



I. Introduction

The purpose of this report is to quantify the economic impact that the Junior Orange Bowl Committee has on the south Florida economy. This impact is diffused over time, and stands in sui-generis fashion, when compared to other events that take place in the megalopolis formed by our dynamic urbanization. Other events that occur in our area, such as the “Art Basel”, the Miami Boat Show, the Ft. Lauderdale Boat Show or the Super Bowl [when Miami hosts it] and the BCS National Championship, take place within a short, compact, timeframe. The Junior Orange Bowl Festival on the contrary, starts out slowly in October, and builds to a crescendo in December, tapering off in March. The Junior Orange Bowl Committee functions throughout the year and has an economic impact during the residual portion of the year, albeit a minor one; it has a profound economic impact, however, during the festival season.

II. History

Known as "**The World's Largest International Youth Sports and Arts Festival,**" the **Junior Orange Bowl Youth Festival** blossomed in **1948** when the first **Junior Orange Bowl Parade** journey unfurled in majestic fashion through the boulevards of beautiful downtown Coral Gables. This was the wonderful beginning of a festival that is totally dedicated to "celebrating youth".

The first **Junior Orange Bowl Queen, Sandy Wirth**, was selected in **1951**. The 12 and 13-year old girls were, and continue to be, judged on poise, personality and presentation. Presently, preliminary pageants take place from as far south as the Florida Keys, in Monroe County, to as far north as Vero Beach; from the western outreaches of Collier County and in the highly urbanized Broward, Palm Beach, and Miami-Dade Counties. In 1959, the Junior Orange Bowl Committee was officially formed.

The sixties marked the introduction of several new events. In 1962, the **Junior Orange Bowl International Tennis Championship** was established for boys and girls with two different age divisions for each: 12-&-under and 14-&-under. Over the years, the draw has included many great players who have gone on to gain stardom on the professional circuit. Tennis greats Chris Evert, Jimmy Connors, Mary Joe Fernandez, Monica Seles, Andre Agassi and Steffi Graf are but a few of those that have played in our tournament over the years.

The year **1964** marked the inaugural for the **Invitational Golf Tournament**. Top U.S. and foreign players compete in this event-which is now recognized as one of the world's most prestigious junior golf tournaments. This invitational has produced such tour stars as Andy North, Craig Stadler, Hal Sutton, Mark Calcavecchia, Bob Tway, Billy Mayfair, Willie Wood, and Jose Maria Olazabal, of Spain, who won the **1994 Masters Championship** in Augusta, Georgia. The Golf tournament continues to draw rising champions; “Tiger” Woods was the **1991** winner.



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A **Bowling Tournament** was added in **1969** attracting children from **Florida**, surrounding states and **Puerto Rico**. This was also the first year the parade was televised nationally. The Bowling Tournament is currently dormant, but is being planned as a future event once again.

In **1972**, a **Soccer Tournament** was added to the Orange Bowl festivities. The year **1977** marked the first **Girl's International Golf Tournament**. In **1978**, **Wrestling** and a **5-K Run** were added to the schedule of events. The early and mid eighties saw even more new events added such as **Creative Arts Competition** (visual and written), **Photography Contest**, a **Basketball Classic**, **Gymnastics Competition** (attracting top junior gymnasts in the U.S.), although the gymnastics competition has taken a hiatus as of 2010. Other new events include **The Sports Ability Games** (geared towards physically challenged youth) and a **Cheerleading Competition**. The **Caroling Competition** emerged during the **1986** festival. The gymnastic competition is currently dormant.

In addition to the many new events, the **1989 Junior Orange Bowl Festival** hosted the **1989 World Championship Games for Disabled Youth**. This event alone brought physically challenged young athletes from around the world to compete for world titles.

The year **1990** was a landmark year in the Junior Orange Bowl's history with the success of the festival's **first-ever nighttime parade**. Over **150,000** spectators attended this historic event. In **1993**, a **Pre-Parade show** was added to the already exciting parade line-up. In **1998**, the Festival introduced the inaugural **International Scholastic Chess Tournament**, which hosts some great young minds. **Jobie's Fun Day** -a day of fun outdoor activities for special needs children, also debuted in **1998**. The year **1999** marked the emergence of the **Cross Country Invitational**, featuring some of South Florida's top middle and senior high school runners. The **Youth Arts Celebration** was introduced in the year **2000** to commemorate the **75th Anniversary of the City of Coral Gables**. Swimming returned to the **Festival in 2001** as the **City of Miami Springs** hosted this international event.

The Junior Orange Bowl Committee is entering its 63rd year of festival activity. The Committee remains dedicated to the community of South Florida and the youth of the world by providing opportunities for wholesome, competitive and multi-cultural experiences. The goal is very simple, "**Celebrate Youth**".

The **Junior Orange Bowl Committee, Inc.** is a **non-profit 501 (c)(3) organization** that serves the community of South Florida and the Youth of the world by providing opportunities for wholesome, competitive and multi-cultural experiences.



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The **Junior Orange Bowl Festival** is possible with the support of public sector and private sector sponsors that have included in the past the **Orange Bowl Committee, City of Coral Gables, Miami Children's Hospital, Continental Airlines, the Miami-Dade County Tourist Development Council, the Miami-Dade County Department of Cultural Affairs, the Cultural Affairs Council, the Miami-Dade County Mayor and the Board of County Commissioners.**

Other sponsors include, or have included, **Papa John's, FedEx Orange Bowl, the Biltmore Hotel, Gatorade, Coral Gables Gazette, Greater Miami Festivals & Events Association, Bank of Coral Gables, Floridian Healthcare, Pittman Photo Supply, Gallery Ziv, USTA Florida, Wilson, Marion Krutulis, Headmaster Emeritus of Gulliver Schools and Gulliver Schools, The Lady Diane Tweed Charitable Foundation, City of Doral, Greater Miami Festivals and Events Association, and the Greater Miami Convention & Visitors Bureau.**

III. Modern Events

The modern day Junior Orange Bowl Festival has included the following competitive fora:

- A) Boy's Basketball
- B) Girl's Basketball
- C) Bowling (dormant, 2010)
- D) Caroling
- E) Chess Competition
- F) Creative Writing
- G) Cross Country
- H) Golf Championship
- I) Gymnastics (dormant, 2010)
- J) Ice Hockey
- K) Jobie's Fun Day
- L) Parade
- M) Photography Contest
- N) Royal Court Search
- O) Scholar Athlete
- P) Sports Ability Games
- Q) Swim Meet (dormant, 2010)
- R) Tennis Championship



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- S) Youth Arts (dormant, 2010)
- T) 5K Run (dormant, 2010)

Some of the events bring entire teams down from various parts of the country, such as the Boy's Basketball events, that has teams compete from, for instance, North Carolina, West Virginia, Washington , DC, Ohio, and Miami -Dade County. Other events are regional to Florida, and still others are Miami-Dade County specific.

The Photography Competition for instance is a strictly Miami-Dade county student event, and the Tennis Tournament and Golf Tournament have young men and ladies from as far away as Russia and South Africa.

IV. Economic Outlook

The general economic outlook that pervades the US at the time of an appraisal is exceedingly important to the valuation process. The base from which extrapolations or opinions of value are formulated cannot be divorced from reality. We look at the height of the economic picture of the last festival, **December of 2009 and January of 2010.**

Moreover, it is important to consider the inter-temporal element when performing a valuation of a company so as to include trends that are forming and cycles that are ending at the time the valuation process takes place. Thus, we looked at the prevailing climate that affected the United States, as **of December 31, 2009.**

The economic outlook for the U.S. as of **December 31, 2009**, was extremely anxious. We present some snapshots that buttress this conclusion:

As of **December 31, 2009** business conditions and prospects in the **US** were as bad as they had ever been in the last fifty years. A sampling of economic conditions is illustrative:

- **The National Bureau of Economic Research** determined that the country had been in a recession since **December 2007**; with no guaranteed prospects for recovery the recession had the potential to be the longest on record since World War II.
- **The Standard & Poor's 500 Index** finished the year 2008 down by **37.1%**, the second worst year since its founding in **1923** and the worst since **1931**. The **Dow Jones Industrial Average** showed a lower decline [**33.8%**], but the year was the



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third worst in its **113-year** history [**1931 and 1907 being worse**]. The **S&P Index** was down a further **14.7%** in the **first seven weeks of 2009**.

- **The Morgan Stanley All Country Index** excluding the **US**, was down **47%** for the year; thus, wealth destruction was at least as severe elsewhere in the world as in the **US**.
- **US Consumer Confidence** reached **37.7** in January of **2009**, a record low.
- The **Institute of Supply Management's (ISM's) December Index** stood above **50**, the threshold for manufacturing sector expansion, for the fifth month in a row. What is better is that the **New Orders Index** rocketed up to **65.5** in December, from **60.3** in November. A closer inspection of the data, though, reveals that the improvement in **New Orders** was greatly due to stabilization rather than increased order levels. The percentage of manufacturers reporting improved **New Orders** **actually slipped** to **35%** in December, from **36%** in November. However, the number of manufacturers reporting deterioration in **New Orders** fell, while those reporting stabilized orders improved to **46%**, from **42%** in November.
- The opinion of executives in this field was that economic growth in the United States would resume in 2010, as published by the nation's purchasing and supply management executives in their December 2009 **Semiannual Economic Forecast**.
- Expectations for **2010** were for the positive conditions experienced in the second half of **2009** to continue in manufacturing, while the non-manufacturing sector foresees marginal growth, say the nation's purchasing and supply management executives in their December 2009 Semiannual Economic Forecast. The overall forecast projects optimism about the U.S. economy for 2010. The manufacturing sector overall was positive about prospects in 2010 with revenues expected to increase in 13 of 18 industries, while the non-manufacturing sector appeared slightly less positive about the year ahead with 8 of 18 industries expecting higher revenues. Business investment, a major driver in the U.S. economy, was expected to decline as both sectors expect a combined average of a 5.4 percent decline in capital spending.

Non-Manufacturing Summary

- Forty percent of non-manufacturing supply management executives expected their 2010 revenues to be greater than in 2009. They expected a 1.3 percent net increase in overall revenues for 2010 compared to a 4.5 percent decrease reported for 2009. The eight non-manufacturing industries expecting revenue improvement in 2010 over 2009 - listed in order –were: Real Estate, Rental & Leasing; Professional, Scientific &

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Technical Services; Finance & Insurance; Wholesale Trade; Retail Trade; Other Services; Information; and Agriculture, Forestry, Fishing & Hunting.

- Non-manufacturing supply managers reported operating at **81.3** percent of their normal capacity, above the **80.1** percent reported in April 2009. They were cautiously optimistic about continued growth in the first half of **2010** compared to the second half of **2009**, and they had a lower level of optimism about the next 12 months than they had last December for **2009**. They forecasted that their capacity to produce products and provide services would rise by **0.9** percent during **2010**, and capital expenditures would decrease by **6.7** percent from the **2009** level. Non-manufacturers also predict that their employment would decrease by **0.6** percent during **2010**. Their major economic concerns were: weak economy; healthcare and benefits costs; credit crisis; labor costs; and high energy costs.
- Unemployment was universally expected to go higher.
- Housing starts in January were a record low since **1959** when such statistics began to be recorded. New house sales in December were down **14.7%**, the lowest level since 1963; **2008** sales for the year were **37.9%** below **2007**. A **12.9%** month supply of new homes overhung the market in December. Existing home sales were up **6.5%** in December; however, **45%** of such transactions were in distressed situations. The national median home price in December was down **15.3%** compared with a year earlier and the inventory of unsold homes stood at **9.3** months.
- Many of the indicators showed no sign of bottoming out and appeared headed lower.
- The disappearance of major financial institutions, whether by bankruptcy or forced merger, was well publicized. The result had been a drying up of credit availability for both businesses and consumers as all players were seeking to de-leverage at the same time. Half of the US companies were below “investment grade” and had to seek debt capital in the high yield or junk bond market; yields here had been **20%** or more, compared with **7%** earlier in **2008**. In the final five months of **2008** there was a single initial public offering. Merger and acquisition activity was down by **53%** in the fourth quarter compared with the prior year, a rate of decline which undoubtedly accelerated the course of the quarter.
- Investors, the providers of debt and equity capital, exhibited extreme risk aversion. They were seeking to exit investments that were illiquid and/ or had opaque values. There were reports of interests in hedge funds and private equity funds being sold at



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discounts from stated net asset value of 50% or more in the informal secondary market.

- Hedge funds normally permit capital withdrawals at net asset value with advance notice; however, an increasing number of funds have exercised a prerogative to curtail or limit withdrawals. This latter circumstance quite obviously was aggravated by the Bernard Madoff scandal.
- The US Congress, the Executive branch, the Treasury Department, and the Federal Reserve have, for obvious reasons, been heavily involved in seeking solutions to these problems. To date we have had bailouts, reduced interest rates, and injections of massive amounts of liquidity to the banking system. We now have a “stimulus” program of epic proportions. Nobody knew at the time for sure if these steps would move the economy back to stability and a reasonable rate of growth path because never before had they been attempted on the present scale. It was clear, however, that the cost of these various actions would be enormous, resulting in deficits far larger than anything since **World War II**.
- On the one hand one can worry about inflation resulting from deficits and money supply growth. Nevertheless, one can wonder where the money will come from to finance the deficits. The foreigners, who have been lending us money for the last decade or so, have not fared very well due to the declining dollar [although, at least for that moment, this trend had reversed itself]. If we have to raise interest rates to induce them to invest, as certainly seems probable, higher rates will retard economic activity and complicate the process of a return of the economy to “normal”. Thus, the Fed is in a quandary. It has driven interest rates to almost zero, in order to stimulate domestic growth, but it fears the calls from foreign investors to hoist these rates in order to have a continued source of financing. To its credit, (or luck, depending on whether you are a critic or supporter of their economic policies) these calls have not yet been manifested in such strength that they have had to be heeded.
- As a final measure of uncertainty, we had many foreign relation issues, such as the instability of North Korea, the determination of Iran to become a nuclear power, the potential Israeli response to this threat, the Somali pirating of tankers and commercial sea vessels, the prosecution of the war against Al Qaeda in Afghanistan and Pakistan, and its potential influence on our Indian relations [remember the Pakistani-Indian border dispute over Kashmir] and our testy relations with China and Russia. How much can we scold China for its Human Rights abuses and its lack of business regulations and oversight leading to such debacles as “ Chinese Drywall”, lead toys, and agricultural output of questionable background [i.e., artificially large chickens by means of steroid injections, or coats made from dog



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hair] when we owe the country a massive fortune? President Obama was quick to discern this inconvenient paradox, when he attempted to press the Chinese on Nepal, when he initially took office. By the same token, how could we balance our policy of inducing former Soviet satellite countries to become part of NATO, an organization founded on anti-soviet “détente” by means of universal agreements for members to act as if they also were invaded by a now non-existent USSR, and also ask for Russian cooperation? President Bush was so tested by Vladimir Putin’s incursion into Georgia, in 2008, a country at that time courted actively by the US for NATO and European Union inclusion. Obviously, the Russian bear saw our involvement in Afghanistan and Iraq as an opportunity to test the Americans, and the bluff worked. We simply could not afford a third front requiring more troops, logistics and costs.

- Greed, on the part of way too many consumers, corporations and institutions, the ruling passion for the last 10 years may be temporarily abated, due to the recessionary scare of late, but fear and uncertainty were on the ascendancy for the foreseeable future, and this definitely affected downward the value of financial assets.



Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base periods.

- Stocks fell in March 2010, wiping out most of major indexes' recent gains, following a weak reading on consumer sentiment. The Dow Jones Industrial Average, however, which rose by 12.85 to 10,624.69, was the lone statistic with an up-tick.
- The NASDAQ Composite Index was down .80 at 2,367.66. The S&P 500 was off 0.25 at 1,149.99 slightly above the psychologically important 1000 level.



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Unemployment Rates

State	Nov. 2009 Rate	Oct. 2009 Rate	Nov. to Oct. change
U.S. National Rate	10%	10.2%	-0.2
District of Columbia	11.8%	11.9%	-0.1
Florida	11.5%	11.3%	0.2

- Just eight states recorded a rise in the unemployment rate for November, signaling the pain in the U.S. labor market may finally be abating. The Labor Department reported that the unemployment for the nation as a whole dropped to 10% in November from 10.2% in September. Just 15 states and Washington D.C. have higher jobless rates than the national average. Most of the country continues to see job losses, but in a potential sign of a turnaround on the horizon employment increased in 19 states.
- The number of long-term unemployed (those jobless for 27 weeks and over) was 6.1 million in **February 2010** and has been about that level since **December 2009**. About four in ten unemployed persons have been unemployed for 27 weeks or more.
- In February, the civilian labor force participation rate (64.8 percent) and the employment-population ratio (58.5 percent) were little changed.
- The number of persons working part time for economic reasons (sometimes referred to as involuntary part-time workers) increased from 8.3 to 8.8 million in February, partially offsetting a large decrease in the prior month. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job.
- About 2.5 million persons were marginally attached to the labor force in February, an increase of 476,000 from a year earlier. (The data are not seasonally adjusted.) These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey.
- Among the marginally attached, there were 1.2 million discouraged workers in February, up by 473,000 from a year earlier. (The data are not seasonally adjusted.) Discouraged



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workers are persons not currently looking for work because they believe no jobs are available for them.

- The remaining 1.3 million persons marginally attached to the labor force had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities.
- **Crude oil** prices were also under pressure as strong **US dollar** and dropping equity markets took the strength out of the commodity. Crude oil being a dollar denominated asset, a rise in the currency results in a drop in the demand for it. The fear of recession also resulted in a reduction in the demand. Crude oil benchmark **December 2009** contract in **Nymex** fell towards the session low of **\$ 68.1** recovered by the end of the day settling at **\$ 69.15**. By March 2010 by comparison, the per barrel cost of oil stood at **\$ 81.24**.

It was believed by some that the “banks should just learn their lesson” and take the consequences of financial mal-investment, so that the onus, or loss, should be borne by shareholders. That is that the banks should be allowed to fail and that the failure would make them stronger in the long-run, despite the interim convulsions. Afraid of charting a course of free market capitalism, mostly because the resultant of a massive financial crisis could have placed the US and the world into a long depression, similar to the one that reigned in the world from 1929 to the beginning of World War II, two viewpoints emerged.

One was proffered by the ever gloomy and alarmist Paul Krugman, who sought to nationalize the banking industry, somewhat like the Swedish government had done in the 1990s.

The other vision was proffered by Larry Summers, Tim Gaithner and Ben Bernanke, who instead searched for a middle ground, where the banks, financial intermediaries, brokerage houses, and insurance companies could be the recipients of governmental assistance until the equity markets returned to normal.

Evidence of the **BankUnited** transaction, wherein private equity was used to purchase the failed bank’s assets signaled the commencement of the return to buoyancy of financial markets in America.

President Obama needed to balance the need to find more allies to prosecute the wars in Pakistan and Afghanistan with the intricate policies necessary to negotiate a Middle East peace. This had quite different connotations, not the least of which was whether Lebanon could return to being a democracy or fall into the hands of the Hezbollah, and whether the Israeli government could negotiate with a valid partner [the \$64,000 question is who is that partner] for the creation of a Palestinian State. Many variables hinged on whether Iran



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backed off of its nuclear ambitions, and Israel did not decide to unilaterally truncate their nuclear expansion, and whether the Sunni-Shiite chasm could be bridged so as to bring the Arab world out of a catatonic paralysis.

Add to this the Pakistan-Indian border conflicts, the Chinese- Indian friction [vying for population, economic, political and economic supremacy of the Asian world] and then of course, the Russian enigma within a puzzle inside a conundrum that aspires to territorial expansion and world respect some of it defined by the Russians as a zero-sum game with the US. Our conclusion is that the world was fractious, the enemy ill defined and the alliances slippery and ever changing.

We state in synopsis form that the economy was in peril, experiencing the worst economic travail since the Depression and shaking the very foundation of our system. Even though our economic system has become increasingly sophisticated and our economic growth has, for the most part, been outstanding, this recent morass served as a wake up call to all those who assume we live in a “perfect world”, and as an opportunity for reflection about the true meaning of laissez faire economics.

For all those that read the “**Wealth of Nations**” written in 1776, or those that heard about the book in their undergraduate economics classes, a note must be added. The author, **Adam Smith**, had written a book in 1759, “**The Theory of Moral Sentiments**”, which added much light to the prevailing philosophy of the economists that helped establish a new order. Smith, Malthus, Ricardo, et al, were philosophers, mathematicians and believers in the goodness of man.....that man in the universal sense would seek to do what was spiritually right for himself and or society. To the extent that this philosophy is deeply engrained in our hearts we need not worry about laissez faire economics. However for those that do not have it deeply engrained in their hearts, whether Asian, European, American [North and South], whether masculine or feminine gender, and irrespective of religion or ethnicity, a healthy dose of auditing procedures and effective punishment for transgression are necessary. Thus, free market capitalism does not cease to be free market capitalism if reporting requirements are increased and audits are mandated and punishment for financial malfeasance is considered. In the 80’s and 90’s of the last Century it seemed that management thought and free markets meant “don’t ask me what I am doing”, instead of “free to blaze your own economic trajectory”.

This obfuscation, coupled with the cynical “everybody else is getting theirs” for some reason was allowed to survive past the **Tyco, Enron**, and the **S & L Bailout**, and through the **AIG** lapse of insurance oversight that teaches you can’t own 100% of the risk. From all that to the **Chrysler** and **GM** belief that they could teach us to buy whatever they produced to the brokerage house confusion of short-term profits with viable economic activity, to the Maddof, Stamford, etc Ponzi schemes, till the whole system was brought to its knees. It was a time to reflect and then rebuild realizing that the market is based on trust. Loose the trust



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and you loose the market, loose the market and you loose the economy, loose the economy and you loose your world. For want of a nail, the kingdom was lost?

The economy had recently been subjected to an amazing amount of capitalization. The liquidity these transactions represent were gradually being felt in the economy and some degree of normalcy is starting to emerge in mortgage banking, financial intermediary, commercial banking and consumer confidence circles. The government risked much, but felt not taking a proactive and interventionist stance risked even more, so unprecedented amounts were injected into the economy. The result of this has been that the anticipated economic result is finally being seen and there are indices we are on a route back to economic stability.

Construction Industry Forecasts

The federal government has spent heavily to shore up the housing market. Most of the bill is yet to come due. But this effort has been directed at only a small range of the total problem. Initially housing aid was directed to those with sub-prime mortgages who could not make their monthly payments. This helped hundreds of thousands of families but did very little to move the scale of the housing market back to normal.

When it became clear more than a year ago that most sub-prime homeowners would default with or without federal aid, housing assistance funds were moved to help homeowners hurt by the deep recession and no longer able to make their monthly payments.

This was more successful because these homeowners had more equity and a history of financial responsibility. Nonetheless, foreclosures continued to rise. By the end of next year, 1.0 -1.5 million of these homeowners will be rescued with federal subsidies, concessions forced from private lenders and an improving economy. Even so, several million of these homeowners will lose their home and be effectively ineligible for a mortgage for five years or more.

The mood in Washington now is to make another shift in housing aid to focus on helping 9-10 million homeowners with underwater mortgages but who are making their payments. Some federal funds have been diverted to lowering mortgage balances. Private lenders are under increased pressure to voluntarily forgive a share of mortgage balances. Lawsuits by state Attorney Generals and non-profit groups are extracting funds from private lenders to be used in part to cut mortgage balances. This new focus will be more effective in raising the scale of the housing market back to 1.8 million starts. This larger group of homeowners is more financially responsible than the two smaller groups of homeowners who were aided first. Most of these homeowners will keep their homes but will have to be on the sidelines as prospective homebuyers for many years until they regain significant positive equity in their homes.



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So far there has been no direct federal aid to the approximately 60% of homeowners with positive equity who are making their monthly payments. These homeowners, however, have gotten a spillover in the form of lower mortgage rates. This is a nice bonus but it has not stimulated added home buying in this group. Most of these families see too many economic risks to make a major investment now. This group of homeowners is cautious and conservative with their finances. That is how they got where they are. They do not think it is a good time to make a major investment. They are concerned about a possible second dip in the economy and possible further declines in home prices so that the best deals are not yet here. These fears will ease over the next year when there is no second dip or further slide in home prices.

But this group has other reasons to believe that this is not a good time to make a major investment. The principle one is concern about the size of the bill they will get for the Obama agenda. Consumer polling is unanimous that they believe that their health care, energy and financial services costs will rise, that their taxes will go up and that a thousand plus new federal regulations yet to be written will raise their costs or cut their income. President Obama's choice to help only the more financially distressed families with their housing expenses has made the majority of homeowners less willing to buy a new home.

The collapse of the mortgage financing system is a parallel constraint on home buying. Emergency loans from the Federal Reserve Board and the Treasury are now providing almost all of the mortgage funding. Private investors have fled the market. Additionally, they are not likely to return soon with significant money.

They do not see a profitable opportunity in mortgage financing. They see lenders' rights to contractual repayments being repeatedly ignored. The federal housing finance agencies are demanding that lenders make concessions. The SEC raided Goldman Sachs for \$ 500 Million. The long established rights of GM bondholders were ignored. State Attorney Generals have raided mortgage lenders for more than a \$1 Trillion. Private funds will not return to the residential mortgage market until investors believe that their contracts can be enforced.

The U.S. Bureau of Labor Statistics (BLS) noted in its November 6 report that the "industry shed 62,000 (more) jobs in October, hiking its unemployment rate to 18.7%." The national jobless rate in October (for the economy as a whole) was 10.2%. Another important measure is the unemployment/underemployment rate which stood at 17.2% in November. This includes: individuals formerly employed fulltime who have ceased looking for work; or those who are working only part-time but formerly worked fulltime. By any comparative measure, the construction industry is bearing a heavy burden for the recession.

Statistically, 2010 may show an improvement in construction over the prior year, but this will be an illusion. The decline in construction activity this year was broader, steeper and faster



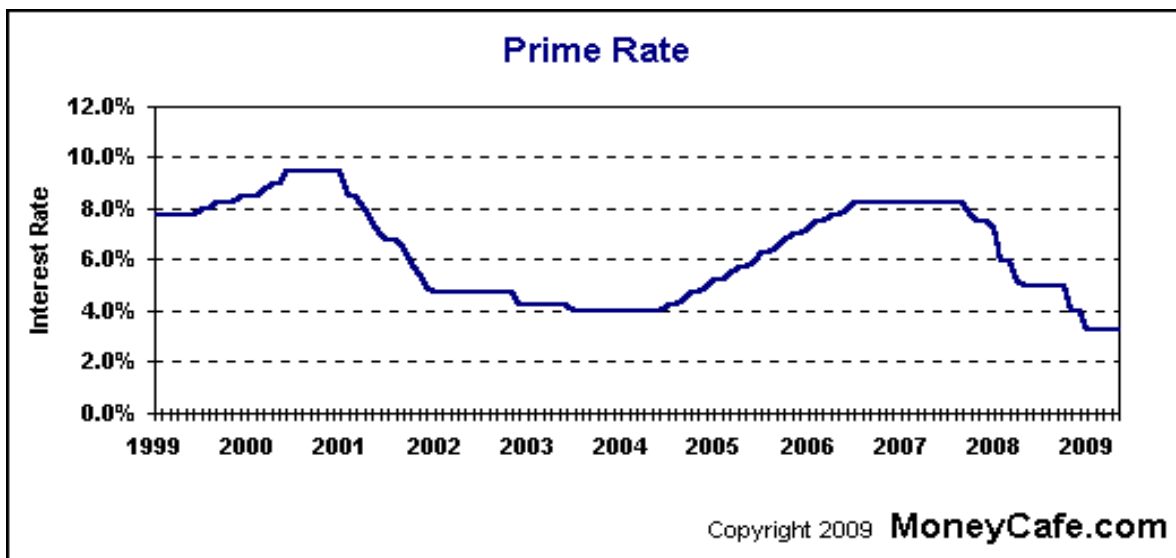
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than many economists anticipated as private non-residential building markets succumbed to the credit crunch and many public markets waited for stimulus funding to be delivered. The consensus of this year's batch of forecasts for construction in 2010 says the worst is over, but most gains will be the result of percentage comparisons with dismal 2009 numbers.

The credit markets are still not lending for construction. It's difficult to blame them when according to the Federal Deposit Insurance Corporation (FDIC), about one-sixth of all construction loans were in default in the summer of 2009. Construction loans are the epicenter of bank loan problems, and delinquency rates will likely rise dramatically within the coming year, with losses likely to exceed 25%. This would represent losses of at least \$140 billion, disproportionately borne by regional and local banks. One notable example was Chicago-based Corus Bank. The U.S. Federal Office of the Comptroller of the Currency closed Corus in early September after more than half of the bank's \$ 3.9 billion of construction loans were in non-accrual or foreclosure.

Not everyone believes we have reached the bottom of the construction decline. The U.S. Department of Commerce forecasts: "overall construction will decline another 2% next year (2010), following a 10% decline this year (2009) in construction put-in-place.

Economic Indexes & Charts



What is the Prime Rate? The Prime Interest Rate is the interest rate charged by banks to their most creditworthy customers (usually the most prominent and stable business customers). The rate is almost always the same among major



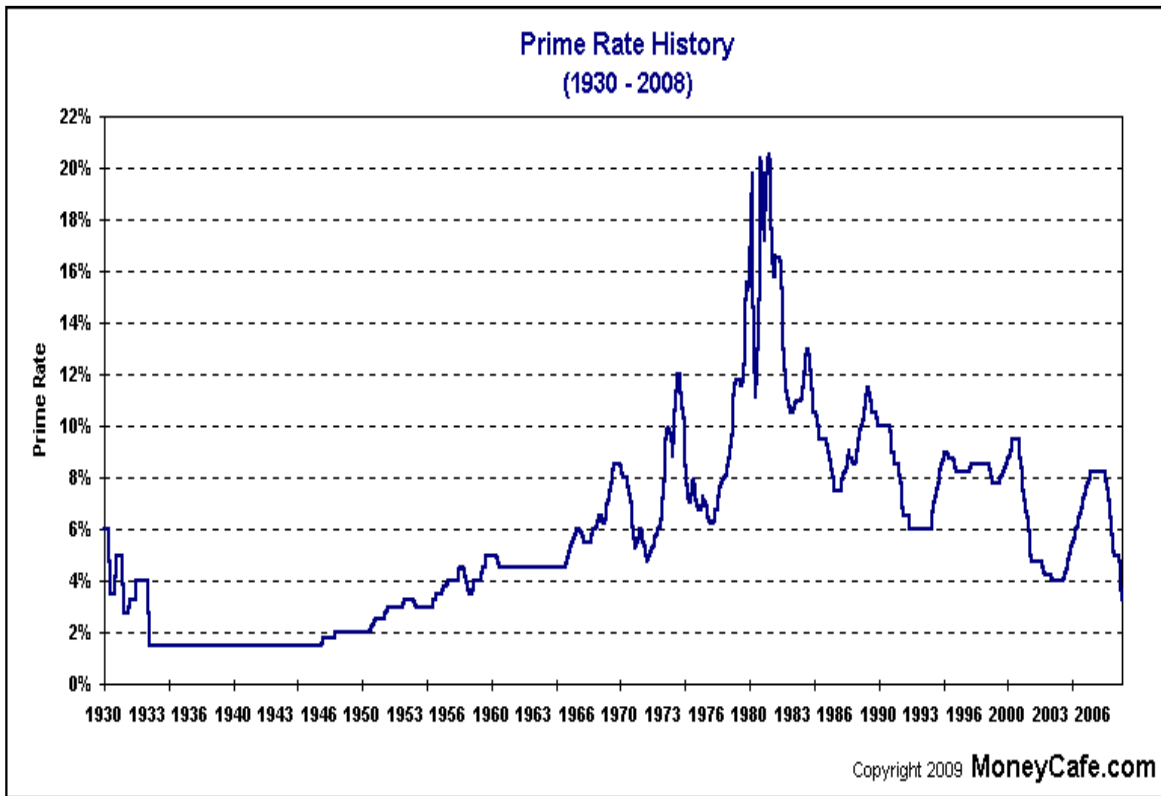
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banks. Adjustments to the prime rate are made by banks at the same time, although, the prime rate does not adjust on any regular basis. The Prime Rate is usually adjusted at the same time and in correlation to the adjustments of the Fed Funds Rate. The rates reported above are based upon the prime rates on the first day of each respective month. Some banks use the name "Reference Rate" or "Base Lending Rate" to refer to their Prime Lending Rate.

Mon.	2010	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Jan	3.25%	7.75%	8.50%	9.50%	4.75%	4.25%	4.00%	5.25%	7.25%	8.25%	7.25%	3.25%
Feb	3.25%	7.75%	8.50%	8.50%	4.75%	4.25%	4.00%	5.25%	7.50%	8.25%	6.00%	3.25%
Mar	3.25%	7.75%	8.75%	8.50%	4.75%	4.25%	4.00%	5.50%	7.50%	8.25%	6.00%	3.25%
Apr	3.25%	7.75%	9.00%	8.00%	4.75%	4.25%	4.00%	5.75%	7.75%	8.25%	5.25%	3.25%
May	3.25%	7.75%	9.00%	7.50%	4.75%	4.25%	4.00%	5.75%	7.75%	8.25%	5.00%	3.25%
Jun	3.25%	7.75%	9.50%	7.00%	4.75%	4.25%	4.00%	6.00%	8.00%	8.25%	5.00%	3.25%
Jul	3.25%	8.00%	9.50%	6.75%	4.75%	4.00%	4.25%	6.25%	8.25%	8.25%	5.00%	3.25%
Aug	3.25%	8.00%	9.50%	6.75%	4.75%	4.00%	4.25%	6.25%	8.25%	8.25%	5.00%	3.25%
Sep	3.25%	8.25%	9.50%	6.50%	4.75%	4.00%	4.50%	6.50%	8.25%	8.25%	5.00%	3.25%
Oct	3.25%	8.25%	9.50%	6.00%	4.75%	4.00%	4.75%	6.75%	8.25%	7.75%	5.00%	3.25%
Nov	3.25%	8.25%	9.50%	5.50%	4.75%	4.00%	4.75%	7.00%	8.25%	7.50%	4.00%	3.25%
Dec	3.25%	8.50%	9.50%	5.00%	4.25%	4.00%	5.00%	7.00%	8.25%	7.50%	4.00%	3.25%

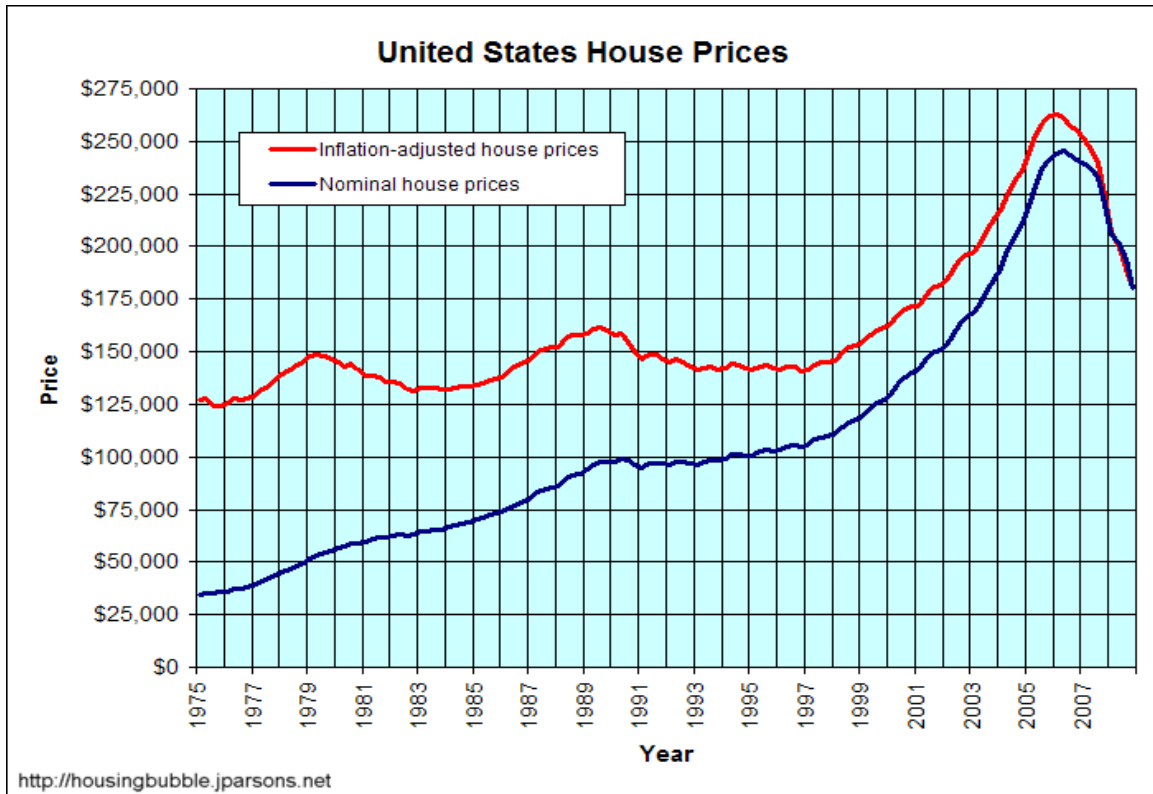


Junior Orange Bowl Economic Impact for 2010-2011

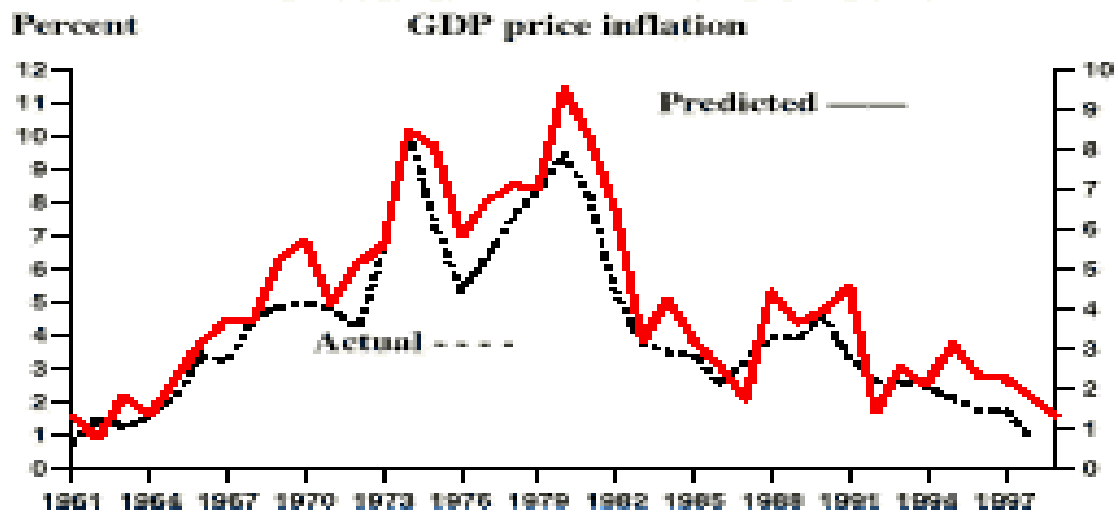




Junior Orange Bowl Economic Impact for 2010-2011



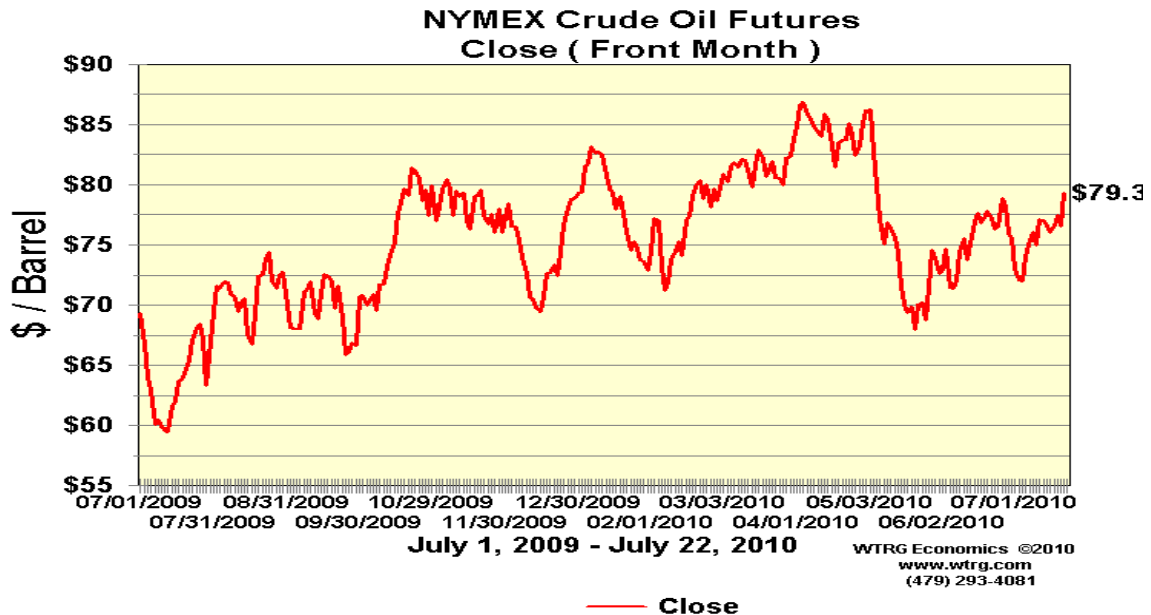
The inflation outlook



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V. Input-output estimates

In economics, an **input-output model** uses a matrix representation of a region's economy to predict the effect of changes in one industry on others and by consumers, government, and foreign suppliers on the economy.

Wassily Leontief (1905-1999) a professor at **Harvard University**, is credited with the development of this analysis. **Francois Quesnay** developed a cruder version of this technique called **Tableau Economique**.

Leontief won the **Nobel Memorial Prize in Economic Sciences** for his development of this model.

Input-output depicts inter-industry relations of an economy. It shows how the output of one industry is an input to each other industry. **Leontief** put forward the display of this information in the form of a matrix.

A given input is typically enumerated in the column of an industry and its outputs are enumerated in their corresponding row. This format, therefore, shows how dependent each industry is on all others in the economy both as customer of their outputs and as supplier of



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their inputs. Each column of the input-output matrix reports the monetary value of an industry's inputs and each row represents the value of an industry's outputs. Suppose there are three industries. Column 1 reports the value of inputs to Industry 1 from Industries 1, 2, and 3. Columns 2 and 3 do the same for those industries. Row 1 reports the value of outputs from Industry 1 to Industries 1, 2, and 3. Rows 2 and 3 do the same for the other industries.

The mathematics of input-output economics is straightforward, but the data requirements are enormous because the expenditures and revenues of each branch of economic activity had to be represented.

Indeed a main use of input-output analysis is for measuring the economic impacts of events as well as public investments or programs.

Input-output is conceptually simple. Its extension to a model of equilibrium in the national economy is also relatively simple and attractive but requires great skill and high-quality data. One who wishes to do work with input-output systems must deal skillfully with industry classification, data estimation, and inverting very large, ill-conditioned matrices.

Moreover, changes in relative prices are not readily handled by this modeling approach alone. Of course, input-output accounts are part of a more flexible form of modeling, **computable general equilibrium models**.

Admittedly, one of the drawbacks of **Input-Output** modeling is the key assumption of fixed linear coefficients. To an economist well versed in mathematical and statistical forecasting, this means that input output is best used for short term to mid term effects because the model's assumption of fixed coefficients assumes a linear relation in factor inputs and demand curves. We know that input relationships and demand functions change over time. It is thus perfect for use as measure of impact in the past or currently, and should be avoided for measurement of economic impacts in the distant future. We thus use the methodology to forecast an economic impact within the same year.

In an attempt to spare the reader the anguish of going step-by-step in the process of inverting matrices, we will present the result of the **RIMS II Input-Output Table** only. The **RIMS II** approach is a three-step process. The first step takes the producer portion of the national input-output table and makes it region specific, by using four-digit SIC location quotients. The second step involves making the national household column region-specific. The third and last step uses the Leontieff inversion process, which yields output, earnings and employment multipliers, which are used to trace the impact in final demand on the directly and indirectly affected industries.



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The accuracy of these estimates is highly correlated with those of extremely expensive survey methods, since we use national aggregated information. Its empirical abilities to predict economic effects are accurate within a **95.5 percent confidence interval**.

Table I

RIMS COEFFICIENTS FOR MIAMI

Industries	Final Demand			Direct Effect	
	Output \$	Earnings	Employment	Earnings	Employment
Hotel	1.65	0.8109	23.98	1.9703	2.45
Restaurant	1.97	0.7589	16.87	1.3567	1.65
Retail Trade	1.93	0.8567	25.09	1.9842	2.67

VI. Investment in Junior Orange Bowl Committee

The Junior Orange Bowl Committee receives approximately \$375,000 from governmental sectors, both in monetary contributions and in in-kind services, and close to \$ 250,000 in private sector donations, contributions, fees, and in-kind services. Moreover, the “Miami”, or local funds and in-kind services, engender an out of area expenditure from October, the inception of the festival season, through the end of the festival season in about Mid-February, of about \$ 975,000.00 The monetary contributions are outlined in city and county budgets, and the in-kind services include such courtesies as police and fire protection for specific events, use of media facilities and broadcasting personnel, equipment, outlets and venues, permitting, and staff functions. Private sector contributions include monetary contributions, donations of raffle events, staff time and use of facilities, fees, in-kind services, time, and other ancillary activities required to administer, manage, create, and or operate the competitive venues of the world’s largest youth festival. We also most compute the amount spent in restaurants, hotels and shopping establishments, as well as automobile rentals, extended length of stay before and after Tournament competition, and additional expenditures incurred in the area, such as souvenirs, and expenditures in local attractions such as the Miami Seaquarium, Parrot Island, deep sea fishing excursions, cruises and the inexorable plane tickets to and fro the home country. The total expenditures attributable to participants in the Miami-Dade economy during the season for the time period of the **2010-2011 festival season**, garnered from participant surveys and intake forms, is approximately \$ **2,857,497.00** in first round economic effects.



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VII. Iterations and Imputations of Economic Impact

Governmental and private sector partnerships seldom have the sustainability and the long-range effect of the Junior Orange Bowl on a community. While there is much talk of what is called 3P (Public Private Partnerships), the Junior Orange Bowl stands out because it has a clearly defined and articulated mission, the goal is altruistic at one level but profoundly capitalistic at another and the fusion of governmental and private sector leadership has helped sustain the effort across 62 years. By bringing together children of many countries in competitive fora it helps to give them insight into one another while at the same time providing an economic boost to the local community. It is no secret that the Bowl games, their parades, and the storied activities surrounding them were implemented across the United States in efforts to increase the visibility of the communities hosting them, but also to infuse the communities with much needed economic stimuli. While the Junior Orange Bowl basically was engendered by the Orange Bowl, it is now the only Miami entity that continues to host a parade and games that attract competitors and their families (read tourists) into the area. It has thus become a local constant, and given that the BCS now assures the Orange Bowl a chance at showcasing the national collegiate championship only once every five years, its influence has grown proportionately.

This year, with an array of bewildering economic data highlighted in a prior chapter, the infusion of economic activity brought about by the catalyst that is the Junior Orange Bowl has taken greater economic significance to the Miami area. The tourism streams so relied upon by our State and local economy became a trickle, as people feared losing their jobs, or were reticent to spend as they had in prior years. Exacerbating the economic morass in the US was the fact that Europe and Latin America were also feeling the effects of a constricting economy. Even in the Middle East and Asia, the economic uncertainty created havoc with expectations and consumer confidence, and as such, this year was a particularly important one to stage an event that has such universal appeal.

VIII. Conclusions of Economic Impact

Relying on **Section V** of this report, we can easily estimate the total economic impact on hotels, retail establishments and restaurants

For every dollar and in-kind service invested in the Junior Orange Bowl Committee's activities, the local economy will see the following: a total economic multiplier of **1.65** in additional hotel expenditures, **1.97** in local restaurant expenditures, and **1.93** in retail trade activity.



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- ✓ The result, a **5.55** multiplier times the amount invested yields increased economic activity of yields a first, second, third and subsequent diminishing waves of economic activity of approximately \$ **14,1675,000.00**
- ✓ A total increase in **earnings** to the community of some \$ **5,950,000.00**
- ✓ A net increase during the season of some **4,196** part time jobs.
- ✓ A net increase in area retail trade [read taxable economic activity] of some \$ **7,987,400.00 dollars in sales**, which would translate into approximately \$ **599,055.00** in sales taxes recaptured by the State government.