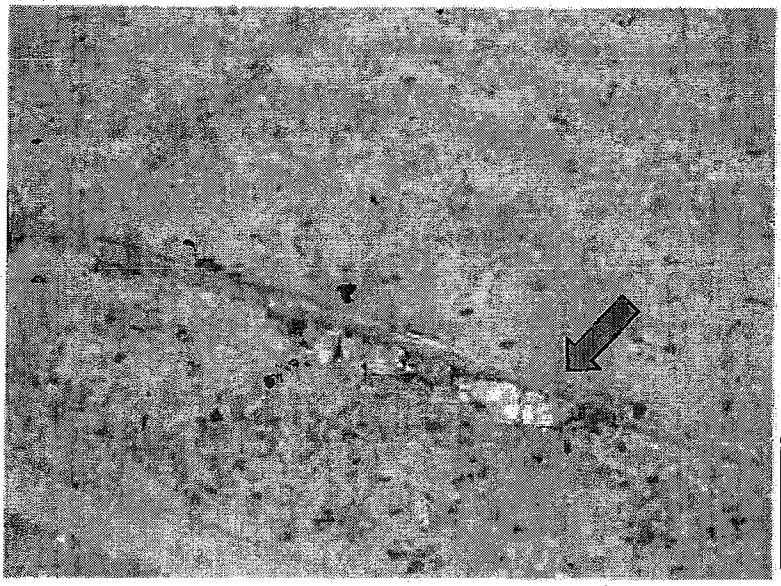
Cracks in concrete floor slab with differential vertical settlement at construction joint.

PHOTOGRAPH #32

REHERSAL HALL
Floor Settlement Cracks

Cracks in concrete floor slab with differential vertical settlement at construction joint.

PHOTOGRAPH #35



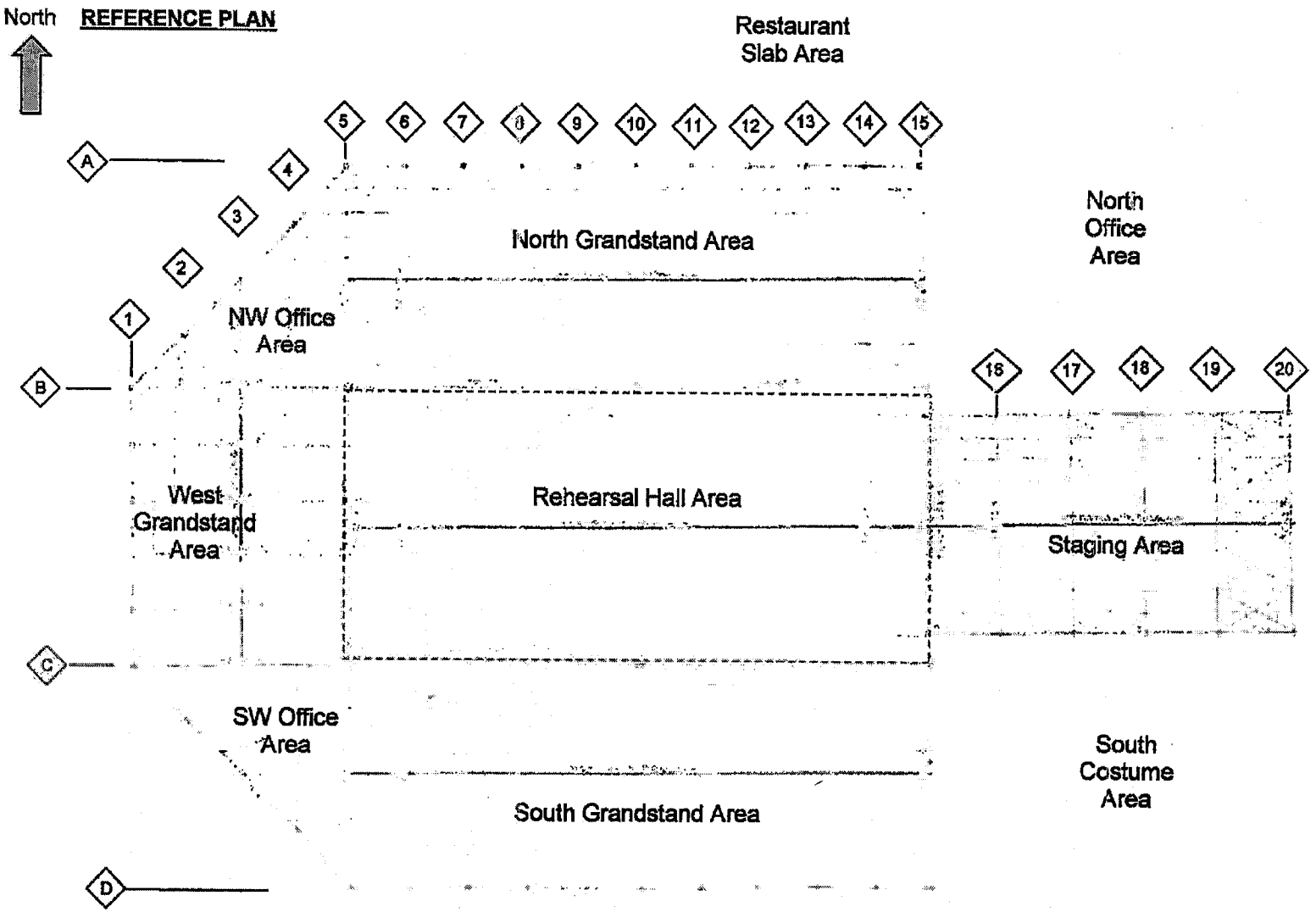
NORTH SLAB AREAS
Floor Surface Defects

Projecting metal construction joint strip at the restaurant floor area.

PHOTOGRAPH #36

NORTH SITE
Exposed Drainage Pipe

Open concrete drainage pipe projecting out of the ground at several locations along the north side of the building.



VENICE CIRCUS ARENA PROPERTY

F.A.A.

CITY OF VENICE

DELTA ENGINEERING, LLC

FLORIDA ENGINEERING & SURVEYING, LLC

DEREK PIROZZI ARCHITECTURE

PROPERTY MANAGEMENT COMPANY

VECUS ENTERTAINMENT, INC.

VENICE CIRCUS GOLF ADVENTURE. LLC

FLYING GAONAS TRAPEZE PARK