

June 26, 2025

Alachua County Board of County Commissioners
218 SE 1st Street
Gainesville, FL 32601

Subject: Response to Notice of Default Regarding the Operations and Maintenance Agreement for the Alachua County Sports and Events Center

Dear Commissioners,

By this letter we acknowledge receipt of your Notice of Default dated June 6, 2025, concerning the Operations and Maintenance Agreement for the Alachua County Sports and Events Center (ACSEC). Before we address the concerns raised in your notice, we believe it is crucial to provide context regarding the significant positive impact of our partnership on the community. From its inception, the ACSEC was envisioned as a cornerstone of economic development and community engagement, a vision that CP Event Center Operations, LLC (CPECO) shares and has diligently worked to realize. Our commitment to this public-private partnership has yielded substantial and quantifiable benefits for Alachua County:

- **Significant Economic Impact:** In its first 18 months of operations, the ACSEC generated an impressive **\$3.6 Million in Direct Hotel Sales** and an estimated **\$28.7 Million in overall Economic Impact** for the community. These figures far exceed initial projections and demonstrate the ACSEC's success as a tourism driver.
- **Substantial Private Investment:** Celebration Pointe made this project a reality by **donating the land** and providing essential **back-stop operations**, including the initial start-up costs to begin operating and generate economic benefits. Celebration Pointe also invested over **\$4.2 Million** into the facility in operations and capital expenses to ensure its success.
- **Cultivation of Prestigious Events:** We actively cultivated and secured the opportunity to host the **World Masters Athletics Indoor Championships**, a prestigious event that brought immediate national and international attention to Alachua County. This event alone generated initial economic impact figures in excess of **\$23 Million**, over **\$11 Million in direct spending** in Alachua County, attracted over **17,000 visitors** to the community, and generated over **110,000 visitor days**. When state funding for this event was unexpectedly vetoed, Celebration Pointe took on considerable financial risk, investing nearly \$750,000 on personnel and capital expenditures to ensure the championships became a reality, to the immense benefit of our community.
- **Community Benefits Beyond the ACSEC:** Our efforts have extended beyond the immediate scope of the ACSEC. Through diligence and tenacity, we were instrumental in securing the purchase of the West End Golf Course for Alachua County and at a significant reduction from the initial asking price. This directly resulted in a **cost savings of \$3,000,000** for the County.

While there is clear evidence that this public-private partnership is working, the cost-benefit is highly imbalanced. As the County's private enterprise partner, we have shouldered significant

financial expense with the overwhelming benefit going to the public. Notwithstanding our substantial investment and the proven economic impact of events held at the ACSEC thus far, we understand the protocols that necessitated delivery of the recent default notice. Nonetheless, as many are aware, the launch of programming at the Center was anything but smooth early on. From HVAC issues, to lighting issues, to flooring issues and several others that took time and financial resources to remedy, the ramp-up to steady programming was often stalled. Additionally, in the spirit of optimizing expertise and efficiencies CPECO entered into a management agreement with a third-party sports facility management company whose performance would ultimately fall far short of the proforma and promises made when we signed their agreement. As such, the learning curve and ramp-up of operations has been regrettably protracted.

Despite this, we have continued to invest heavily and heartily in the ACSEC because we hold true to our belief that it is a tremendous community asset with the potential to have an even greater economic impact as time goes on and programming gains momentum. The Center's geographic location being just steps from I-75, ample lodging options within a 1.5-mile radius (many easily walkable), and coupled with the unique experience of the Celebration Pointe shops, movie theaters, restaurants, hotels and generous parking, is a trifecta for events seeking a venue in North Central Florida. The ACSEC is a world-class venue situated in a destination context.

As previously noted, while the early months of the Center were plagued by issues beyond our control that affected the ramp-up timeline of significant events and programming, we did persevere and through our concerted efforts brought several impactful events to the ACSEC, most recently and certainly most notably, the World Masters Indoor Championships. This event, alone, put the ACSEC, Alachua County and the surrounding communities on the map, globally, as a notable destination venue. By their invitation, we are continuing to work with the World Masters Association (WMA) for future events, including a re-visit to Alachua County and the ACSEC in 2027. We are extremely proud to have fostered this tremendous relationship! And we are just getting started.

We remain steadfast in our commitment to providing a community destination at Celebration Pointe, and we remain dedicated to supporting the continued success of ACSEC. We realize the synergy that can be optimized between the two when managed properly. That said and given our experience, we strongly caution that the operational complexities of the Center extend beyond the typical capabilities of the public sector. We assert with a high degree of probability that a public takeover would result in significantly higher costs to taxpayers compared to moving forward with a revised business and management model.

To that end, we propose the following high-level solutions to resolve this matter amicably and ensure the uninterrupted success of the ACSEC:

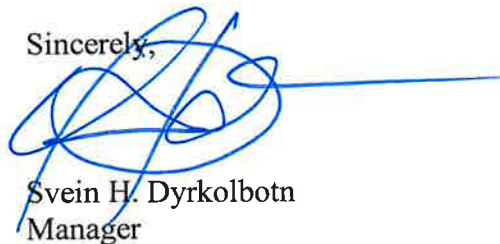
1. **12-Month Extension and Agreement Modification Period:** We propose a 12-month period to work with the County to come up with a mutually beneficial and financially equitable business plan codified in a new management agreement between CPECO and Alachua County. During this time, we will remain responsible for the programming of the building and the production of major events, such as the recent WMA Indoor

Championships, as delineated in the original agreement. Concurrently, we will pursue mutual agreement with the County to modify the maintenance and financial backstop responsibilities to be more equitable. This period would allow both parties to reset, re-evaluate, and determine the most effective course of action for a mutually beneficial relationship that ultimately ensures the long-term success of the ACSEC.

2. **Transitional Management by CP Event Center Operations:** Alternatively, we propose that CP Event Center Operations be contracted to serve as a transitional organization through the end of the calendar year. This would ensure that Alachua County is truly prepared to manage the ACSEC at its current operational levels and has performed proper due diligence before assuming full responsibility.
3. **Engagement of the Alachua County Local Organizing Committee (ACLOC):** We recommend utilizing and contracting with the Alachua County Local Organizing Committee (ACLOC) as a transitional organization through the end of the year. The ACLOC, a 501(C)3 not-for-profit corporation created to benefit the ACSEC and operate events like the WMA Indoor Championships, could also be contracted to manage the Center's programming as a short-term or long-term solution. The ACLOC can be restructured with greater oversight and direction from Alachua County to ensure alignment with public objectives.

We believe these options provide a constructive path forward, safeguarding the significant investment made in the ACSEC and ensuring its continued benefit to the citizens of Alachua County. We are eager to discuss these proposals and work collaboratively towards a mutually beneficial resolution.

Sincerely,



Svein H. Dyrkolbotn
Manager

CP Event Center Operations, LLC